

**Western Washington University  
Board of Trustees  
Agenda  
December 8 & 9, 2011**

**FRIDAY, DECEMBER 9, 2011**

**Location: Old Main 340  
Time: 8:00 a.m.**

**1. CALL TO ORDER, APPROVAL OF MINUTES**

8:00 – 8:05

- Board of Trustees Special Meeting, September 30, 2011
- Board of Trustees Meeting, October 13, 14, 2011

**2. RECOGNITIONS AND INTRODUCTIONS**

8:05 – 8:20

- Jeff Wright, Dean, College of Sciences & Technology
- Francisco Rios, Dean, Woodring College of Education
- George “Pinky” Nelson, Science & Math Technology Education (SMATE)

**3. BOARD CHAIR REPORT**

8:20 – 8:30

- Resolution No. 2011-07 Recognizing the Life Service of Ark Chin

**4. UNIVERSITY PRESIDENT**

8:30 – 8:40

**5. ASSOCIATED STUDENTS**

8:40 – 8:50

**6. FACULTY SENATE**

8:50 – 9:00

- Revisions to the Faculty Handbook: Minor edits to Bylaws

**ACTION ITEMS**

**7. CONSENT ITEMS**

9:00 – 9:05

- Approval of Fall Quarter Degrees
- Approval of 2012 Summer Session Tuition and Fees
- Approval of Consultant Ranking and Delegation of Authority to Award Consultant Contract for Fraser Hall Renovation, PW 657

**8. AMENDMENT TO CHAPTER 516-23 WAC, STUDENT RIGHTS AND RESPONSIBILITY CODE**

9:05 – 9:15 Presentation: Eileen Coughlin, Vice President for Enrollment & Student Services  
9:15 – 9:25 Discussion

## DISCUSSION ITEMS

### 9. CAMPAIGN UPDATE

9:25 – 9:35 Presentation: Stephanie Bowers, Vice President for University Advancement  
9:35 – 9:45 Discussion

## BREAK 9:45 – 10:00

### 10. LIBRARY COLLABORATION AND RESOURCES IN WHATCOM COUNTY

10:00 – 10:10 Presentation: Chris Cox, Dean of Libraries  
Joan Airoldi, Whatcom County Library System  
Pam Kiesner, Bellingham Public Library  
Linda Lambert, Whatcom Community College  
Valerie McBeth, Northwest Indian College

10:10 – 10:20 Discussion

### 11. OLYMPIA UPDATE

10:20 – 10:40 Presentation: Sherry Burkey, Associate Vice President for University Relations  
10:40 – 11:00 Discussion

## REPORTS

### 12. AUDIT COMMITTEE REPORT

11:00– 11:05 Presentation: Phil Sharpe, Trustee, Audit Committee  
11:05 – 11:10 Discussion

### 13. INFORMATION ITEMS

11:10 – 12:00

- a. Alumni Relations Report
- b. Capital Program Report
- c. Development Report
- d. Enrollment and Admissions Summary
- e. Quarterly Report on Grants and Contracts
- f. Quarterly Academic Report
- g. Refunding for Student Recreation Fee Revenue Bonds Series 2002
- h. Student Right to Know/Clery Act
- i. University Relations Report
- j. 2010 - 2011 University Financial Report
- k. 2010 Housing and Dining Financial Report
- l. 2010 Wade King Student Recreation Center Financial Report
- m. 2010 A.S. Bookstore Financial Report
- n. 2010 Parking Financial Report

14. **DATE FOR NEXT REGULAR MEETING:** February 9, 10, 2012

### 15. ADJOURNMENT

### 16. LUNCHEON - 12:00 Noon

Newly Tenured and Promoted Faculty

*Active Minds Changing Lives*

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** President Bruce Shepard  
**DATE:** December 9, 2011  
**SUBJECT:** **Approval of Minutes**  
**PURPOSE:** Action Items

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**Purpose of Submittal:**

Approval of the Board of Trustees Meeting Minutes.

**Proposed Motion:**

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the following minutes:

- Board of Trustees Special Meeting, September 30, 2011
- Board of Trustees Meeting, October 13, 14, 2011

**Supporting Information:**

Minutes of the Special Meeting, September 30, 2011  
Minutes of the Board of Trustees Meeting, October 13, 14, 2011

**WESTERN WASHINGTON UNIVERSITY  
BOARD OF TRUSTEES  
Special Meeting  
September 30, 2011**

Chair Dennis Madsen called the Special Meeting to order at 8:25 a.m. at the Seattle Aquarium, Seattle, WA.

**BOARD OF TRUSTEES**

Dennis Madsen, Chair  
Betti Fujikado  
Karen Lee  
Ralph Munro  
Dick Thompson  
Phil Sharpe  
Jacob Whitish  
Peggy Zoro

**WESTERN WASHINGTON UNIVERSITY**

Bruce Shepard, President  
Liz Sipes, Secretary to the Board of Trustees

Mr. Bob Davidson, Director of the Seattle Aquarium welcomed the Board and gave a brief history of the Seattle Aquarium and its operation.

**1. EXPECTATIONS FOR THE RETREAT**

Chair Dennis Madsen said the purpose of the retreat is to discuss the President's Review, the Board's Self-Assessment, Leadership succession, and Board succession. The Board will set priorities for next year, as well as discuss its expectation of how to maintain Western's quality education during the current budget crises.

Other topics for discussion are: capacity, access, faculty/staff retention, diversity, off-campus expansion, state and federal government, next steps of the Strategic Plan, and the Comprehensive Campaign.

**2. YEAR JUST PAST: LESSON LEARNED**

The Board discussed some of the many issues that Western faced last year – the student death, the legislative session and budget cuts, rebasing, pay cuts, and writing a new strategic plan. Bruce Shepard said that the campus was able to handle these tough issues because of the high quality of our faculty and staff, good communication, the campus and Western advocates staying actively engaged in the process, and our commitment to preserving a quality education. In the end, Western had a successful legislative session, and came out stronger because we were all working together.

After reviewing the President's objectives for 2010-11, the Board agreed that he had met those objectives.

- Set and pursue the Olympia agenda
- Move into the silent phase of the comprehensive campaign
- Adopt a focused strategic plan
- Address the "new normal" and keep the campus well positioned
- Keep the campus together

The Board acknowledged that the "new normal" is the continued deterioration of state funding for higher education. There is concern that students from low-income families will not be able to afford to come to Western and receive a high quality education. How do we make Western accessible to the type of students we want to attend?

### **3. EXECUTIVE SESSION**

At 9:17 a.m., Chair Madsen announced that the Board would meet in Executive Session as authorized in RCW 42.30.110 to discuss personnel issues.

At 10:10 the Board reconvened in Open Session and made the following motion:

**MOTION 09-1-2011**                      Ralph Munro moved, upon the recommendation of the Board of Trustees to appoint Sherry Mallory, Ted Pratt, and Lea Aune to serve on an Appeals Committee and appointed Willy Hart and Sara Wilson as alternates, pursuant to Provision 19.4 of the collective bargaining agreement with the United Faculty of WWU.

At 10:12 a.m. Chair Madsen announced a 10 minute break. The Board reconvened at 10:20 a.m.

### **4. BOARD ASSESSMENT AND DEVELOPMENT**

Chair Madsen had called the trustees to get their individual opinions on how they felt the Board was functioning. Members of the Board agreed that the meeting dinner with the President is important for the Board, but they are also interested in attending campus events such as concerts, guest speakers, athletic games.

### **5. SWOC (STRENGTHS, WEAKNESSES, OPPORTUNITIES, CHALLENGES)**

The Board discussed the different higher education options in Washington State – Western Governors' University, WWU, CWU, TESC, etc.

President Shepard addressed Western's SWOC in his Munro Seminar Keynote Address, "**From "A" to "F": The Challenges Facing Public Higher Education in Washington.**" In his address, Shepard noted that the cut to higher education in Washington was higher than any other state. Western has outstanding faculty and staff, but our salaries are not competitive. We have had several failed searches, because of the salary. Olympia needs to address the compensation issue if we are to attract and retain excellent faculty. To continue to attract outstanding students, we need to be able to offer scholarship support, Financial aid, and the State Need Grant. This should be part of the "packaging" of Western.

Shepard noted Western may need to take risks -- are we comfortable with the current size or should be increase enrollment? Should be expand on- campus enrollment or expand by having more off-campus programs, e.g. North Seattle, Everett, Edmonds? Should we shift the mix of undergraduate and graduate programs? Should we offer more classes online? Does it fit with our brand? Western could address state needs at other places and at the same time strengthen our political base. We need to be looking at what are we going to be doing in the future.

At 12:05 Chair Madsen announced a working lunch. The Board continued discussion on faculty/staff retention, retaining our base budget and having flexibility in using our budgeted dollars.

## **6. STRATEGIES AND PRIORITIES LOOKING AHEAD**

The Board discussed and listed priorities for looking ahead to the future.

- Create stronger political base for Higher Education in Olympia
- The “Next Western “
- The Comprehensive Campaign – establish good contacts in the Seattle area
- Leadership team effectiveness/keeping campus together
- Access
- Build diversity on campus in faculty and staff in order to attract diverse students
- Compensation - faculty and staff retention

## **7. PRIORITIES FOR PRESIDENT FOR THE YEAR AHEAD**

The Board set the following priorities for the president for the year ahead.

- Stay health/stay balanced
- The Next Western - keep consistent with new Strategic Plan
- The Comprehensive Campaign
- Access & Quality - show progress
- Seattle – next steps
- Keep campus together

## **8. BOARD PRIORITIES FOR THE YEAR AHEAD**

Chair Madsen gathered input from each trustee prior to this meeting and shared opinions and suggestions on board functioning and meeting effectiveness. Members of the Board favor continuing the Thursday afternoon and Friday morning format as it provides the opportunity to gather informally on Thursday evenings for dinner or possibly a campus event. This social time is an important element in getting to know one another and facilitates board meeting effectiveness. There was general agreement that the topics included in our agendas are a good mix of current issues, strategic initiatives, and governance responsibilities. One area offered up for consideration was agenda time management. The Chair will work to keep future meetings closer to agenda times while insuring that all trustees have an opportunity to weigh in on subjects.

The Board discussed succession planning for members of the Board. Several trustee's terms are expiring and the Board will need replacements both from the Bellingham area and the Seattle area.

The current Board officer appointments will expire in June 2012. The Board discussed potential new officers to be appointed for the 2012-2014 biennium.

The Board briefly discussed Western's Comprehensive Campaign and possible commitment from the Trustees.

The meeting adjourned at 2:23 p.m.

**WESTERN WASHINGTON UNIVERSITY  
BOARD OF TRUSTEES  
MINUTES  
October 13, 2011**

**1. CALL TO ORDER, APPROVAL OF MINUTES**

Chair Dennis Madsen called the regular meeting of the Board of Trustees of Western Washington University to order at 3:03 p.m., October 13, 2011, at Safeco Field, Seattle, WA. Madsen thanked Howard Lincoln and the Mariners for allowing us to meet at Safeco Field.

**Board of Trustees**

Karen Lee  
Dennis Madsen, Chair  
Phil Sharpe  
Dick Thompson  
Jacob Whitish  
Peggy Zoro

**Western Washington University**

Bruce Shepard, President  
Wendy Bohlke, Assistant Attorney General  
Stephanie Bowers, Vice President for University Advancement  
Paul Cocke, Director, University Communications  
Paul Dunn, Sr. Executive Assistant to the President  
Eileen Coughlin, Vice President for Student Affairs and Academic Support Services  
Anna Ellermeier, President, Associated Students  
Karen Stout, President, Faculty Senate  
Catherine Riordan, Provost and Vice President for Academic Affairs  
Liz Sipes, Secretary to the Board of Trustees  
Steve Swan, Vice President for University Relations  
Richard Van Den Hul, Vice President for Business and Financial Affairs

MOTION 10-01-2011      Karen Lee moved, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the minutes of August 18, 19, 2011 Board of Trustees Meeting.

Motion carried.

**2. BOARD CHAIR**

Chair Dennis Madsen, reported on the September 30, 2011 Special Board Meeting. Annually the Board meets to talk and think strategically about where the university has been and where it is going. The Trustees reviewed the year just past, assessed the trustee meetings, completed succession planning for the Trustees, and set the focus for the coming year.

Last year the four areas of focus were: 1) the Olympia agenda, 2) development of a Strategic Plan, 3) keeping the Campus together a, 4) the Comprehensive Campaign. Because the campus came together and worked as a team, the institution accomplished a lot over this past year. Significant progress was made in Olympia, we received national recognition, a Strategic Plan was developed, and Western is about to begin the Comprehensive Campaign.

The Trustees said they liked the two-day format for the Board meetings and the topics discussed. More attention will be paid to the time and moving the agenda along.

The Trustees set the areas of focus for the coming year: 1) Keeping the Campus together, 2) Comprehensive Campaign, 3) Develop a Seattle presence, 4) Preserving Access and Quality, 5) the Next Western.

### **3. UNIVERSITY PRESIDENT**

President Shepard said the House Higher Education Committee (HEC) is holding four Chautauqua around the state to gather information on what the role of Higher Education should be in Washington. The Northwest Higher Education Consortium (NWHEC) consisting of eight institutions, hosted one of four Chautauqua at Skagit Valley Community College. The HEC learned that partnerships, among the institutions and with the private sector, were being formed to address higher education issues in the state. Shepard said that it is time for the institutions to stop worrying about budget cuts and build on their strengths to continue to serve the state.

### **4. ASSOCIATED STUDENTS**

Anna Ellermeier, AS President, reported that the Associated Students had held several events at the beginning of the Academic Year, including the Red Square Information Fair, free concert, outdoor movie and events in the Viking Union. The AS has been focusing on several areas: student safety, voter registration and civic engagement. They are hosting an event called "Listen Local, Eat Local, Vote Local," with local businesses and local musicians, to be held on Election Day. Ellermeier said that Associated Students' priority for the Special Legislative Session in November will be financial aid. The AS Legislative Affairs Council will be holding open forums to get a wider base of student input on what should be on their state and federal legislative agendas.

Ellermeier said she had a wonderful experience speaking at the recent Bellingham Business Forum and was impacted by the commitment and support for Western from the attendees.

Ellermeier and Rich Van Den Hul explained how Western is responding to the concerns of the students regarding the Higher One Bank card.

### **5. FACULTY SENATE**

Karen Stout, Faculty Senate President, reported on the activities in the Faculty Senate. They are currently working on the Faculty Handbook; organizing a committee to review vendors for Online Teaching Evaluations software packages, examining the structure and effectiveness of FS sub-committees; vetting policies and procedures of other institutions on reorganizing departments; and working to identify a Faculty Legislative Representative.

Stout announced that David Bover, Vice President and Parliamentarian will be representing the Faculty Senate at tomorrow's Board meeting.

## **ACTION ITEMS**

### **6. CONSENT ITEMS**

MOTION 10-02-2011

Karen Lee moved that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the following consent item:

- Approval of Carver Consultant and Delegation of Authority to Award Consultant Contract for Carver Academic Renovation (PW 645)

Motion carried.

### **7. AUDIT COMMITTEE**

Peggy Zoro, Chair of the Board Audit Committee reported on the November 6, 2011 meeting. The committee:

- Approved the minutes of the August 18, 2011 meeting
- Met with representatives of the State Auditor's Office regarding WWU's Financial Statement Audit. The State Auditor will be performing a reduced Compliance Audit due to budget constraints.
- Received the results of the Unrelated Business Income (UBI) Tax review.
- Received the Semi-Annual Internal Controls Report.
- Received an update on the status of Internal Audit projects.
- Met separately with Internal Audit and the President as provided by the Audit Committee's Charter.

### **8. EXECUTIVE SESSION**

At 4:05 Chair Madsen announced that the Board would meet in Executive Session for approximately one hour to discuss personnel and legal issues as authorized in RCW 42.30.110.

The Board reconvened at 5:34 p.m. the reconvened in Open Session. No action was taken.

The meeting recessed at 5:35 p.m.

**WESTERN WASHINGTON UNIVERSITY  
BOARD OF TRUSTEES  
MINUTES  
October 14, 2011**

**1. CALL TO ORDER, APPROVAL OF MINUTES**

Chair Dennis Madsen reconvened the regular meeting of the Board of Trustees of Western Washington University to order at 8:04 a.m., October 14, 2011, at Safeco Field, Seattle, WA. Madsen thanked Howard Lincoln and the Mariners for allowing the Board to meet at Safeco Field.

**Board of Trustees**

Karen Lee  
Dennis Madsen, Chair  
Phil Sharpe  
Dick Thompson  
Jacob Whitish  
Peggy Zoro

**Western Washington University**

Bruce Shepard, President  
Wendy Bohlke, Assistant Attorney General  
David Bover, Vice President & Parliamentarian, Faculty Senate  
Sherry Burkey, Associate Vice President, University Relations  
Stephanie Bowers, Vice President for University Advancement  
Paul Cocke, Director, University Communications  
Paul Dunn, Sr. Executive Assistant to the President  
Eileen Coughlin, Vice President for Student Affairs and Academic Support Services  
Anna Ellermeier, President, Associated Students  
Bill Lyne, Special Assistant to the President and Provost  
Catherine Riordan, Provost and Vice President for Academic Affairs  
Liz Sipes, Secretary to the Board of Trustees  
Steve Swan, Vice President for University Relations  
Richard Van Den Hul, Vice President for Business and Financial Affairs

Chair Madsen announced a change to today's agenda. The Board will meet in Executive Session as the first agenda item.

**2. EXECUTIVE SESSION**

At 8:05 a.m. Chair Madsen announced that the Board will meet in Executive Session for five minutes to discuss a personnel issue as authorized in RCW 42.30.110. No Action will be taken. At 8:10 the Board reconvened in Open Session.

### **3. CAMPAGIN UPDATE**

Stephanie Bowers, Vice President for University Advancement, presented a PowerPoint on The Campaign for Western. **Western Stands for Washington** is the theme of the campaign. It ties into Western's Strategic Plan *'to build upon Western's strengths to address critical needs in the State of Washington.'* The theme is based on the following four reasons: 1) Western Unlocks Potential, 2) Western Develops Adventurous Learners, 3) Western Alumni Power Washington's Economy, and 4) Western Creates Inspired Communities. The Trustees liked the theme for the campaign and look forward to the Campaign Update at the December meeting.

### **4. FALL ENROLLMENT AND DISCUSSION OF CONSULTING FIRM DRAFT REPORT**

Eileen Coughlin, Vice President for Enrollment and Student Services, presented data on Western's Fall Enrollment. Coughlin explained the trends in Fall enrollment and how the numbers have changed. She noted that the out-of-state student enrollment has increased and our six year trend for students of color is outstanding, however future discussion is needed on the following questions: Where do we want to be in the balance of in-state and out-of-state students? What is our long term plan for the overall size and complexity of the institution in the next ten years? What is the balance of the factors of Western's reputation (quality faculty & instruction, the total Western experience, selectivity and qualities students, etc.), considering the changing public opinion of higher education, that will position us best in the marketplace?

### **5. WESTERN BY THE NUMBERS**

Catherine Riordan, Provost, highlighted Western's ranking in the U.S. News College Rankings and State Performance Metrics. The rankings look at a number of different variables. Western ranks 3rd among the top Public Regional Universities in the West and continues to have a reputation as an excellent institution. Riordan said some areas at Western have been impacted by the budget cut, e.g., lecture classes with less than 10 students are being eliminated. Riordan presented comparison data between Western and the other state four-year institutions in areas such as student retention, graduate rates, degrees awarded, etc.

In reference to the questions raised by Coughlin, Riordan said one of the factors we may want to look at as we move forward, is not only the balance between in-state and out-of-state students, but also international students. With the cut of state support, out-of-state students provide funding to the institution. It was noted that a more geographically diverse student body provides an enriched educational experience.

In response as to how we are addressing the four year graduation rate issue, Riordan said that the faculty are assessing the issue and a number of strategies are being implemented, e.g. enforcing pre-requisites, consolidating curriculum. Riordan noted that the Vice Provost for Undergraduate Education is also working with students' parents on what needs to be the student's focus in order to graduate in four years. Eileen Coughlin, Vice President for Enrollment and Student Services, noted that Academic Advising is also doing more active outreach to students in this area, and students are coming to them for advice on mapping out their curriculum so they can graduate in a timely manner.



Facilitator: Phil Sharpe, WWU Trustee

Chair Madsen announced that today's discussion is being filmed by TV11.

The discussion was opened by the Trustees introducing themselves to the panelists. Phil Sharpe began by asking the following question:

- **What do you see as the linkages between higher education and Washington's future?**

RESPONSES:

- Jobs and opportunity - connecting young people to the training and experience in the jobs that will make a difference to the economy, particularly in STEM (Science, Technology, Engineering, and Math) fields.
- Washington is an under-educated State, with only 40.9% of the population having any education beyond high-school. Washington must rapidly and radically increase this state's participation in higher education to fill the available higher level positions.
- Washington needs to address the state system issues as the state is failing in terms of broad-based access and affordability for all students. We need to talk about why students are not going beyond high school (pipeline issues), the state's obligation regarding affordability and the total cost of higher education, and the use of alternative methods and models.
- Washington ranks in the bottom third in the U.S. for the number of students earning a college degree. For the jobs the STEM fields, we rank #2 in the U.S., but only #46 in the U.S. for Washington state students filling these jobs. People from out-of-state are filling the jobs in these high tech fields. We need to correct the system so Washington state citizens are filling these positions.
- Today's thriving companies are those that are innovative, global, and adopting technology, e.g. Microsoft, Amazon, REI, Google, Starbucks. Higher education benefits both individuals and society and we need to increase the number of Washington state students in the higher education system.
- Too many students are graduating with four year degrees, high debt, but no job opportunities. We have to do a better job teaching our students to become entrepreneurs.
- We need to move the state forward with targeted investment in ways that prove to be productive. Higher Education will need to rise to the challenge. The focus needs to be on students and the jobs they are going to be trained for – not on the institution.
- Students who receive a balanced education in both the STEM fields and liberal arts do better in the work place.

- The bar is continually being raised about how educated you need to be. Looking ahead, about 80% of the jobs in society will require at least at 4 year degree. We need to be thinking about the future.
  - Today's manufacturing jobs are also STEM jobs. A baccalaureate education is critical but it also has to be relevant. Many jobs in the future will require a four year degree but in a technical field.
  - Education leads to economic growth. Washington State rates low, in that our own citizens are not getting through our own academic system. For the last 30 years, the trend has been the reduction of state support for higher education. How do we address this longer trend? How do we change the trend, keeping the current economic crises in perspective.
- **What is the state's responsibility for providing and funding public higher education for its citizens? How are we going to address in the short term?**

RESPONSES:

- In terms of the future, we need ideas on how to solve this. What can you offer to help solve this together?
- A strategic error would be to just hold on until the economy recovers. The economy is operating in "just above stalled speed" and at the same time, we have a huge amount of evolving technology requirements. Money will be coming out of education and three steps need to be taken:
  - Strategically downsize; reduce the number of students.
  - Need to see strategic innovation. Deliver radically more students at lower cost, in innovative ways.
  - Need to strategically reinvest to persuade the public that it is worth their tax dollars to spend money on education.
- We need innovative, strategic ideas and look at efficiencies from a student-centered perspective, such as issues as eliminating expensive textbooks. We need to look at structural changes to the out-of-pocket expenses for students.
- We need to differentiation among our state universities so that one is the "Georgia Tech of Washington." We continue to not produce the degrees and the folks that matter for the global economy, then we will fall further behind and our long term future is compromised.
- We need to increase the graduation rates of our underserved citizens. It's time to be thinking long term.
- How do we generate more high quality graduates? Is it possible by diluting the teaching focus, slowing the time to degree; are institutions capable of

redesigning the production line, so that with fewer state resources you could increase your quality output?

- Is there a different way to doing State Need Grant allocations? The state loses money in State Need Grants on students who are not ready for college or who can't get into the courses they need and drop out.

- **As public officials running for office, do you have a sense of the public perception of connection between higher education and the economy?**

RESPONSES:

- Some in the legislature and the public view higher education as elitist; it is a problem that is reflected in the priorities of people. There is a perception that higher education is not critical for future employment.
- We survive as a state that is based upon innovation because of the importation of highly educated people from around the country and the world. How can we give the business community in our state a frontline sense of ownership of higher education? How can we find ways for the business community to value the access of our own students and invest in creating engineers and others from in state?
- The institutions number one role in the next few months is to address your voting legislators and the public with everything they've done. Public affairs, individual speakers, students, need to help persuade this state that their future lies in education. The only way out of this economic mess is to educate our way out.
- We need to persuade the public that this is something that affects us all. The job comes equally on the education community and on the elected representatives – if you want your kids off the welfare rolls and out of prison – get them an education. The business community can play a role, but have not yet figured out how.
- The business community has to decide whether they are going to step up and engage in discussion around educating our own citizens.
- We need to see higher education continue to reshape itself so that it continues to increase its ability to deliver highly educated people and it brings along all the people of our society who need to participate.

- **The leaders at Western, elected officials and the citizens of this state have created a university that is named in national rankings as a fine, high quality undergraduate university. In this difficult budget time, Western is asked to maintain quality, increase baccalaureate education. What advice do you have to Western in terms of fulfilling its mission, etc.?**

## RESPONSES

- The value of Western is not as well recognized in the Puget Sound area as it should be. Western needs to continue to focus on getting its message out, what it is doing and its value to the community.
- Western needs to make a decision to be “a thought leader” in some of these very important student-centric ideas, e.g., reducing the student’s out-of-pocket expenses; be a pipeline from high school. Western should seize the opportunity and embrace some of the initiatives within the larger structural challenges that higher education faces. Western has all the ingredients to be the change agent.
- Engage alumni statewide who can help you engage with legislature, the public, and the business community.
- Engage with industry and businesses.
- Have a deeper interaction with feeder high schools and help us bring more students across the gap.
- Western may need to adjust its student ratios between in-state, out-of-state, and international students, to be different from some of the other institutions. In the next session, the legislators may support more flexibility for the institutions and look at what typical proportions might be for the different schools.
- Engage at a grass-roots level with alumni.
- Focus on jobs for the economy and opportunity for the students.
- Continue to focus on the areas where Western is extremely successful. Retain liberal arts history and provide a balanced education.
- Keep providing a good quality education and continue to focus on the things you do well. Turn alumni into evangelists for your institution. Keep working with higher education colleagues – strength in numbers – and continue to reach out to industries and associations.
- Parents of students are a good resource that can tell Western’s story.
- Don’t lose the incredible value of students learning and to become just be a job factory.

Chair Madsen thanked the legislators for taking the time to talk, for reinforcing some themes and for providing ideas Western may want to consider. Madsen said that Western can make a difference in delivering a high quality education to the greatest number of students possible.

Chair Madsen adjourned the meeting at 12:00 p.m.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard

**DATE:** **December 9, 2011**

**SUBJECT:** Introduction and Recognition of Faculty and Staff

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**Jeff Wright, Dean, College of Sciences and Technology**

Jeff Wright was hired in August 2011 to serve as dean of the College of Sciences and Technology (CST) succeeding Arlan Norman.

Prior to coming to WWU, Wright served as Dean of the College of Engineering and helped to build the 10<sup>th</sup> campus of the University of California at Merced, which has an emphasis on undergraduate involvement in research. He was most recently a professor of Engineering at UC/Merced and founding co-director of the Center for Computer and Information Technology Research in the Interest of Society (CITRIS) based at the University of California, Berkeley. CITRIS integrates cutting-edge innovation from science and technology to the most pressing problems of society – healthcare delivery, energy innovation and sustainability, intelligent infrastructure, and environmental monitoring and assessment. Prior to that, Wright served in a number of leadership roles at Purdue University, including Associate Dean of Engineering.

Wright has written or co-authored three books, contributed chapters to other books, published extensively in scholarly journals, and received many awards for academic and professional achievements. He is active in a number of professional organizations as well as community service activities.

Wright received his doctorate in Systems Engineering from The John Hopkins University. He received his bachelor's and master's degrees from the University of Washington. As an undergraduate, Wright attended Western during his freshman year.

**Francisco Rios, Dean of Woodring College of Education**

Francisco Rios was hired in August 2011 to serve as dean of the Woodring College of Education, succeeding Stephanie Salzman, who retired in December 2010 and Interim Dean Michel Henninger.

Rios most recently served as professor and chair of the Educational Studies Department in the College of Education and founding director of the Social Justice Research Center at the University of Wyoming. Previously, Rios was an associate professor and served as interim associate dean of the College of Education at California State University – San Marcos.

Rios has 30-plus years' experience as a teacher, teacher-educator and administrator. He also worked at the Royal Melbourne Institute of Technology and as a Fulbright Scholar at the Pontificia Universidad Catolica de Valparaiso in Chile. He is the author or co-author of eight books and numerous scholarly publications. He is a nationally known authority in the field of multicultural education.

Rios received his master's and doctorate degrees in Educational Psychology from the University of Wisconsin-Madison.

### **George "Pinky" Nelson, Director, Science, Math & Technology Education (SMATE)**

The mission of the Science, Mathematics and Technology Education program at Western Washington University is to be a national model of the highest quality preparation of future elementary and secondary science teachers; to participate in research and dissemination of new knowledge in science education and education reform to the university and K-12 communities; and as a valuable science education resource to the university and broader communities.

Since 2002, Dr. George D. Nelson has been the Director of Science Mathematics, and Technology Education and Professor of Physics and Astronomy at Western Washington University. From 1996 to 2001, he was Director of Project 2061 and a member of the senior staff of the American Association for the Advancement of Science. From 1989 to 1996 Dr. Nelson was Associate Vice Provost for Research and Associate Professor of Astronomy and Education at the University of Washington. From 1978 to 1989 he served as a NASA Astronaut and flew as a Mission Specialist aboard three Space Shuttle flights.

Nelson earned his B.S. in physics from Harvey Mudd College and M.S. and Ph.D. in astronomy from the University of Washington. He has received many honors and awards including the NASA medal for Exceptional Engineering Achievement, and the Faculty Outstanding Service Award from Western Washington University. He was inducted into the Astronaut Hall of Fame in 2009.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** Dennis Madsen, Chair, Board of Trustees  
**DATE:** December 9, 2011  
**SUBJECT:** Board Chair Report  
**PURPOSE:** Information Item

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**Purpose of Submittal:**

Board Chair Dennis Madsen will report to members of the Board and President Shepard and his staff on topics related to the Board of Trustees.

- Resolution No. 2011-07 Recognizing the Life Service of Ark Chin

**RESOLUTION NO. 2011-07**

**A RESOLUTION OF THE BOARD OF TRUSTEES OF  
WESTERN WASHINGTON UNIVERSITY  
RECOGNIZING THE EXTRAORDINARY LIFE AND SERVICE OF  
ARK GEOW CHIN**

**WHEREAS**, on February 9, 1924 **ARK GEOW CHIN** was born to Jing Teung Chin and Yu Sung Chin in a small village in Tai Shan, China; and

**WHEREAS**, **ARK CHIN** came to the United States at 10 years of age to work in his father's restaurant while attending school; and

**WHEREAS**, **ARK CHIN** was studying at the University of Washington when he was drafted to serve in the 100<sup>th</sup> Army Infantry in the European Theater of World War II, where he was twice wounded and decorated with the Purple Heart and a Bronze Star; and

**WHEREAS**, **ARK CHIN** returned after the war to complete his bachelor's and master's degrees in civil engineering at the University of Washington; and

**WHEREAS**, **ARK CHIN** joined the consulting firm of Cary & Kramer, eventually becoming the president, chief executive officer and chairman of the board of Kramer, Chin & Mayo; and

**WHEREAS**, **ARK CHIN** received numerous professional accolades, including Engineer of the Year by the American Council of Engineering Companies, First Citizen of Seattle, and the Spirit of America Award from the Ethnic Heritage Council; and

**WHEREAS**, **ARK CHIN** was an extraordinarily dedicated philanthropist and global community servant, building an orphanage in China near his own birthplace, and leading fundraising efforts with his wife, Winnie, to establish the Kin On Nursing Home in Seattle; and

**WHEREAS**, **ARK CHIN** served as a Chair and Trustee at Western Washington University from 1974-1980, and as a Regent at the University of Washington from 1998-2004; and

**WHEREAS**, **ARK CHIN** gave generously to create scholarships at Western Washington University and the University of Washington, and was a lifelong advocate for higher education as the path to opportunity and success in life;

**NOW, THEREFORE BE IT RESOLVED** that the Board of Trustees of Western Washington University expresses its gratitude, commendation, and great admiration for **ARK CHIN** on his many achievements, and exemplary service as past Trustee and Chairman of the Board of Trustees at Western Washington University.

Dated and signed this 9th day of December, 2011.

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Dennis Madsen, Chair

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Betti Fujikado, Secretary

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** Bruce Shepard, President

**DATE:** December 9, 2011

**SUBJECT:** **President's Report**

**PURPOSE:** Information Item

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**Purpose of Submittal:**

President Shepard will offer brief reflections on issues of interest to the Board.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard on behalf of the Associated Students

**DATE:** December 9, 2011

**SUBJECT:** **Associated Students**

**PURPOSE:** Associated Students Report

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**Purpose of Submittal:**

Anna Ellermeier, AS president, will brief the Board on recent activities of the Associated Students.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** President Bruce Shepard for Senate President Karen Stout  
**DATE:** December 9, 2011  
**SUBJECT:** **Faculty Senate**  
**PURPOSE:** Information Items

---

Karen Stout, Faculty Senate President, will update the Board on Faculty Senate activities and present minor edits to the Faculty Handbook Bylaws. Bylaw amendments are information only and have been approved by the Faculty Senate.

Supporting Document:

- Revisions to the Faculty Handbook: Minor edits to Bylaws

# WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard for Senate President Karen Stout

**DATE:** December 9, 2011

**SUBJECT:** Revisions to the Faculty Handbook: Minor edits to Bylaws

**PURPOSE:** Information Item

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## (Appendix One) Bylaws

### **BL7.1 Appointments and Elections Officer**

The Appointments and Elections Officer sits on the Faculty Senate Executive Council. S/he serves a one-year renewable term and reports to the Executive Council. The Appointments and Elections Officer recruits Faculty to serve on all bodies which report to the Faculty Senate and oversees all referendums and elections, maintains the voting list [with the Senate office](#), counts the ballots, and reports the results of elections to the Faculty Senate. The Appointments and Elections Officer may make interim appointments (less than 1 year) to Faculty Senate committees subject to review and approval of the Senate.

BL7.1.3 The President pro tem then proceeds to the election of officers of the Faculty Senate in the order of President-elect, Secretary, Appointments and Elections Officer, and one [at-large Senator as](#) member of the Executive Council, announcing the result after each ballot and continuing to ballot for each office before proceeding to the next until one person has a majority and is elected.

BL7.1.4 The Appointments and Elections Officer shall review, annually and in a timely manner prior to elections, the distribution of Senate seats within and among the Colleges, in order to determine whether representation is on an approximately proportional basis. [The faculty shall be informed of the proportional distribution.](#) –When it is determined to be necessary, the Appointments and Elections Officer shall recommend to the Faculty Senate changes in the distribution of representation on the Faculty Senate. However, each College shall have a minimum of one Senate Seat.

\* **Area Representation:** The thirty (30) Faculty Senate positions for the ~~2009-2010~~ [2010-2011](#) Spring election were assigned as follows: **6 representatives from Natural and Physical Sciences** (Biology, Chemistry, Computer Science, Engineering Technology, Geology, Mathematics, Physics/Astronomy); **4 representatives from Social Sciences** (Anthropology, PEHR, Political Science, Psychology, Sociology, Communication Sciences and Disorders); **7 representatives from Humanities** (Communication, English, Modern and Classical Languages, History, Journalism, Liberal Studies, Philosophy); **3 representatives from the College of Fine and Performing Arts** (Art, Art History, Music, Theatre Arts including Dance); **3 representatives from the College of Business and Economics** (Accounting, Economics, Finance/ Marketing, ~~and~~ Decision Sciences, Management); **1 representative from Fairhaven College**; **1 representative from Huxley College** (Department of Environmental Studies; ~~Policy, Planning, Education and Geography~~ Department of Environmental Sciences); **3 representatives from Woodring College of Education**; and **1 representative from the Wilson Libraries**. ~~At its February meeting,~~ the Senate voted to make the 30<sup>th</sup> seat the At-Large position for the Senate President. ~~2009-2010.~~

### **BL 7.3.4 Committees and Reportage**

The ACC shall maintain the following standing committees: Admissions Committee, the Committee on Undergraduate Education, [the Council on University Programs](#), ~~the Assessment of Teaching and Learning, General Education Requirements Committee,~~ Graduate Council, Honors Board, and International Programs Advisory Committee. The memberships of these committees are approved by ACC, and membership requirements are published along with the charge in the ACC Handbook ~~and~~ on the Faculty Senate website.

Curricular Committees of the Colleges, including the Teacher Curriculum and Certification Council and the [Western Libraries Library](#) Curricular Committee inform ACC of their memberships.

**BL7.4.1 Membership of the UPRC shall be as follows:**

Each university vice president or representative, *ex officio*, voting, including the Vice Presidents of 1) Academic Affairs, 2) Business and Financial Affairs, 3) [Enrollment and Student Services; Affairs and Academic Support Services](#), 4) University Advancement, and 5) University Relations.

**BL7.6 The Academic Technology Committee [August 2008]**

**BL7.6.1 Membership.**

The membership of the Academic Technology Committee shall be as follows:

The Director of the Center for Instructional Innovation [and Assessment](#) (ex officio, non-voting);

**BL8 Publication of Senate Agenda and Minutes**

BL8.1 The agenda for any meeting of the Faculty Senate shall be posted on the Faculty Senate website and delivered by email [at least four days prior to the meeting.](#); ~~flyer; or by publication in FAST at least four days prior to the meeting.~~

BL8.2 ~~An abstract of the minutes of any meeting of the Faculty Senate shall posted on the Faculty Senate website and delivered to the faculty.~~ An abstract of the meeting of the Faculty Senate shall be posted on the Faculty Senate and delivered to the [faculty and administration](#) through an email; ~~flyer; and by publication in Western News Today or by publication in FAST~~ as soon as possible after the meeting.

BL8.3 The Faculty Senate shall maintain in its files [and archives](#), official minutes of all meetings.

**BL9 Released Time for the President of the Faculty Senate**

BL9.1 The President of the Faculty Senate shall receive .5 FTEF released time from other duties to carry out the responsibilities of his/her office as specified in the Faculty Contract. The release time shall be returned to the Faculty Senate President's academic unit. The University shall provide [administrative assistance to the Senate President and the Executive Council.](#) ~~secretarial services from the non-instructional budget.~~

**BL10 Meetings**

BL10.1 Regular meetings of the Faculty Senate will be scheduled on alternate Mondays beginning on Monday of the first full week of each quarter. ~~., provided, however, that S~~cheduled meetings other than the first meeting of each month may be canceled [only](#) if, in the judgment of the Executive Council, there is insufficient business to require a meeting of the Faculty Senate.

**BL11 Agenda**

~~BL11.2~~ Items from the Associated Students of Western Washington University will be placed on the agenda of the Faculty Senate and other items such as from the Faculty Legislative Representative or President of United Faculty of Western Washington ~~from other bodies of the University~~ may also be placed on the Senate agenda ~~of the Faculty Senate~~ at the discretion of the Executive Council, providing, however, that notice of rejection of any such request shall be given by the Executive Council to the Senate at the beginning of the next regular meeting.

BL12.4.3 Area Representative candidates are listed on the online ballot separately by Area Representative seat, are voted on separately by Area Representative seat, and considered separately in counting ballots.

### **BL12.7 Preparation of Ballots and Voting**

BL12.7.1 The online ballot must specify explicitly the number of Faculty Senate vacancies to be filled in both Area Representative and At-large representative positions. Ballots on which the voter has voted for more candidates than there are vacancies to be filled will be declared invalid and not counted either in the total vote for any candidate or in the total number of ballots case. A warning as to the invalidation of ballots must be included prominently on each ballot in each election.

### **BL12.8 Publicity**

~~BL12.8.1~~ The list of candidates is sent to all voting faculty, posted on the Faculty Senate website and delivered to the faculty through an email and by flyer, or by publication in Western News Today. Faculty are also informed of faculty eligibility and proportional representation for that year. ~~in FAST.~~

### **BL14 Faculty Referendum**

~~BL14.1~~ A faculty referendum is a matter submitted to all the voting members of the Faculty. In order for a referendum to pass the matter must receive a majority of all the votes cast in the election. ~~A majority of those voting is necessary to pass a referendum.~~ Referendums are held as a result of a vote of the Faculty Senate or the vote of a General Faculty Assembly. The results of all referendums are reported by the Appointments and Elections Officer to the Faculty Senate, entered in the minutes at that point, and as soon as possible sent to the President of the University and the Board of Trustees. When a referendum results in a favorable vote on an issue of substance, the Faculty Senate is required to accept the Faculty position as binding and to take such action as is necessary and proper to carry out the decision of the Faculty.

### **BL16 Faculty Senate Members On Leave**

~~BL16.1~~ Faculty Senate voting members on leave and unable to attend Faculty Senate meetings for one academic term or less will, in a letter to the President of the Senate, declare their seats vacant for that academic term, if possible seek another faculty member from their area to fill the vacancy, and request the ~~and the~~ Faculty Senate will to appoint a Faculty member to fill the seat that vacancy during his/her absence.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** President Bruce Shepard  
**DATE:** December 9, 2011  
**SUBJECT:** **Consent Items**  
**PURPOSE:** Action Items

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**Purpose of Submittal:**

Approval of the university recommendations provided on the consent item agenda.

**Proposed Motion:**

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the following consent items:

- Approval of Fall Quarter Degrees
- Approval of 2012 Summer Session Tuition and Fees
- Approval of Consultant Ranking and Delegation of Authority to Award Consultant Contract for Fraser Hall Renovation, PW 657

**Supporting Information:**

Materials supporting the consent item agenda are attached.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** President Bruce Shepard by Provost Catherine Riordan  
**DATE:** December 9, 2011  
**SUBJECT:** Approval of Fall Quarter Degrees  
**PURPOSE:** Action Item

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**Purpose of Submittal:**

Board of Trustees responsibility to approve awarding of degrees

**Proposed Motion:**

MOVED, that the Board of Trustees of Western Washington University, on recommendation of the faculty and subject to the completion of any unmet requirements, approves awarding undergraduate and graduate degrees to the candidates listed in the files of the Registrar and Graduate Dean, for Fall Quarter 2011, effective December 10, 2011.

**Supporting Information:**

Lists on file with the Registrar and Graduate Dean.

| <b><i>Students</i></b> | <b><i>December 2011</i></b> | <b><i>Comparison: December 2010</i></b> |
|------------------------|-----------------------------|---|
| <i>Undergraduates</i>  | 603                         | 590                                     |
| <i>Masters</i>         | 41                          | 34                                      |

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** President Bruce Shepard by Provost Catherine Riordan  
**DATE:** December 9, 2011  
**SUBJECT:** **Approval of Summer Session Tuition and Fees**  
**PURPOSE:** Action Item

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**Purpose of Submittal:**

Board of Trustees responsibility to approve summer quarter tuition and fees.

**Proposed Motion:**

MOVED, that the Board of Trustees of Western Washington University, on recommendation of the President, approves the recommended Summer Session Tuition for Summer 2012: specifically that tuition be set at \$216.00 per credit for undergraduate courses and \$231.00 per credit for graduate courses. Non-resident students would pay tuition at \$230.00 per credit for undergraduate courses and \$245.00 for graduate courses. Student tuition will be charged on a per credit basis for Summer Session.

Summer Registration Fee will remain at \$70.00 per student.

**Supporting Information:**

In order to prepare for publication of summer offerings, summer quarter tuition is generally set at the Board's December meeting. Revisions to summer session tuition may be adopted at the April Board meeting, if necessary.

Summer 2012 tuition rates represent an increase over Summer 2011 tuition rates and are based on preceding academic year (2011-12) per credit-hour fee increases for resident students. The increase is expected to cover expenditures related to the state's mandatory waivers for veteran dependents being applied towards summer session credit classes, expenditures related to the central administrative services assessment, reinvestment in program development into different delivery modalities and modest increases to non-HCA benefits costs.

The Summer Session registration fee remains unchanged from Summer 2011

Source of funds: Self-supporting Dedicated Revenue

## **WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Vice President Van Den Hul

**DATE:** December 9, 2011

**SUBJECT:** **Approval of Consultant Ranking and Delegation of Authority to Award Consultant Contract for Fraser Hall Renovation, PW657**

**PURPOSE:** Action Item

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### **Purpose of Submittal:**

Approve awarding of a consultant contract for the Fraser Hall Renovation, PW657, according to the ranking of the Consultant Selection Committee. The design contract award will follow Board action. Design to start in January 2012. Construction to start in March 2013 with substantial completion in Spring 2014.

### **Proposed Motion:**

MOVED, upon the recommendation of the President, that the Board approves the ranking and authorizes the President or his delegate to award contracts and execute documents for the design of the Fraser Hall Renovation, PW657.

### **Supporting Information:**

This project includes the design for a renovation of Fraser Hall including improving ADA access; abating hazardous materials; upgrading mechanical and electrical systems; and renovating space to meet the needs of the University.

A Request for Qualifications (RFQ) for consultant services was advertised at the end of September 2011. Sixteen proposals were submitted by design firms from Tacoma to Bellingham. The selection committee included the following members:

Rick Benner, Director, Facilities Development and Capital Budget  
Rob Galbraith, Assistant Director, Academic Technology and User Services  
Francis Halle, Director, Space Administration and Management  
Jeff Maurer, PM-Electrical, Facilities Development and Capital Budget  
Ed Simpson, Assistant Director, Facilities Development and Capital Budget  
David Willett, PM-Architect, Facilities Development and Capital Budget

The Committee reviewed the submittals and interviewed the top four shortlisted firms on November 15 and 16, 2011. The rankings are:

1. Mahlum Architects, Seattle, WA
2. McGranahan Architects, Tacoma, WA
3. RMC Architects, Bellingham, WA
4. SHKS Architects, Seattle, WA

The committee recommends Mahlum Architects based upon their response to the selection criteria including:

- Team organization;
- Ability to meet deadlines;
- Ability to design to budget;
- Quality of design, respect for historic structures, and understanding of Western's campus character as experienced with the Miller Hall Renovation;
- Experience with projects of similar type and complexity, and
- Approach to maintenance and sustainability

Upon approval, University staff will begin the contract negotiation process. Per RCW's, if the negotiations are unsuccessful, the University will move to the next ranked applicant.

The budgeted design fee is approximately \$425,000. The estimated construction cost is approximately \$3,000,000 and the total project budget is \$4,480,000.

**Source of Funding:** State Building Construction Account – Appropriated

# WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

**TO:** Members of the Board of Trustees

**FROM:** Bruce Shepard, President, by Eileen Coughlin, Senior Vice President for Enrollment and Student Services

**DATE:** December 9, 2011

**SUBJECT:** **Amendments to Chapter 516-23 WAC, Student Rights and Responsibilities Code**

**PURPOSE:** Action Item

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## **Purpose of Submittal:**

The Office of the Dean of Students has undergone a thorough review of Western's student conduct code. As part of the review process, a committee was established consisting of five student members and five faculty and staff members. Since winter quarter 2010, the committee met bi-weekly during the review and revision process. The draft rules were then distributed for comment to a wide range of stakeholders, including President's Cabinet, Associated Student representatives, and the Faculty Senate.

Notice of Hearing was published with the Code Reviser's Office and a public hearing was conducted on November 15, 2011. The Hearing Officer's Report recommends to the President that the university repeals the existing Chapter 516-23 WAC, Student Rights and Responsibilities Code, and adopts new Chapter 516-21 WAC, Student Rights and Responsibilities Code.

## **Proposed Motion:**

MOVE, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approves repealing Chapter 516-23 WAC, Student Rights and Responsibilities Code, and adopts new Chapter 516-21 WAC, Student Rights and Responsibilities Code. Chapter 516-23 WAC shall remain in effect until the new rules go into effect 31 days after filing with the Office of Code Reviser.

## **Supporting Information:**

- Hearing Officer's Report
- Chapter 516-21 WAC, Student Rights and Responsibilities Code - Proposed new chapter
- Chapter 516-23 WAC, Student Rights and Responsibilities Code - Current chapter to be repealed

## WWU RULE-MAKING REVIEW

### Hearing Officer's Report

#### Chapter 516-23 WAC, Student Rights and Responsibilities Code

On November 15, 2011, at 1:30 p.m., in Old Main 340, a public hearing was held on a proposal to repeal current Chapter 516-23 WAC, Student Rights and Responsibilities Code, and to adopt in its place Chapter 516-21 WAC, Student Rights and Responsibilities Code. The hearing was conducted by Suzanne Baker, Rules Coordinator, and assisted by Wendy Bohlke, Senior Counsel, Office of Attorney General. The hearing is held pursuant to the authority provided in the Revised Code of Washington, Open Public Meetings Act and the Administrative Procedures Act.

The testimony and Hearing Officer's Report are provided to the university's president for consideration of the permanent rule change. Upon his approval, the proposed code is presented to the Board of Trustees for adoption and is effective 31 days after filing with the Code Reviser's Office.

#### Notice of Hearing

Notice of public hearing was published in the October 19, 2011 issue of the *Washington State Register* (11-20-080). On October 27, 2011, a request was sent to Western's Office of University Communications for publication of a press release to the campus, including *The Western Front*, and local media announcing the hearing date, time, and location. Notice of hearing was also published on the university's online newsletter, *Western Today*.

#### Hearing Attendance

The hearing was attended by: Sherry Mallory, Associate Dean of Students; Michael Schardein, University Judicial Officer; David Ruble, Manager, University Residences; Jake Acton, Assistant Director, University Residences; six students; and Wendy Bohlke, Assistant Attorney General. A copy of the sign-in roster is attached.

#### Background and Overview

Sherry Mallory, Associate Dean of Students, began the hearing by providing an overview of the review process and described the significant changes to the Student Rights and Responsibilities Code. Dr. Mallory said that a review of the Student Rights and Responsibilities Code occurs every five years or more frequently if needed. The last amendment of the student conduct code occurred in 2002. The current revision process began winter 2010. The revision committee (membership designated in the code) included five students; the University Conduct Officer, Michael Schardein, who chaired the group; one faculty member; a representative from University Residences; and Randy Stegmeier, Chief, University Police.

Dr. Mallory said the primary goal was to make the code more student-friendly and to more clearly spell out Western's expectations of students. Mallory explained that because the revisions are so extensive, the current WAC chapter is being repealed and a new chapter created in its place. Mallory said the committee spent two quarters in a comprehensive review

## Hearing Officer's Report

Chapter 516-23 WAC, Student Rights and Responsibilities Code

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of the code and discussing possible changes. Mallory said that she incorporated the committee's feedback and reviewed model student codes from colleges and universities across the country, particularly all public schools in Washington.

Dr. Mallory said that one of the significant updates to the Student Rights and Responsibilities Code surrounds a recent change in federal law. Mallory explained that the Department of Education's Office of Civil Rights distributed *Dear Colleague Letters* to the educational institutions around the country. These letters inform institutions of federal law related to bullying and harassment (dated October 2010) and sexual violence (dated April 2011). Since this change in law has implications for the Student Rights and Responsibilities Code, the university formed a Sexual Violence Work Group, and their recommendations were incorporated into the amended student conduct code.

The review of stakeholders included the following groups: President's Cabinet; Associated Students representatives; Faculty Senate who deferred it to the Academic Coordinating Commission. Mallory said that two work sessions were held with the Associated Students Board of Directors. In addition, she posted information on the conduct code revision on Viking Village on November 4 and 14.

Mallory discussed the following changes to the Student Rights and Responsibilities Code:

- Clearly lays out expectations for student behavior. Mallory said that students are responsible for their conduct from the time they confirm their enrollment at Western through the awarding of their degree.
- Amendments to definitions and terms to bring the code current with other codes around the country.
- The amended code more clearly defines when the university reserves the right to take action on conduct that occurs off campus. Mallory provided examples of situations when there is a potential threat to the campus community and types of situations when there is not a threat.
- Deletion of several violations from the current code that were determined to be redundant and the addition of three violations that are more in line with state and national codes, including health and safety rules, such as fire safety, false alarms, and trespassing.
- Parental Notification was added to the list of sanctions. The university was given the right to do so in 1998 in federal law changes that were made to the Family Educational Rights and Privacy Act (FERPA).
- Clearly spell out the relationship of the code with University Residences policy, including clarifying when cases are referred to the Dean of Students Office by University Residences or when they will be co-adjudicated by both areas.

## Hearing Officer's Report

Chapter 516-23 WAC, Student Rights and Responsibilities Code

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### Testimony

The Rules Coordinator reported on written testimony received from a community member and read the comment into the record.

### Comment No. 1

The following comment was received related to WAC 516-21-030, Jurisdiction:

. . . item 2(a) *Adversely affects the safety or well-being of any member of the university community* . . . It seems to me that this sentence ought to include not only members of the university community but also members of the public; i.e., the citizens of the city. There does not appear to be any rationale for the exclusivity in the present wording.

Dr. Mallory responded that the code states that Western Washington University does not act as a policing agent for students when they are off campus. She said, however, that the university reserves the right to take action if a student's conduct is determined to adversely affect a substantial university interest. Student conduct that occurs off campus is subject to the Student Rights and Responsibilities Code when the following two factors apply: (1) the conduct adversely affects the safety or well-being of any member of the university community; or (2) the conduct applies to academic work or any records, documents, or identifications of the university.

Mallory referred to the introduction of the code and said that it sets forth the university's objectives on student conduct to ensure that students act in a manner consistent with high standards of scholarship and behavior and to maintain the safety of all members of the university community. The jurisdiction section was written in a way that reflects these two goals. Mallory said the intent is not to be exclusive, but also not to stray beyond what the intent and purpose of the code is.

### Comments on Viking Village

Dr. Mallory summarized the five comments made on Viking Village, Western's online forum for students, faculty, and staff.

- **Trespassing.** A new section on Trespassing was added to have the code more consistent with other state student conduct codes. The question on Viking Village was if this section was developed in response to the national occupy movement. The answer is that it was not added in response to the occupy movement. The trespass section was drafted in December 2010, prior to the occupy movement.
- **Parental Notification.** A comment was made regarding the parental notification section. They said that student's parents shouldn't be getting involved because Western students are adults. In response, Mallory said that the university realizes that the majority of students are adults, but there are some students under 18 years of age currently enrolled at Western.

- **Misuse of Computers and Electronic Data.** One of the members in the audience who had posted comments related to misuse of computers and electronic data on Viking Village had further questions. He testified that he was a Computer Science Department major and his question was surrounding unauthorized computer usage. He asked "What is the significance of "unauthorized?" What does unauthorized mean?"

Senior Counsel Bohlke responded that certain types of computer use require an appropriate level of authority to view and manage types of data, for example confidential student information. The audience member gave the example of publicly registered student photos, which he said that anyone can access. He asked if copying files off of the university web server be authorized use for a student. Bohlke said that because the records are for educational purposes only, people who are authorized to access educational records should be able to access that data. Bohlke said that it is a concern if that type of electronic data is accessible to students.

The student said his concern is that these issues have been brought up before and that it was found to be permissible. He asked if it is legal that students can access those files because they are publically available, but under the conduct code they can considered in violation of misusing the services. The audience member says that this type of problem compounds.

Senior Counsel Bohlke thought that the university should examine the process and make sure that can't happen. It is troubling that we have a back door opened into something that people aren't allowed to access.

The audience member said that he has been advised by faculty and staff not to report security concerns. Bohlke said that when an institution has vulnerability they have a choice to report it or not. She indicated she reports security vulnerabilities to dispatch, which can follow through per their procedures. Bohlke said that there are ways to safely report concerns, such reporting to the university's Internal Auditor in a confidential way.

### **Audience Comments and Questions**

One of the audience members asked questions related to the rule-making process and specifically to the review of the Student Rights and Responsibilities Code. Dr. Mallory said that the student conduct code is reviewed every five years or more often as designated in the student code. Rules Coordinator explained the university review process and prioritizing of WAC rules on its institutional agenda. Audience member asked if the code should be reviewed more often. Senior Counsel Bohlke explained that the rule review process occurs only when students and faculty are on campus, which limits administrative rule review time to 180 days per year. Dr. Mallory explained that the student conduct code committee met on a bi-weekly meeting schedule and reviewed sections of the code each time they met.

The audience member asked who writes the rules. Senior Counsel Bohlke said that the committee members that are assigned to review, discuss, and edit the WAC rules are established at the beginning of the review process. The areas that have direct oversight of the rules are involved in the process as well as the vice president responsible for the unit.

## Hearing Officer's Report

Chapter 516-23 WAC, Student Rights and Responsibilities Code

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Audience question asked about the limited student interest in the rule-review process when so much staff and faculty energy has been given to the project. Bohlke said that when students come to Western they have a general understanding of appropriate behavior and are familiar with rules at the other schools they have attended. Until they have a student role to review or have an aspect of rule change that affects them directly, they may not care about the WAC rule process. Michael Schardein, University Judicial Officer, agreed and added that the courts require universities to have a student conduct code so that students are aware of expectations. Bohlke said the other part is the appeals process and due process.

Further questions were asked by the audience member regarding computer use policies. He asked if these types of regulations were reviewed under similar systems as the WAC. Bohlke responded that they are reviewed by legal counsel and are periodically amended. She said they can entail a complex review depending on the type of policy. The audience member said the rules tell users not to do bad things, without preventing them from doing bad things. Bohlke explained processes available for reporting system vulnerabilities.

No further testimony was heard. The hearing adjourned at 2:21 p.m.

### Conclusion

Considering the thorough review process the Student Rights and Responsibilities Code received during the past two academic years, and considering the testimony heard at the hearing and received in writing, I recommend the following:

- That President Shepard approves general housekeeping edits related to grammar and better defining of terms. These edits are determined to not be substantive by university legal counsel; and
- That President Shepard approve repealing Chapter 516-23 WAC, Student Rights and Responsibilities Code; and further, that the new Chapter 516-21 WAC, Student Rights and Responsibilities Code, be brought before the Board of Trustees for its consideration.

Respectfully submitted,



Suzanne Baker  
Rules Coordinator

SB

#### Attachments:

- Public Hearing Sign-In Sheet
- Summary of Changes to the Student Conduct Code
- Chapter 516-23 WAC – Current rule
- Chapter 516-21 WAC – Final Draft of Proposed Rule

## Chapter 516-21 WAC

### STUDENT RIGHTS AND RESPONSIBILITIES CODE

#### NEW SECTION

**WAC 516-21-010 Introduction.** Western Washington University students enjoy the same basic rights, privileges, and freedoms granted to all members of society. At the same time, acceptance of admission to the university carries with it an obligation to fulfill certain responsibilities and expectations as a member of the Western Washington University community.

As a condition of enrollment at Western, students must assume responsibility for their own actions and maintain an environment conducive to the academic success, safety, and well-being of others. In addition, they are expected to be truthful, respect the rights of others, and abide by all university policies and procedures, as well as all applicable local, state, and federal laws and regulations. All students are responsible for understanding and complying with the responsibilities and expectations set forth in this code.

The student conduct process at Western is designed to be a learning process that promotes an understanding of students' responsibilities as members of the university community. The objectives of the student conduct system, as set forth in this code, are twofold: To ensure that students act in a manner consistent with high standards of scholarship and behavior, and to maintain the safety and well-being of all members of the university community.

#### NEW SECTION

**WAC 516-21-020 Definitions.** As used in this chapter, the following words and phrases mean:

- (1) **Appeals board.** The student conduct appeals board.
- (2) **Business day.** Any day, Monday through Friday (excluding holidays), during which university offices are open.
- (3) **Catalog.** The *Western Washington University General Catalog*.

(4) **Code.** The student rights and responsibilities code.

(5) **Conduct hold or judicial hold.** A block placed on a student's official university record at the request of the conduct officer or dean of students. A conduct or judicial hold prohibits a student from registering for classes, requesting an official transcript, or receiving a degree from the university until the hold has been removed.

(6) **Conduct officer.** The student conduct officer or his/her authorized designee.

(7) **Dean of students.** The dean of students or his/her designee.

(8) **Guest.** Any person who is not a member of the university community, who is on university property or attending an official university function at the invitation and/or hosting of a student.

(9) **Member of the university community.** Any person who is a student, university official, or who is otherwise employed or contracted by the university. A person's status in a particular situation shall be determined by the dean of students.

(10) **Official university function.** Any activity, on or off campus, that is initiated, sponsored, or supervised by any entity of Western Washington University.

(11) **Preponderance of evidence.** Defined as "more likely than not," the standard of responsibility that is used when determining whether a violation of the student rights and responsibilities code has occurred.

(12) **Student.** Any person who:

(a) Has been formally admitted to the university;

(b) Is enrolled in one or more classes at the university, including nonmatriculated international students attending language institutes or foreign study programs;

(c) Is participating in a certificate, degree, distance learning, or professional enrichment program, through extended education and summer programs;

(d) Is participating in a university-sponsored study abroad program;

(e) Was enrolled in a prior quarter or summer session at the university and is eligible to continue enrollment in the quarter or summer session that immediately follows; or

(f) Withdrew from the university after an alleged violation of the code, for conduct that occurred while they were enrolled or participating in a program offered by the university.

(13) **University.** Western Washington University and all associated programs, including those offered on-line and/or at off-campus program sites.

(14) **University official.** Any person employed or contracted by the university, who is performing assigned teaching, administrative, or professional responsibilities. University officials may be full- or part-time, and may include student staff members.

(15) **University property.** All land, buildings, facilities, and other property that is owned, used, leased, or controlled by Western Washington University. University property also includes

adjacent streets and sidewalks.

(16) **WAC**. An abbreviation for the Washington Administrative Code.

NEW SECTION

**WAC 516-21-030 Jurisdiction.** (1) The student rights and responsibilities code applies to all conduct that occurs on university property or in connection with any official university function.

(2) Western Washington University does not act as a policing agent for students when they are off campus. However, the university reserves the right to take action if a student's conduct is determined to adversely affect a substantial university interest. Student conduct that occurs off campus may be subject to the student rights and responsibilities code when it:

(a) Adversely affects the safety or well-being of any member of the university community; or

(b) Involves academic work or any records, documents, or identifications of the university.

In determining whether to exercise jurisdiction over such conduct, the student conduct officer shall consider the seriousness of the alleged offense, the risk of harm involved, and whether the alleged victim(s) are members of the university community. Any question of interpretation or application of jurisdiction shall be referred to the dean of students for final determination.

(3) Students are responsible for their conduct from the time they have confirmed their enrollment at Western through the awarding of their degree. This includes conduct that occurs before classes begin, after classes end, and during periods between actual terms of enrollment. Students who are found to be in violation of the code may be subject to sanctions under the code.

(4) A student with a pending conduct violation may not avoid the conduct process by withdrawing from the university. In these circumstances, a conduct hold will be placed on the student's official record, preventing them from registering for classes, requesting an official transcript, or receiving a degree from the university. This hold will remain in place until the student has met with the conduct officer to discuss the alleged conduct violation(s).

(5) Sanctions against student organizations are decided by procedures established by the university administrative unit governing that organization's recognition. Conduct proceedings against individual member(s) of a student organization can be initiated under this code, independent of any departmental action(s) taken against the student organization.

NEW SECTION

**WAC 516-21-040 Student responsibility for guests.** (1)

Guests and visitors on university property or at official university functions are expected to comply with all university policies and procedures, as well as all applicable local, state, and federal laws and regulations.

(2) Students who invite guests into their campus residence hall or apartment, or to official university functions open only to Western students, are responsible for the behavior of their guests. As a result, a student may be held responsible for any alleged violation(s) of the code committed by their guests. See also WAC 516-24-001 Conduct of campus guests and visitors.

NEW SECTION

**WAC 516-21-050 Academic dishonesty.** The university's policy and procedures regarding academic dishonesty are addressed in the academic honesty policy and procedure. As noted in the policy, academic dishonesty at Western Washington University is a serious infraction dealt with severely. For a list of actions that constitute academic dishonesty, refer to the academic honesty policy and procedure in the catalog.

NEW SECTION

**WAC 516-21-060 Conduct that threatens health or safety.**

Conduct that threatens the health or safety of any person, including oneself, is a violation of the code. Conduct that threatens health or safety includes, but is not limited to:

(1) Intoxication or impairment through the use of alcohol or other substances to the point that a student is unable to exercise care for his/her own safety or well-being.

(2) Any threat, stated or implied, to the health, safety or well-being of self or others.

(3) Any contact or communication of a threatening nature that intimidates, harasses, or causes a person to fear for their safety or well-being.

(4) Incidents involving the use or display of a weapon or destructive device likely to cause bodily injury and/or damage to property.

NEW SECTION

**WAC 516-21-070 Disruptive behavior.** Behavior that substantially disrupts, disturbs, or interferes with the ability of students to learn or university officials to perform their assigned duties is a violation of the code. Disruptive behavior includes, but is not limited to:

(1) Demonstrations or protests that substantially disrupt, disturb, or interfere with:

(a) Classroom activities or other educational pursuits;

(b) Official university activities or functions including, but not limited to, ceremonies, meetings, office functions, performances, or athletic events;

(c) Pedestrian or vehicular traffic; or

(d) The preservation and protection of university property and/or the personal property of members of the university community.

(2) Any other behavior that substantially disrupts, disturbs, or interferes with:

(a) Classroom activities or other educational pursuits;

(b) Official university activities or functions including, but not limited to, ceremonies, meetings, office functions, performances, or athletic events;

(c) Pedestrian or vehicular traffic; or

(d) The preservation and protection of university property and/or the personal property of members of the university community.

NEW SECTION

**WAC 516-21-080 Failure to comply.** Failure to comply with the instructions or directives of any university official or other public official acting in performance of their duties, or failure to identify oneself when asked to do so by a university official or other public official acting in performance of their duties, is a violation of the code.

NEW SECTION

**WAC 516-21-090 False information.** Providing or creating false information is a violation of the code. False information includes, but is not limited to:

(1) Forging, altering, mutilating, or destroying any university document or record, or entering false information into

such documents or records;

(2) Possessing or presenting as authentic any falsified document, record, or identification;

(3) Intentionally making false accusations or charges against another member of the university community; and

(4) Knowingly providing false information or statements to any university official or other public official acting in performance of their duties.

#### NEW SECTION

**WAC 516-21-100 Fire safety and false alarms.** Tampering with, altering, or disabling fire safety equipment, including emergency call devices, fire alarms, fire exits, fire extinguishers, smoke/heat detectors, or sprinkler systems; intentionally activating a fire alarm; making a false report of a fire or other emergency; or refusing to leave a building when a fire alarm sounds or when directed to by a university official or by emergency personnel are violations of the code.

#### NEW SECTION

**WAC 516-21-110 Harassment.** Harassment, defined as any conduct that is sufficiently severe, pervasive, or persistent to have the purpose or effect of interfering with a member of the university community's ability to work, study, or participate in their regular activities, is a violation of the code. Examples of harassment include, but are not limited to:

(1) Engaging in unwanted contact or communication, including calls, voice messages, electronic mail, text messages, social media posts or messages, written letters, unwanted gifts, or face-to-face contact with a member of the university community;

(2) Repeatedly following a member of the university community; waiting outside their residence, school, or place of employment; or placing them under any form of surveillance; and

(3) Engaging in any form of behavior that is meant to threaten or intimidate a member of the university community based on their membership in a protected class, including race, color, creed, religion, national origin, sex, age, disability, marital status, genetic information, status as a veteran, and/or sexual orientation.

NEW SECTION

**WAC 516-21-120 Hazing.** Hazing, defined as any act that, as an explicit or implicit condition for initiation or admission into, affiliation with, or continued membership in a group or organization, endangers the health, safety, or well-being of any member of the university community, is a violation of the code. Examples of hazing include, but are not limited to:

(1) Requiring the consumption of any food, alcohol, drug, or other substance.

(2) Requiring forced participation in physical activities, including calisthenics, exercise, or other games or activities that entail physical exertion.

(3) Requiring exposure to weather elements or to other physically or emotionally uncomfortable situations, including sleep deprivation, confinement in small spaces, physical bondage, and/or taking a student to an outlying area and dropping them off.

(4) Requiring conduct that can be reasonably expected to embarrass another, including the performance of public stunts or activities such as scavenger hunts.

(5) Requiring anything that would be illegal under city, state, or federal law, or in violation of any university policies or procedures, including the code.

NEW SECTION

**WAC 516-21-130 Illegal possession and/or use of alcohol.** Illegally possessing, using, distributing, selling, or being under the influence of alcohol while on university property or at an official university function is a violation of the code. This includes, but is not limited to:

(1) Possession or consumption of alcohol by anyone under the age of twenty-one;

(2) Providing alcohol to anyone under the age of twenty-one;

(3) Driving on university property while under the influence of alcohol; and

(4) Public intoxication by persons of any age. See also policy concerning alcohol and other drugs in the catalog.

NEW SECTION

**WAC 516-21-140 Illegal possession and/or use of drugs.** Illegally possessing, using, manufacturing, cultivating, packaging, distributing, selling, or providing a controlled or illegal

substance, or being under the influence of a controlled or illegal substance while on university property or at an official university function, is a violation of the code. This includes, but is not limited to:

- (1) Possession of drug paraphernalia;
  - (2) Driving on university property while under the influence of a controlled or illegal substance; and
  - (3) Intentionally misusing or distributing prescription drugs.
- See also policy concerning alcohol and other drugs in the catalog.

#### NEW SECTION

##### **WAC 516-21-150 Interfering with the conduct process.**

Interfering with the conduct process is a violation of the code. This includes, but is not limited to:

- (1) Giving a false report or claim;
- (2) Attempting to influence the impartiality of witnesses or appeals board member(s);
- (3) Participating in or encouraging retribution against complainants or witnesses;
- (4) Threatening, harassing, or intimidating complainants or witnesses;
- (5) Disrupting or interfering with the orderly conduct of a hearing or meeting; and
- (6) Failing to comply with any sanction(s) imposed as the result of a code violation.

#### NEW SECTION

**WAC 516-21-160 Misuse of computers, electronic data or communication systems.** Misuse of computers, electronic data, or communication systems is a violation of the code. This includes, but is not limited to:

- (1) Unauthorized entry into a file, web page, e-mail account, or on-line profile to use, download, read, transfer, or change the contents, or for any other purpose;
- (2) Unauthorized use of another person's university-issued identification and password;
- (3) The use of campus computing facilities, networks (including wireless networks), equipment, or services to interfere with the normal operation of the university computing system or the work of any member of the university community;
- (4) The use of campus computing facilities, networks (including wireless networks), equipment, or services to "cyber

stalk" another person or to send obscene, abusive or harassing messages;

(5) The use of campus computing facilities, networks (including wireless networks), equipment, or services to illegally copy, distribute, download, or upload information (including movies, music, or other digital content) from the internet or any electronic source;

(6) The use of campus computing facilities, networks (including wireless networks), equipment, or services to illegally copy, reproduce, or distribute licensed software;

(7) Attempting to modify system facilities or networks, including the introduction of electronic vandalism (e.g., "viruses," "worms," or other disruptive/destructive programs) into university computing resources or those connected to it by the network; and

(8) The use of campus computing facilities, networks (including wireless networks), equipment or services for personal profit or for any use other than authorized university business.

Students are also responsible for reading and complying with all provisions set forth in the Western Washington University policy for responsible computing, the user agreement for WWU network and computing resources, and the using copyrighted materials policy.

#### NEW SECTION

**WAC 516-21-170 Obstructing police and safety personnel.** Obstructing, interfering with, or delaying police or other fire, safety, or emergency personnel is a violation of the code.

#### NEW SECTION

**WAC 516-21-180 Sexual misconduct.** (1) Sexual misconduct, defined as any unwelcome behavior of a sexual nature that is committed without consent or by force, intimidation, or coercion, is a violation of the code. Sexual misconduct includes, but is not limited to:

(a) Sexual harassment (e.g., engaging in unwelcome verbal, written, or physical behavior of a sexual nature that is directed at another person or group, based on that person or group's sex, gender, or perceived sex or gender);

(b) Sexual intimidation (e.g., engaging in any behavior, either verbal or nonverbal, that has the effect of subjecting another person to humiliation, embarrassment, or discomfort because

of their sex, gender, or perceived sex or gender);

(c) Sexual coercion (e.g., engaging in the use of pressure, alcohol or drugs, or force to compel or persuade another person to engage in sexual activity);

(d) Sexual exploitation (e.g., engaging in voyeurism or peeping, distributing intimate or sexual information about another person without that person's consent, knowingly transmitting an STD or HIV to another person, or engaging in any behavior that takes sexual advantage of another person without that person's consent);

(e) Sexual assault (e.g., engaging in actual or attempted sexual touching, genital-oral contact, penetration, and/or intercourse without consent).

(2) Consent for all sexual activity must be given free of force, threat, intimidation, or coercion. At the time of the sexual activity, actual words or conduct demonstrating freely given agreement must occur; silence or passivity do not imply consent. Activity of a sexual nature is considered nonconsensual when:

(a) An individual is asleep, unconscious, or otherwise physically unable to communicate his or her willingness or unwillingness to engage in sexual activity;

(b) An individual lacks the ability, at the time of sexual activity, to be able to understand the nature or consequences of the activity, whether due to illness; impairment; the influence of alcohol, drugs, or medication; or another cause; or

(c) An individual is not of legal age to give consent.

(3) Sexual misconduct represents a range of behavior; it can occur between strangers or acquaintances, including individuals involved in an intimate or sexual relationship. Sexual misconduct can also be committed by individuals of any gender and can occur between people of the same or different sex. See also sexual misconduct policy and procedure in the catalog.

## NEW SECTION

**WAC 516-21-190 Student violation of the law.** Students are expected to abide by all local, state, and federal laws while on campus or at official university functions. Failure to comply with these laws is a violation of the code.

While Western does not act as a policing agent for students when they are off campus, the university reserves the right to take action if a student's conduct is determined to adversely affect a substantial university interest. See also WAC 516-21-030 Jurisdiction.

Proceedings under the code may be carried out prior to, simultaneously, or following civil or criminal proceedings in the courts. Since the standard of proof under the code (preponderance of evidence) differs from that of criminal law, decisions made through the student conduct process are not subject to challenge on the grounds that criminal charges involving the same incident have

been dismissed or reduced by a court of law.

NEW SECTION

**WAC 516-21-200 Theft or intentional damage of property.** Theft or intentional damage of property is a violation of the code. Theft includes, but is not limited to, attempted or actual theft of university property or services or the property or services of any member of the university community, visitors, or guests. It is also prohibited to possess stolen property or to intentionally damage, destroy, or vandalize the property of the university or others.

NEW SECTION

**WAC 516-21-210 Trespassing.** Trespassing is a violation of the code. Trespassing includes, but is not limited to:

(1) Unauthorized entry into, occupation, or use of any university-owned or controlled property, equipment, or facilities;

(2) Unauthorized entry into, occupation, or use of any restricted areas of the campus, including research areas and utility tunnels;

(3) Unauthorized possession, duplication, or use of keys, including cards or alphanumeric pass-codes, to any university-owned or controlled property, equipment, or facilities; and

(4) Remaining in or on university-owned or controlled property after permission to remain has been revoked by any university official, including university police.

NEW SECTION

**WAC 516-21-220 Weapons and destructive devices.** Possession, use, unauthorized storage, or manufacture of firearms, ammunition, explosives, or other weapons or destructive devices capable of causing bodily injury or damage to property, on university property or at official university functions, is a violation of the code. Weapons and destructive devices include, but are not limited to:

(1) Firearms of any kind, including BB, pellet, paintball, and airsoft guns;

(2) Martial arts weapons of any kind, including nunchucks,

swords, or throwing stars;

(3) Fireworks of any kind, including firecrackers, cherry bombs, or homemade explosives;

(4) Projectile devices of any kind, including catapults or slingshots;

(5) Any knife with a blade longer than three inches (excluding kitchen utensils); and

(6) Any object that can be used as a weapon to cause bodily injury or damage to property.

See also WAC 516-52-020 Firearms and dangerous weapons.

#### NEW SECTION

**WAC 516-21-230 Sanctions.** Sanctions serve many purposes including, but not limited to, educating students about the seriousness of their actions; reinforcing the high standards of scholarship and behavior expected of Western students; promoting student development; and maintaining the safety and well-being of members of the university community. When a student admits responsibility or is found in violation of the code, the conduct officer or dean of students may impose one or more of the sanctions listed in this section. This list of sanctions is not meant to be exclusive. Other sanctions, designed or intended to enhance the educational value of conduct proceedings, may be applied in a given case.

(1) **Warning.** A formal written notice to the student that a violation of the code has occurred, and that further violations may result in additional sanctions under the code.

(2) **Conditional status.** A probationary status imposed for a specific period of time, during which the student must demonstrate conduct that conforms to university standards. Conditions restricting the student's privileges or eligibility for activities may be imposed. Violations of any conditions specified in the notice of conditional status or violations of any other university policies or regulations during the period of the sanction, may result in additional sanctions under the code.

(3) **Loss of privileges.** A student may be denied specific privileges (i.e., participation in specific activities, restriction from specific areas of campus, etc.) on a temporary or permanent basis. Violations of any conditions specified in the notice of loss of privileges or violations of any other university policies or regulations during the period of the sanction, may result in additional sanctions under the code.

(4) **Restriction from contacting others ("no contact" order).** A student may be restricted from direct or indirect physical, verbal, or electronic contact with another person and/or group. Indirect or direct contact made with another person or group while a "no contact" order is in place may result in additional sanctions

under the code.

(5) **Educational activities.** A student may be required to engage in educational activities related to violation(s) of the code. Such activities may include, but are not limited to, required attendance at educational programs, community service, conducting research projects, writing assignments, and/or meeting with campus officials.

(6) **Assessment, counseling, or treatment programs.** A student may be required to participate in an assessment, counseling, and/or treatment program (at the student's expense), to address substance abuse, anger issues, or other issues or types of behaviors that pose a threat to their safety or well-being or the safety or well-being of others.

(7) **Restitution.** A student may be required to provide compensation for loss, damage, or injury resulting from a violation of the code. Restitution may take the form of monetary or material replacement or appropriate service to repair or otherwise compensate for the loss, damage, and/or injury caused.

(8) **Parental notification.** Parents may be notified of conduct findings when a student under the age of twenty-one is found responsible for violations involving alcohol and/or drugs. When possible, students whose parents are to be notified will be informed before such notification occurs and given an opportunity to initiate contact with their parents.

(9) **Campus residence hall or apartment relocation.** A student's on-campus living arrangements may be transferred to another residence hall or apartment.

(10) **Termination of university residences agreement.** A student may be removed from their campus residence hall or apartment and their housing agreement terminated.

(11) **Suspension from the university.** A student may be removed from the university for a designated period of time, after which the student will be eligible to return. While suspended, the student is trespasses from all university facilities and prohibited from participating in official university functions. Specific conditions for readmission to the university may be imposed (e.g., counseling, completion of substance abuse treatment, etc.).

(12) **Deferred suspension.** A student may receive a notice of deferred suspension from the university, with a provision that they are allowed to remain enrolled contingent on meeting specific conditions. Failure to meet any condition(s) specified in the notice of deferred suspension will result in immediate suspension from the university.

(13) **Expulsion from the university.** A student may be permanently separated from the university. A student who has been expelled is not eligible for readmission.

NEW SECTION

**WAC 516-21-240 Student conduct system.** (1) The vice-president for enrollment and student services is responsible for administration of the code. Supervision of the code has been delegated by the vice-president to the dean of students.

(2) The conduct officer shall be appointed and supervised by the dean of students or his/her authorized designee. The conduct officer has the authority to adjudicate and administer sanctions for violations of the code.

(3) A six-member appeals board shall be appointed at the beginning of each fall term to consider reviews of the conduct officer's findings and decision. The appeals board shall include:

(a) Two faculty members, appointed by the faculty senate;

(b) Three student members, appointed by the associated students board of directors; and

(c) One staff member from the division of enrollment and student services, nominated by the dean of students and confirmed by the vice-president for enrollment and student services.

(4) Alternates will be identified for each area represented on the appeals board. Student appointments are for one academic year. Faculty and staff appointments are for two-year staggered terms.

(5) All appointments to the committee shall be initiated during the first full month of the fall term. Should a request for a review of the conduct officer's findings and decision come forward during the summer term or during other break periods, the review will be heard by the dean of students or by an interim appeals board appointed by the dean of students.

(6) Both the appeals board and the dean of students have full authority to render a decision under the code. All review decisions are final.

NEW SECTION

**WAC 516-21-250 Student rights in the conduct process.** All alleged violations of the code will be resolved through the student conduct process, respecting fairness and due process for all involved parties.

(1) Students accused of violating the code have certain rights in the conduct process. These include the right to:

(a) Receive written notification of the section(s) of the code they are alleged to have violated, including a clear description of the basis for the charge(s), delivered via e-mail to the student's official @students.wvu.edu account;

(b) Meet with the conduct officer to discuss the section(s) of the code they are alleged to have violated and present a response to such allegations;

(c) Provide evidence on their own behalf, including the names

or written statements of individuals who can offer information regarding the incident in question;

(d) Be accompanied through the conduct process by a person of their choice (this person may give advice to the student, but may not directly address the conduct officer, any member of the appeals board, or the dean of students);

(e) Refuse to answer any question asked of them and have no inference of guilt drawn from such refusal;

(f) Receive written notification of the conduct officer's findings and decision, delivered via e-mail to the student's official @students.wvu.edu account, within seven business days of the date of the meeting (or, if multiple meetings are necessary to determine responsibility or multiple individuals are involved and information presented by each is deemed necessary to determine responsibility, within seven business days of the date of the final meeting for the specific incident);

(g) Request a review of the conduct officer's findings and decision by the appeals board or dean of students, as described in WAC 516-21-280 Basis for review; and

(h) Waive any of the rights contained in this section.

(2) Individuals who have filed a complaint or are the victim of an alleged violation of the code have certain rights in the conduct process. These include the right to:

(a) Submit a written account of the alleged violation(s);

(b) Be advised of the date, time, and location of the hearing;

(c) Provide evidence on their own behalf, including the names or written statements of individuals who can offer information regarding the incident in question;

(d) Be accompanied through the conduct process by a person of their choice (this person may give advice to the student, but may not directly address the conduct officer, any member of the appeals board, or the dean of students);

(e) Be free of any form of retaliation and report any retaliation that occurs for further action;

(f) Have past unrelated behavior excluded from the investigation or hearing; and

(g) Submit an oral or written impact statement to the conduct officer, appeals board, or dean of students, for consideration during the sanctioning phase of the conduct process, if the charged student is found responsible.

(3) For incidents involving violence or sexual violence, including sexual harassment, misconduct, and/or assault, victims shall have the following additional rights:

(a) To be notified of the availability of counseling, assistance, and support resources, both on campus and in the surrounding community;

(b) To request and be granted a "no contact" order against the accused student(s);

(c) To receive written notification of the conduct officer's findings and decision delivered via e-mail to the student's official @students.wvu.edu account, within seven business days of the date of the meeting (or, if multiple meetings are necessary to determine responsibility or multiple individuals are involved and

information presented by each is deemed necessary to determine responsibility, within seven business days of the date of the final meeting for the specific incident); and

(d) To request a review of the conduct officer's findings and decision by the appeals board or dean of students, as described in WAC 516-21-280 Basis for review.

#### NEW SECTION

##### **WAC 516-21-260 Procedures for immediate interim suspension.**

In consultation with university officials, the dean of students may suspend a student from the university on an immediate interim basis, pending disciplinary or criminal proceedings or a medical evaluation.

(1) An interim suspension may only be imposed in the following circumstances:

(a) The student poses a threat to his/her own safety or well-being;

(b) The student poses a threat to the safety or well-being of other members of the university community;

(c) The student poses a threat to university property, is disrupting, or interfering with the normal operations of the university; and

(d) The student is alleged to have committed a serious violation of local, state, or federal law.

(2) During the interim suspension, a student may be denied access to university activities and privileges, including access to classes, university property, and/or campus residence halls and apartments.

(3) A student suspended from the university on an immediate interim basis shall be notified in writing of the terms of the interim suspension. The notice, which shall be delivered both via e-mail to the student's official @students.wvu.edu account and via certified mail to the student's local address on file, shall include the stated violation(s), the circumstances and terms of the interim suspension, and the time, date and location of a meeting to discuss the interim suspension with the dean of students.

(4) The interim suspension meeting shall occur no less than three business days and no more than seven business days from the date that the notification is sent. The student may elect to waive the three-day notice if an earlier date is mutually agreed upon. The purpose of the interim suspension meeting is for the student to have an opportunity to demonstrate to the dean of students why the terms specified in the interim suspension notice should not continue.

(5) Cases of interim suspension are given priority and will be expedited through the student conduct process. The interim suspension will remain in effect until a final decision has been made on the pending code violation(s) or until the dean of students

determines that the reasons for imposing the interim suspension no longer exist or are not supported by available evidence.

#### NEW SECTION

**WAC 516-21-270 Proceedings for violations of the code.** (1) Any member of the university community may file a complaint against a student or a student organization, alleging a violation of the code. All complaints should be provided in writing to the conduct officer or dean of students and include a statement of the alleged misconduct.

(2) The conduct officer will conduct a preliminary investigation. If, in the conduct officer's judgment, there is insufficient basis to consider a charge, the individual(s) initiating the complaint will be informed. If there is sufficient basis to consider a charge, the conduct officer shall:

(a) Provide the accused student with a written notice of the charge(s), delivered via e-mail to the student's official @students.wvu.edu account. This notice shall include a clear description of the nature and date of the complaint and the specific code section(s) the student is alleged to have violated;

(b) Provide the accused student with a copy of the code as well as information on the availability of procedural advice regarding the code; and

(c) Provide the accused student with written notice to contact the dean of students' office immediately upon receipt of the charge letter to schedule a conduct meeting. This meeting should occur no less than three business days and no more than seven business days from the date that the notification is sent. The student may elect to waive the three-day notice if an earlier date is mutually agreed upon.

(3) During the meeting with the accused student, the conduct officer will determine, based on a preponderance of evidence, whether it is more likely than not that a violation of the code has occurred. If a student fails to meet with the conduct officer after receiving proper notification, a decision on the allegation(s) may be rendered in the student's absence.

(4) Within seven business days of the meeting, the conduct officer shall notify the student in writing of the findings and decision, including any imposed sanctions. This notification will be delivered via e-mail to the student's official @students.wvu.edu account and will include a statement of the student's option for a review of the conduct officer's findings and decision by the appeals board or the dean of students.

(5) If multiple meetings are required to determine responsibility, the findings and decision letter will be sent via e-mail to the student's official @students.wvu.edu account no later than seven business days after the final meeting for the specific incident.

(6) If multiple individuals are involved in the incident and the information presented by each student is deemed necessary to determine responsibility, individual findings and decision letters will be sent via e-mail to the student's official @students.wvu.edu account no later than seven business days after the final meeting for the specific incident.

(7) If both parties agree to mediate a complaint and the conduct officer agrees, mediation may be substituted for a conduct meeting. If mediation is unsuccessful, the original complaint will be considered and decided upon by the conduct officer. Mediation may not be substituted for a conduct meeting in cases involving violence or sexual violence, including sexual harassment, misconduct, or assault.

#### NEW SECTION

**WAC 516-21-280 Basis for review.** (1) A student found in violation of the code may request a review of the conduct officer's findings and decision by either the appeals board or the dean of students. A review may be requested for the following reasons only:

(a) The original meeting was not conducted in conformity with prescribed procedures;

(b) The conduct officer misinterpreted the code;

(c) The sanctions imposed are disproportionate to the violation(s) committed; and

(d) The decision reached did not properly consider the information presented.

(2) For incidents involving violence or sexual violence, including sexual harassment, misconduct or assault, victims may request a review of the conduct officer's findings and decision by either the appeals board or the dean of students. A review may be requested for the following reasons only:

(a) The original meeting was not conducted in conformity with prescribed procedures;

(b) The conduct officer misinterpreted the code;

(c) The sanctions imposed are disproportionate to the violation(s) committed; and

(d) The decision reached did not properly consider the information presented.

(3) The request for review must be submitted in writing to the dean of students within seven business days of receipt of the conduct officer's written notice of findings and decision (which shall be delivered via e-mail to the student's official @students.wvu.edu account). The request must state, as clearly and concisely as possible, the basis for the review and specify whether the student wishes to have their review considered by the appeals board or the dean of students.

(4) Upon receipt of the written request for review, the dean

of students will determine whether the request meets one or more of the criteria specified for reviews of the conduct officer's findings and decision. If it does, the review hearing will be scheduled. If it does not, the party requesting the review will be notified in writing and the request will be denied.

(5) For incidents involving violence or sexual violence, including sexual harassment, misconduct or assault, both the student found in violation of the code and the victim will be notified in writing regarding the outcome of the written request for review.

(6) No sanction will begin while a review is pending, except as provided in WAC 516-21-260, Procedures for immediate interim suspension. Temporary relocation of a student to alternative housing and/or restrictions between affected parties may be enforced during an appeal.

#### NEW SECTION

**WAC 516-21-290 Review procedures.** (1) Upon acceptance of a request for review, the dean of students shall notify the student (or, for incidents involving violence or sexual violence, both the student and the victim) in writing of the:

- (a) Section(s) of the code the student was found to have violated;
- (b) Findings and decision of the conduct officer;
- (c) Time, date, and location of the review hearing; and
- (d) Location of the code, should they wish to view or download a copy.

(2) The review hearing shall be held no less than three business days and no more than seven business days from the date of notification. The student may elect to waive the three-day notice if an earlier date is mutually agreed upon. If the student fails to appear at the hearing, the appeals board or the dean of students may proceed with the review, based upon consideration of all available information, or may dismiss the request for review.

(3) During the review hearing:

(a) The chair of the appeals board or dean of students may ask any person with relevant information to speak or provide a written statement regarding the alleged violation.

(b) The student found in violation of the code may ask any person with relevant information to speak or provide a written statement regarding the alleged violation.

(c) The chair of the appeals board or the dean of students may limit or exclude information that is considered to be irrelevant, immaterial, or repetitious.

(d) Five members shall constitute a quorum of the appeals board. Actions by the appeals board require agreement by a majority of members present at the time of the hearing.

(e) Any member of the appeals board that is unable to render

an impartial decision in a particular case shall excuse themselves from the appeals board's deliberations in advance and may be replaced by an alternate.

(f) The appeals board or the dean of students may either confirm, reverse, or modify the conduct officer's findings and decision.

(4) New substantive information that was not presented at the time of the original conduct meeting will not be considered during the review. When new substantive information is present prior to or during the review hearing and such evidence could impact the original decision, the allegation(s) will be reheard by the conduct officer.

(5) The chair of the appeals board or the dean of students will render a decision regarding the review within seven business days of the hearing and notify the student (or, for incidents involving violence or sexual violence, both the student and the victim) in writing of their findings and decision. All review decisions are final.

#### NEW SECTION

##### **WAC 516-21-300 Deviations from established procedures.**

Deviations from the timelines set forth in this code may be granted by the dean of students, upon request, for good cause.

#### NEW SECTION

##### **WAC 516-21-310 Confidentiality of conduct proceedings and records.**

(1) The confidentiality of all conduct proceedings and records will be maintained in compliance with the student records policy, as well as all applicable state and federal laws. Conduct records prepared by the conduct officer, the appeals board, and/or the dean of students:

(a) Will be held in the dean of students office for six years, except in cases of suspension, interim suspension, or expulsion, which are permanent records; and

(b) Will not be shared with any member of the public, except upon the informed written consent of the student(s) involved or as stated in the student records policy.

(2) The conduct officer's findings may be shared with the victim, as required by law, in cases involving violence or sexual violence, including sexual harassment, misconduct or assault. The disciplinary findings may also be shared with university officials involved in the completion or supervision of the sanction and/or

the student. See also chapter 516-26 WAC Student records.

NEW SECTION

**WAC 516-21-320 Relationship of the code to university residences.** (1) University residents are responsible for adjudicating most alleged violations of the code that are committed by students living in campus residence halls and apartments.

(2) The dean of students has the authority to designate which area will consider an alleged violation of the code, or whether the alleged violation will be coadjudicated by university residences and the conduct officer. General referral of conduct cases will be made by consensus between university residences and the conduct officer.

(3) Certain cases shall be referred by university residences to the conduct officer or coadjudicated by both areas. These include, but are not limited to, cases involving:

(a) Alleged acts or threats of physical violence or sexual misconduct;

(b) Alleged violations of the distribution or sale of drugs or other controlled substances;

(c) Alleged violations by nonresidential students while in campus residence halls or apartments or at university residences' sponsored programs, events, or activities;

(d) Alleged violations that occur near the end of the term or after a residential student's contract with university residences has ended;

(e) Alleged violations involving the misuse of computers, electronic data and/or communication systems, particularly when the victims of the alleged conduct are nonresidential students (e.g., sending unsolicited mass e-mails, copyright violations); and

(f) Alleged violations severe enough to result in eviction from campus residence halls or apartments and/or suspension or expulsion from the university.

NEW SECTION

**WAC 516-21-330 Interpretation of the code.** Any question of interpretation or application of the code shall be referred to the dean of students for final determination.

NEW SECTION

**WAC 516-21-340 Revision of the code.** (1) The code shall be reviewed every five years or more often, if needed, by the committee on student rights and responsibilities. The committee on student rights and responsibilities shall include:

(a) Five students, including at least one graduate student. Three students shall be appointed by the associated students board of directors and two shall be appointed by the residence hall association;

(b) One faculty member, appointed by the faculty senate;

(c) One staff member from the division of enrollment and student services, appointed by the dean of students;

(d) One staff member from the department of public safety, appointed by the director of public safety;

(e) One staff member from university residences, appointed by the director of university residences; and

(f) The conduct officer.

(2) Recommendations of the committee on student rights and responsibilities shall be made to the vice-president for enrollment and student services for submission to and consideration by the president's cabinet. Prior to adoption of the code, all proposed modifications shall be reviewed by the office of the assistant attorney general at Western Washington University for consistency with university policies and the law. Final authority for changes to the code rests with the Western Washington University board of trustees.

NEW SECTION

**WAC 516-21-350 Referenced policies and regulations in the code.** Policies or regulations referenced in the code are available, upon request, in the dean of students' office.

## Chapter 516-23 WAC

### STUDENT RIGHTS AND RESPONSIBILITIES CODE

Last Update: 12/19/02

#### WAC

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#### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

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| 516-23-005 | Preamble. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-005, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).  |
| 516-23-010 | Definitions. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-010, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).   |
| 516-23-015 | Jurisdiction. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-015, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).  |
| 516-23-020 | Relationship between civil and criminal law and university disciplinary proceedings. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-020, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12). |
| 516-23-025 | Actionable offenses. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-025, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).   |
| 516-23-030 | Disruptive behavior. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-030, filed 1/22/96, effective  |

- 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-035 Academic dishonesty. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-035, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-040 Forgery and fraud. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-040, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-045 Interference with freedom of expression. [Statutory Authority: RCW 28B.35.120. 96-14-005, § 516-23-045, filed 6/20/96, effective 7/21/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-050 Alcohol and other drugs policy violations. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-050, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-055 Misuse of computers, electronic data or communications. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-055, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-060 Hazing. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-060, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-065 Sexual misconduct. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-065, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-070 Violence and harassment. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-070, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-075 Judicial structure. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-075, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-080 Conduct proceedings. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-080, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-085 Appeals. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-085, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-090 Basis for appeal. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-090, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-095 Appeal hearing procedures. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-095, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-100 Interference of the judicial process. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-100, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-105 Disciplinary sanctions. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-105, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-110 Administrative withdrawal due to mental disorders. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-110, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-115 Record of proceedings. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-115, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-120 Statement of accused student's rights. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-120, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-125 Statement of rights of those subjected to student misconduct. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-125, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-130 Relationship to university residences' conduct system. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-130, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-135 Interim suspension. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-135, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-140 Interpretation and revision. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-140, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).
- 516-23-145 Committee on student rights and responsibilities. [Statutory Authority: RCW 28B.35.120(12). 96-03-103, § 516-23-145, filed 1/22/96, effective 2/22/96.] Repealed by 03-01-123, filed 12/19/02, effective 1/19/03. Statutory Authority: RCW 28B.35.120(12).

**WAC 516-23-200 Preamble.** Western Washington University students enjoy the basic rights of all members of society. At the same time, students have an obligation to fulfill their responsibilities as members of the university. As stated in the

university's mission, Western is dedicated to the pursuit of truth, learning and the dissemination and development of knowledge, and service to the community.

The objectives of the university conduct system are that students act in a manner consistent with the high standards of scholarship and behavior relevant to an institution of higher education, to sustain campus-wide safety, and to adhere to the university mission. Students are expected to abide by university policies and regulations, as well as federal, state, and local laws. An alleged student violation will be resolved through a process as defined in the code respecting basic fairness for the accused and the victim.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-200, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-210 Definitions.** As used in this chapter, the following words and phrases mean:

(1) "Appeals board" refers to the judicial appeals board.

(2) "Bulletin" refers to the Western Washington University bulletin/catalog.

(3) "Campus" refers to all property owned or supervised by the university, including adjacent streets and sidewalks and off-campus program sites.

(4) "Code" refers to the student rights and responsibilities code.

(5) "Dean of students" refers to the director of student life/dean of students, or the vice-president of student

affairs/academic support services' designee.

(6) "Student" includes all persons with active student status, full or part time. Matriculated students that have not enrolled are students under this code. Nonmatriculated international students attending language institutes or foreign study programs at the university shall also be considered students under this code.

(7) "University" refers to the programs, activities, and current members of the Western Washington University community.

(8) "Judicial officer" refers to the university judicial officer.

(9) "WAC" refers to the Washington Administrative Code.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-210, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-220 Jurisdiction.** Individual student alleged violations of this code are subject to disciplinary action. While the university does not act as a policing agent for students when they are off campus, the university reserves the right to take action if a student's behavior is determined to threaten the health, safety, and/or property of the university and its members.

Sanctions against student organizations are decided by the procedures established by the university administrative unit governing the recognition of each organization. Disciplinary proceedings against individual member(s) of a student

organization can be initiated under this code independent of action taken against the student organization.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-220, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-230 Principles and violations of the code.** The standards of behavior under the code are higher than those imposed by civil and criminal law. Students must observe the following principles and expectations:

(1) Western students observe the highest standards of academic integrity in the ethical pursuit of truth and learning;

(2) Western students are respectful of the rights, welfare, and property of others;

(3) Western students strive to be involved and productive citizens in a diverse, pluralistic, and democratic society; and

(4) Western students exercise their state and federal constitutional rights to free speech, petition, and assembly in means that do not disrupt the university's functions or interfere with the rights and well-being of others.

Students must comply with policies and regulations that may impact the educational, administrative, or university-sponsored programs or functions. The university may initiate disciplinary action against any student alleged to have committed inappropriate conduct on campus or otherwise under the jurisdiction of this code.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-230, filed 12/19/02, effective 1/19/03.]

WAC (11/30/11 9:59 AM) [ 5 ]

**WAC 516-23-240 Academic dishonesty.** The policy and procedure regarding academic dishonesty is addressed in the academic dishonesty policy and procedure. Repeated violations of academic dishonesty will be addressed under the student rights and responsibilities code and can result in disciplinary action. Students may not appeal a decision of academic dishonesty through the student rights and responsibilities code.

Students shall not claim as their own the achievements, work, or arguments of others, nor shall they be party to such claims. According to the academic dishonesty policy and procedure, academic dishonesty consists of misrepresentation by deception or by other fraudulent means. Academic dishonesty compromises the instructor's ability to fairly evaluate a student's work or achievement. For a list of actions that are examples of academic dishonesty, see the bulletin, academic dishonesty policy and procedure. Furthermore, students found to have violated canons of ethical research and scholarship, as defined in the policy and procedural guidelines for misconduct in research and scholarship, may also be subject to disciplinary action. See bulletin, academic dishonesty policy and procedure.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-240, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-250 Disruptive behavior.** Disruptive behavior is whenever a student engages in any behavior which interferes

with the rights of others or which materially or substantially obstructs or disrupts teaching, learning research, or administrative functions. While students have the right to freedom of expression, including the right to dissent or protest, this expression cannot interfere with the rights of others. Disruptive behavior includes, but is not limited to:

(1) Substantial disruption of classes, laboratories, offices, services, meetings, or ceremonies;

(2) Obstructing free movement of people or vehicles: Peaceful picketing is permitted only as long as it takes place outside buildings and does not interfere with the flow of traffic to and from buildings;

(3) Conduct which threatens harm, incites violence, or endangers the health and safety of any person;

(4) Creating noise in such a way as to interfere with university functions or using sound amplification equipment in violation of appropriate use of amplification sound, as administered by the viking union, see policy on exterior space use;

(5) Intentionally or recklessly interfering with any university or student program or activity, including teaching, research, administration, or meetings; and

(6) Inciting others to engage in prohibited conduct.

See WAC 516-24-130 Demonstrations.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-250, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-260 Student responsibility for guests.**

Students are responsible for the actions of their guests while on campus, at university events and programs, and in other areas supervised by the university. See WAC 516-24-001 Conduct of campus guests and visitors.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-260, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-270 Sexual misconduct.** Student sexual misconduct includes, but is not limited to:

- (1) Sexual harassment;
- (2) Sexual intimidation;
- (3) Sexual coercion;
- (4) Sexual exploitation;
- (5) Sexual assault; and
- (6) Any unwanted sexual contact without clear verbal and/or physical prior consent.

Consent for sexual contact must be given in absence of force, threat of force, or coercion and cannot be given while a person is intoxicated, impaired, or mentally incapacitated. Consent must be clearly communicated to both parties, and it must be current to any mutually agreed sexual contact. See bulletin, sexual misconduct policy and procedure.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-270, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-280 Violence.** Violence includes, but is not limited to, physical abuse and/or intentional injury or harm of another person.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-280, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-290 Harassment and/or threats of violence.**

Harassment and threats of violence are behaviors that create a hostile or threatening educational or working environment, to include, but are not limited to:

- (1) Unwanted and/or intimidating contact and/or communication of a threatening nature;
- (2) An expressed or implied threat to an individual's personal safety or property, academic efforts, employment, or participation in university activities;
- (3) Intentionally and/or repeatedly following or contacting another person in a manner that intimidates, harasses, or places another in fear for their personal safety or to their property; and
- (4) Behavior that threatens or intimidates that is motivated on the basis of race, national or ethnic origin, creed, age, sex, marital status, status as a veteran, sexual orientation, or disability.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-290, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-300 Theft and intentional damage of property.**

Taking, attempting to take, or aiding another to take property belonging to any member of the university community, the university or its guests is a violation of the code. It is prohibited to possess stolen property or to intentionally damage the property of others or the university.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-300, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-310 Misuse of computers, electronic data or communication systems.** Improper use of computers, electronic data or communication systems is a violation of the code.

Improper use of computer resources includes, but is not limited to, the following:

(1) Interference with university computers or communication functions, the work of other students, faculty members, or university officials;

(2) Gaining unauthorized access to computer or communication systems, altering data, or misusing computing facilities;

(3) Using university computing facilities to send harassing messages or generating unwanted e-mails (as defined in WAC 516-23-290 Harassment and/or threats of violence);

(4) Commercial use of university computer resources; and

(5) Failure to comply with posted policies including

providing officials with current student identification.

See policy for responsible computing and the user agreement for WWU network and computing resources.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-310, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-320 Hazing.** Hazing is defined as any act by members of a student organization or individuals which endangers, or is likely to endanger, the mental or physical health or safety of a student, for the purpose of initiation, affiliation with, and as a condition for continued membership and/or participation in an activity, a group or university organization. This includes violation of laws and the destruction or removal of public or private property as requested by a student group or activity.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-320, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-330 Student violation of law.** Students are expected to abide by federal, state, and local law while on the university campus or at related programs and activities. Failure to comply with the law is a violation of the code. The university reserves the right to take action on criminal behaviors that have an impact on the educational or administrative functions or the general well-being of the university and its members.

Proceedings under this code may be carried out prior to, simultaneously, or following civil or criminal proceedings in the courts. Since the standard of proof, preponderance of the evidence, under this code is different than criminal law, the disciplinary decision is not subject to challenge on the ground that criminal charges involving the same incident have been dismissed or reduced by a court of law.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-330, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-340 Failure to comply with proper official requests.** Failure to comply with a proper official request is a violation of the code. A student must comply with proper requests of university officials who are acting in performance of their duties.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-340, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-350 Forgery and fraud.** Maintaining accurate and credible records and documents is necessary for the university to fulfill its educational mission and to assure the welfare of its students. Providing and/or creating false information is considered a violation of the code. Violations include, but are not limited to, the following:

(1) Falsely making, completing, or altering any university document, record, or identification;

(2) Possessing or presenting as authentic any falsified document, record, or identification; and

(3) Providing any university official, including university police, information known to be false.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-350, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-360 Illegal possession and/or use of alcohol.**

Substance abuse by members of the university community impacts the quality of the educational experience of all students. Consumption or possession of alcohol by students in public areas of any university owned or controlled property may occur for students of legal age at university-approved events with an approved liquor permit. It is a violation to illegally possess and/or consume alcoholic beverages, including, but not limited to:

(1) Buying, selling, serving, or otherwise furnishing alcoholic beverages to minors; and

(2) Consumption of alcoholic beverages by minors.

See bulletin, policy concerning alcohol and other drugs.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-360, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-370 Illegal drugs and misuse of drugs.**

Substance abuse by members of the university community impacts the quality of the educational experience of all students. It

is a violation to possess, use, manufacture, cultivate, package, distribute, sell, and/or provide a controlled or illegal substance; or to misuse prescription and/or nonprescription drugs on campus. It is a violation to use drug paraphernalia. See bulletin, policy concerning alcohol and other drugs.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-370, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-380 Explosives and weapons prohibited from campus.** Possession or use of firearms, other weapons or explosives on campus is a violation of the code, unless authorized by the university. Explosives, dangerous chemicals, and fireworks are prohibited on campus or on property supervised by the university or at university-sponsored activities, unless authorized by the university. Students may not possess firearms on campus at any time, other than to secure them with the police. Weapons include, but are not limited to:

- (1) Firearms of any sort;
- (2) Look-alike weapons;
- (3) BB, pellet, and paintball guns;
- (4) Swords, knives (other than small closed-blade, three and one-half inch pocket knives or smaller or kitchen utensils);
- (5) Martial art weapons;
- (6) Projectile devices; i.e., catapult or slingshot; and
- (7) Objects used as a weapon to distress or injure another.

See WAC 516-52-020 Firearms and dangerous weapons.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-380, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-390 Obstructing police and safety personnel.**

Obstructing police, improper use of safety equipment, and interference with safety personnel is a violation of the code. Students who obstruct, hinder or delay police and other emergency service personnel in the discharge of their duties are subject to disciplinary proceedings. Violations include, but are not limited to, the improper use or disabling of safety equipment and emergency signs.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-390, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-400 Interference with the judicial process.**

Interference of the judicial process is a violation of the code and includes, but is not limited to:

- (1) Giving reports or claims known to be false;
- (2) Attempting to influence the impartiality of witnesses or judicial member(s);
- (3) Failure to properly complete a sanction(s) as specified;
- (4) Participating in, and/or encouraging retribution against complainants or witnesses; and
- (5) Threatening and/or harassing complainants or witnesses.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-WAC (11/30/11 9:59 AM) [ 15 ]

400, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-410 Freedom of expression.** The university recognizes, respects, and protects all expressions of opinion and ideas, whether individual or collective, that are within the limits of the law and university regulations. An exercise of the right to speak requires the freedom of the speaker to make his or her statement. Both the speaker and the audience are entitled to proceed without being subjected to substantial interference.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-410, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-420 Demonstrations.** While the university recognizes students' rights to free speech, assembly, and petition, all demonstrations must be orderly and conducted in a manner that allows the university to function toward its established educational goals. Any person or persons persisting in such conduct after being requested to cease by university authorities shall be subject to disciplinary proceedings. Any student or group of students shall not, by their conduct, disrupt, disturb or interfere with:

- (1) Classroom activities and other educational pursuits;
- (2) Recognized university activities including, but not limited to, ceremonies, meetings, office functions or residence hall activities;
- (3) Pedestrian and vehicular traffic; and

(4) Preservation and protection of university property and personal property of individuals.

See WAC 516-24-130 Demonstrations.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-420, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-430 Proceedings for violations of the code.**

The university does not follow the same procedures used by civil or criminal courts nor the same rules of evidence. Simple preponderance of the evidence is used to determine responsibility under the code. Any student, faculty, or staff member of the university alleging a violation of this code shall deliver or e-mail to university judicial affairs a written statement of the allegations against the student.

If both parties agree to mediate the complaint, and the judicial officer agrees, mediation may be substituted for a conduct meeting. If mediation is unsuccessful, the original complaint will be considered and decided by the judicial officer.

If, in the judicial officer's judgment, there is sufficient basis to consider the charge(s), the judicial officer shall:

- (1) Provide the student with the student rights and responsibilities code;
- (2) State the nature and date of the alleged violation;
- (3) Specify the portion of the code the student is alleged to have violated;

(4) Notify the accused student of the availability of procedural advice regarding the code; and

(5) Notify the accused student in writing of the time, date, and place of a meeting (the meeting will occur no less than three and no more than ten business days from the date of notification). The student may elect to waive the three-day notice if an earlier date is mutually agreed upon.

The judicial officer will determine the accuracy and responsibility of the allegation(s) in a meeting with the accused student. Within ten business days of the meeting, the judicial officer shall notify the student in writing of the decision. If there are multiple individuals involved in the incident, and if it is deemed necessary to determine responsibility, individual decision letters will be mailed to each student ten business days after the final meeting for the specific incident. The decision letter will include a statement of the student's option for a review by the appeals board or the dean of students.

A student formally charged with a violation may not avoid judicial proceedings by withdrawing from the university. The student shall be prohibited from enrolling for subsequent quarters until such time as the student does appear for a meeting to consider the allegation. If the student fails to meet with the judicial officer after receiving proper notification, the judicial officer may render a decision on the allegations in the student's absence.

If there is insufficient basis to consider the charge, the individual initiating the complaint will be informed.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-430, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-440 Victim rights.** The university is committed to protecting the rights of those who suffer from student misconduct, that is, persons who have been physically, psychologically, and/or financially injured by the student responsible for the misconduct.

Rights include:

(1) To obtain information and procedural advice from the university;

(2) To decline to participate in university conduct proceedings;

(3) When appropriate, to be advised of their options to bring civil or criminal charges against the accused;

(4) To be accompanied by an advocate of their choice throughout the judicial process. The advocate may advise the student, but may not address the judicial officer, the appeals board, or the dean of students;

(5) To make a statement regarding the impact of the student's conduct, either orally or in writing, to be considered during the sanctioning portion of the conduct and/or the review meetings;

(6) To be informed when a review is made of the judicial

officer's decision;

(7) To not be subjected to discussion of his or her history or behavior that does not bear instrumentally on the case being heard;

(8) In cases involving violence, including sexual misconduct/assault, the student will be informed of the finding by the judicial officer and/or the judicial review board or dean of students within ten business days of its conclusion; and

(9) If appropriate, restitution will be provided by the accused.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-440, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-450 Rights of accused.** The university is committed to ensuring the rights of a student who is accused of violating the code throughout the judicial process. A student accused of misconduct under this code has certain, specific rights in the disciplinary process. An accused student:

(1) Is entitled to a fair judicial process;

(2) Will receive proper written notice of the charge(s) with a clear description of the basis for the charge(s);

(3) Has an opportunity to meet with the judicial officer or designated representative;

(4) May obtain information and procedural advice from the university;

(5) May have one advocate present at the meeting(s). The

advocate may give advice to the student, but may not address the judicial officer, appeals board, or the dean of students;

(6) Must give written permission to record statements made during the meeting;

(7) May present witnesses and be able to request questions of witnesses, prior to or after a meeting;

(8) Will receive written notification of the judicial officer's decision within ten business days from the date of the meeting; and

(9) May request a review of the judicial officer's decision to the appeals board or the dean of students within ten days of receiving the decision letter.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-450, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-460 Sanctions.** The following disciplinary sanctions may be given to a student found in violation of the code. A decision may include a combination or modification of the following sanctions that correspond to the circumstances of each particular case.

(1) Warning: A written reprimand that the student has violated the student rights and responsibilities code;

(2) Disciplinary probation: Probation is for a designated period of time. Students who violate the code during this probationary period are subject to more severe disciplinary sanctions;

(3) Loss of privileges: Denial of specified privileges (i.e., participation in specific activities, restriction from specific areas of campus) for a designated period of time;

(4) Restriction from contacting others: Restricting the student from direct or indirect physical and/or verbal contact with another person and/or group;

(5) Educational activities: Activities designed to encourage student development may include, but are not limited to, community service, attendance at educational programs, or written assignments;

(6) Assessment, counseling, and treatment programs: Interventions to assist students with possible substance abuse or other types of unsafe behaviors;

(7) Restitution: Compensation for loss, damage, or injury. This may take the form of appropriate service and/or monetary or material replacement;

(8) Residence hall relocation: Transfer of living arrangements to another university residence hall or apartment;

(9) Termination of university residences agreement: Removing the student from university residences;

(10) Disciplinary suspension: Removing the student from the university for a designated period of time, after which, the student is eligible to return. Conditions for readmission may be specified. In addition to disciplinary suspension, see chapter 516-28 WAC, Standards and procedures for involuntary administrative withdrawal of students at Western Washington

University for behavior from mental disorders;

(11) Deferred suspension: Notice of suspension from the university with the provision that the student may remain enrolled contingent on meeting specific conditions. Failure to meet the conditions of the sanctions will result in immediate suspension; or

(12) Disciplinary expulsion: Permanent and complete dismissal of the student from the university.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-460, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-470 Procedures for immediate interim suspension.** In order to prevent danger to individuals, substantial destruction of property, or significant disruption of teaching, research, and/or administrative functions, the dean of students or designated representative may temporarily suspend (interim suspension) a student. An interim suspension will be pending a full review and discussion between the student and the dean of students or designee. An interim suspension becomes effective immediately upon written notice. The written notice of an interim suspension must include the stated violation, as determined by the dean of students, and the time, date, and location of the meeting. The written notice will be sent by certified mail or delivered in person to the student.

In all cases of interim suspension, the student is entitled to a meeting before the judicial officer or the dean of

students. The meeting shall take place within three business days after the beginning date of interim suspension. During the interim suspension period, the student will be allowed on university property only to the extent deemed permissible by the dean of students and/or the judicial officer. If a student fails to appear at his or her meeting, the suspension will stay in effect until the meeting has been completed and a new decision is made regarding all of the information and the student's status.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-470, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-480 Basis for appeal.** The accused student is allowed one appeal of the judicial officer's decision to either the appeals board or the dean of students. The appeal must be made in writing to the dean of students within ten business days of receiving the written decision of the charges. The appeal must include a statement whether the accused student wishes to have the appeal considered by either the appeals board or the dean of students.

The basis for a review is:

(1) The original meeting was not conducted in conformity with prescribed procedures;

(2) The university judicial officer misinterpreted the code;

(3) The sanction(s) imposed is disproportionate to the

student violation; or

(4) The decision reached did not properly consider the information presented.

No sanction will begin while an appeal is pending, except as provided in WAC 516-23-470, Procedures for immediate interim suspension. Temporary relocation of the student to alternative on-campus housing and restrictions between the affected parties may be enforced during an appeal.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-480, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-490 Appeal procedures.** (1) Upon acceptance of the appeal, the dean of students or designated representative shall include in the notification to the accused student:

- (a) Time, date, and location of the hearing;
- (b) Identification of the section of the code that the student has allegedly violated;
- (c) Nature and date of the alleged violation; and
- (d) A copy of the code.

(2) The appeal hearing shall not be less than three or more than ten business days from the date of notification. The student may elect to waive the three-day notice if an earlier date is mutually agreed upon. If the student fails to appear at the hearing, the appeals board or dean of students may proceed with the appeal based upon consideration of the available information without the student's presence, or may dismiss the

appeal. The rights of the accused student are listed under WAC 516-23-450.

(a) The appeals board chair or dean of students and the accused student may call any person to speak concerning the alleged violation.

(b) The board chair or dean of students may limit or exclude testimony that is irrelevant, immaterial, or repetitious.

(c) Five members shall constitute a quorum of the appeals board. Actions by the appeals board require agreement by a majority of those members present at the time of the hearing.

(d) Any member of the board that is unable to render an impartial decision in a particular case shall excuse himself or herself from the board's deliberations in advance and may be replaced by an alternate.

(e) The decision of the appeals board or dean of students may eliminate, reduce, maintain, modify and/or increase the original decision and sanction.

(f) New substantive information that was not presented at the time of the original conduct meeting will not be considered during the appeal. When new substantive information is present prior to the appeal hearing and the new evidence could impact the original decision, the allegation(s) will be reheard by the judicial officer.

(3) The appeals board chair or dean of students shall notify the accused student in writing of the disposition of the

case within ten business days of the appeal hearing.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-490, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-500 Deviations from established procedures.**

Deviations from these procedures will not invalidate a decision or proceedings unless it results in clear prejudice against the accused student. Deviations from the timeline may be granted by request for good cause to the dean of students.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-500, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-510 Confidentiality of conduct proceedings and records.** Confidentiality will be maintained in compliance with the university student records policy and state and federal law. Conduct records prepared by the judicial officer, appeals board, and/or the dean of students:

(1) Will be held in the office of student life for six years, except in cases of suspension, interim suspension, or expulsion, which are permanent records; and

(2) Will not be shared with any member of the public except upon the informed written consent of the student(s) involved or as stated in the student records policy.

The disciplinary outcome may be shared with the victim and those within the university involved in the completion and/or supervision of the sanction and/or student. See bulletin and

chapter 516-26 WAC, Student records.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-510, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-520 Administrative withdrawal due to mental disorders.** As provided in chapter 516-28 WAC, a student who, because of mental disorders, is unable to abide by university policy, regulations, and procedures and who represents a serious threat to themselves or others, may be involuntarily withdrawn from the university. A student accused of misconduct under the student rights and responsibilities code may be diverted from that disciplinary process and withdrawn according to the standards of chapter 516-28 WAC, involuntary withdrawal due to mental disorders. Those standards include:

(1) The student lacks the capacity to respond to pending disciplinary charges due to a mental disorder; and/or

(2) The student does not know the nature of the wrongfulness of the conduct due to a mental disorder at the time of the alleged offense.

Students otherwise subject to disciplinary charges who wish to introduce relevant information of any mental disorder must inform the dean of students or designated representative in writing at least one business day prior to any judicial meeting. The dean of students shall make a determination within five business days after the student's written submission.

Verification of any mental disorder may not be considered in any

judicial proceeding under this code other than involuntary withdrawal. See chapter 516-28 WAC involuntary withdrawal due to mental disorders.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-520, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-530 University conduct system.** The vice-president for student affairs and academic support services is responsible for administration of this code.

(1) The supervision of the code has been delegated to the dean of students or designated representatives.

(2) The judicial officer shall be appointed and supervised by the dean of students.

(3) The judicial officer shall have the authority to adjudicate and administer sanctions for violations of this code.

(4) The appeals board or the dean of students shall have authority to review the judicial officer's decision and to render decisions under the code.

(5) A six-member appeals board shall be appointed at the beginning of each fall quarter term. The appeals board will consist of the following:

(a) Two faculty members nominated by the dean of students and confirmed by faculty senate;

(b) Three students appointed by the associated students board; and

(c) One member of the student affairs and academic support

services staff nominated by the dean of students and confirmed by the vice-president for student affairs and academic support services.

There will be one alternate for each of the three areas represented on the appeals board. The alternates will be appointed at the same time by the same authority. Student appointments shall be for one academic year. Faculty and staff appointments shall be for staggered two-year terms.

The dean of students shall request that all appointments be initiated during the first full month of the fall quarter. Should the need arise during the summer term, appeals of the code will be heard by the dean of students or an interim board appointed by the dean of students.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-530, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-540 Relationship of the code to university residences.** University residences is responsible for adjudicating most violations of the code committed by residents on university residences' premises or at university residences' sponsored events. In the best interest of the university, the dean of students has the authority to designate which area, university residences and/or university judicial affairs, will consider an alleged violation of the code. General referral of conduct cases is made after consensus between university residences and university judicial affairs. Conduct cases

referred by university residences to university judicial affairs include, but are not limited to:

(1) Alleged acts and threats of physical violence, and/or sexual misconduct;

(2) Alleged violations of distribution or sale of illegal drugs or other controlled substances;

(3) Alleged violations by nonresidential students while on university residences' premises or at events sponsored by university residences;

(4) Alleged policy violations initiated near the end of or after a student's contract with university residences;

(5) Alleged computer misconduct when nonresidents are the victims (e.g., sending mass unsolicited e-mails, copyright violations); and

(6) Alleged violations serious enough to result in suspension or expulsion from the university.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-540, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-550 Interpretation of the code.** Final determination in response to any question of interpretation regarding the code, whether in content, procedure, or intent, shall be the responsibility of the dean of students or designee.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-550, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-560 Revision of the code and the committee on student rights and responsibilities.** The code shall be reviewed and recommendations made by the university services council's student rights and responsibilities committee to the vice-president for student affairs and academic support services for submission and final approval by the board of trustees. A review of the code should be completed every five years or earlier, if needed. The committee on student rights and responsibilities will be composed of:

(1) Five students, three appointed by the associated students board of directors, including at least one graduate student, and two students appointed by university residence hall association;

(2) One member from the student affairs division appointed by the vice-president of student affairs and academic support services;

(3) One faculty member appointed by the faculty senate;

(4) The judicial officer;

(5) One member of the university public safety department appointed by the director of public safety; and

(6) One member of the university residences' staff.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-560, filed 12/19/02, effective 1/19/03.]

**WAC 516-23-570 Referenced policies and regulations in the code.** Policies or regulations referenced in the code must be made available, upon request, in the office of student life and university judicial affairs.

[Statutory Authority: RCW 28B.35.120(12). 03-01-123, § 516-23-570, filed 12/19/02, effective 1/19/03.]

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Stephanie Bowers  
Vice President for University Advancement and  
Executive Director, WWU Foundation

**DATE:** December 9, 2011

**SUBJECT:** **Campaign Update**

**PURPOSE:** Discussion Item

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Stephanie Bowers, Vice President for University Advancement and Executive Director, WWU Foundation, will provide an update to the Board on the Western Washington University Campaign.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** Catherine Riordan, Provost by Chris Cox, Dean of Libraries

**DATE:** December 9, 2011

**SUBJECT:** **Library Collaboration and Resources in Whatcom County**

**PURPOSE:** Discussion Item

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**Purpose of Submittal:**

Dean Cox will share details of the many community collaborations Western's library has undertaken with local public and academic libraries. Initiatives include Whatcom Reads!, One Card, Return Anywhere, group catalog, and public library hold Connections. Cox will be joined by area library directors Joan Aioldi, Whatcom County Library System, Pam Kiesner, Bellingham Public Library, Linda Lambert, Whatcom Community College, and Valerie McBeth, Northwest Indian College.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Sherry Burkey, Associate Vice President for University Relations

**DATE:** December 9, 2011

**SUBJECT:** **Olympia Update**

**PURPOSE:** Discussion Item

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**Purpose of Submittal:**

Sherry Burkey, Associate Vice President for University Relations will give an update on the 2011 Special Legislative Session.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** Phil Sharpe, Trustee, Board Audit Committee  
**DATE:** December 9, 2011  
**SUBJECT:** **Audit Committee Report**  
**PURPOSE:** Information Item

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**Purpose of Submittal:**

Trustee Sharpe will report to members of the Board of Trustees and university staff on topics related to the Board Audit Committee.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Stephanie Bowers  
Vice President for University Advancement and  
Executive Director, WWU Foundation

**DATE:** December 9, 2011

**SUBJECT:** Alumni Association Report

**PURPOSE:** Information Item

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**Purpose of Submittal:**

Provide an update to the Board on Alumni Relations activities.

**OFFICE OF ALUMNI RELATIONS**

**News**

- Ask!, the student-alumni online mentoring program is growing. Currently we have over 530 Ask! mentors from 37 states and 8 countries are supporting alumni and students.
- Since July 2011, 52% of those who attended an alumni event were first-time participants. Of those, over 10% joined the alumni association.
- Of the alumni who are AA members, 491 have donated since July 2010, a 62% increase in donors from our AA membership over this time last year.
- We have experienced a 142% increase in WWU staff alumni memberships since 2007, from 40 participating members to 97 in 2011.

**Alumni Events**

Ongoing broad-based engagement opportunities continue to be a focus. Since Sept. 2011, we have planned and executed 12 events and programs including two that were sold out with an additional 28 in the upcoming eight months:

**RECENT PROGRAMMING INCLUDES:**

| <b>Student Programming</b>           | <b>Broad Based Alumni Programs</b>         |
|--------------------------------------|--|
| 9/7 Get Your Blue On BBQ on campus   | 9/10 13th Annual Salmon BBQ in Olympia     |
| 9/19 & 20 Info Fair – ASK! promotion | 9/24 Alumni Bike Ride in Snoqualmie Valley |

|  |  |
|--|--|
|  | 9/24 Tour of the Heritage of the Americas' Museum in San Diego |
|  | 10/8 Oktoberfest on Bellingham Bay-Sold out!                   |
|  | 10/15 Alumni and Family Day @ Seattle Sounders-Sold out!       |
|  | 10/24-11/4 Travel Program: Mediterranean Cruise                |
|  | 11/3-6 Disney Classic Basketball Tournament                    |
|  | 11/19 GYBO Admin Luncheon                                      |
|  | On-going Get Your Blue On/Western Wednesday events             |

**UPCOMING PROGRAMS:**

| <b>Student Programming</b>    | <b>Broad Based Alumni Programs</b>                   |
|-------------------------------|--|
| 12/8 Senior Celebration       | 12/1 Seattle Networking event at WAC                 |
| 12/10 Graduation              | 12/9 Zoo Lights @ Pt. Defiance Zoo – Sold out!       |
| 3/15 Senior Celebration       | 1/28 Pre-game Bash WWU vs. CWU                       |
| 3/17 Graduation               | 2/1 First shipment of the Viking Vines Wine Club     |
| 6/6-6/7 Senior Celebration    | 2/4 Curling in Canada!                               |
| 6/8 Outstanding Grad Ceremony | 2/9 Travel Program: Australia                        |
| 6/9 Graduation                | 2/17-2/26 Travel Program: Egypt Cruise               |
|                               | 3/7 Alumni Financial Series                          |
|                               | 3/19-21 Mariners Spring Fling in Arizona             |
| On-going ASK! Promotion       | 3/21 Martinis with Drizzle                           |
|                               | 4/10 Travel Program: Beijing                         |
|                               | 4/20 Travel Program: East Coast                      |
|                               | 4/21-4/29 Travel Program: Holland Cruise             |
|                               | 5/17 Alumni Awards Celebration Dinner                |
|                               | 5/17-5/20 B2B Alumni & Family Weekend                |
|                               | 6/9-6/20 Travel Program: Baltic Cruise               |
|                               | 6/10-6/21 Travel Program: Burgundy & Provence Cruise |
|                               | 6/11-6/19 Travel Program: Paris Cruise               |
|                               | 7/10-7/11 Golden Viking Reunion                      |
|                               | 7/12 Grandparent U BBQ                               |
|                               | On-going Get Your Blue On/Western Wednesday events   |

# WESTERN WASHINGTON UNIVERSITY

## Capital Program Report

Board of Trustees

December 9, 2011

### MAJOR AND INTERMEDIATE CAPITAL PROJECTS

- **Miller Hall Renovation**

Substantial completion for the entire project was achieved on August 18, 2011. The General Contractor/Construction Manager (GC/CM), Dawson Construction, has completed their punch list items. Final adjustments to the HVAC system are ongoing and should be completed shortly.

Woodring College of Education, Modern and Classical Languages and the Center for International Studies have all moved into both Phase I and Phase II of the building as of mid-September. Offices for faculty and staff of these departments are occupied and being utilized, along with conference rooms and all the public spaces. Classes in the Phase II building are scheduled to begin in winter quarter starting January 3, 2012. Classes are being held this fall in the Phase I portion of the building. The project is on track for LEED Silver status. A dedication of the renovation was held on November 2, 2011.

- **Fraser Hall Renovation**

See item # 7 of the December 9, 2011 Board of Trustees Agenda for details.

- **Carver Academic Renovation**

The University presented the project to the Project Review Committee of the Capital Projects Advisory Review Board (CPARB) on December 1, 2011. With the committee's approval to use the alternative public works contracting procedure GC/CM for this project, requests for proposals from GC/CM firms will be published on December 16, 2011.

- **Classroom and Lab Upgrades**

The University contracted with RMC Architects of Bellingham to design media upgrades in multiple buildings. Work will occur in numerous classrooms and labs throughout the campus including facilities in Arntzen Hall, Bond Hall, Environmental Studies, Ross Engineering, Performing Arts and Humanities. Three of the rooms are additive alternates and may be constructed either in the summer or fall of 2012. Work differs from room to room, but may include: hazardous materials abatement; new lecture podium systems with computer, video and projection equipment; projection screen; whiteboards; modifications to doors, walls and ceilings; new flooring, ceilings and acoustical wall treatments; modifications to mechanical and electrical systems; and updated furnishings.

RMC Architects is scheduled to complete design by mid-February 2012. Western will solicit bids from general contractors in March 2012, and request that the Board of Trustees approve the contract in April 2012. Construction would start in summer 2012. Work will occur in one or two phases: summer 2012 and possibly fall 2012. All work during the summer is scheduled to be complete by the start of Fall Quarter 2012. All work during fall 2012 is scheduled to be complete by Winter Quarter 2013.

## **2013-2015 CAPITAL PLANNING AND BUDGET PROCESS**

The 2013-2015 Capital Planning and Budget process is well underway with the major and intermediate size projects starting in February 2011, and the minor works starting in September 2011. The major and intermediate projects were presented by the Vice Presidents, in their rank order of priority, to the University Resources and Planning Council (UPRC) over a series of four audio-cast sessions in October 2011. There were also two Open Forums to the campus in late October. The UPRC has made their recommendations and the Capital Plan Development Working Group is gathering additional information in support of the Vice Presidents making their recommendation to the President by the end of March 2012. In February and March 2012 the minor works will also be folded into the Vice Presidents' deliberations.

For more information about the major projects and the Capital Program and 2013-15 Capital Planning Process, visit the Office of Facilities Development and Capital Budget website: <http://www.wvu.edu/wwuarchitect/>

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Stephanie Bowers  
Vice President for University Advancement and  
Executive Director, WWU Foundation

**DATE:** December 9, 2011

**SUBJECT:** **Development Report**

**PURPOSE:** Information Item

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**Purpose of Submittal:**

Provide an update to the Board on Western Washington University Foundation activities.

**Supporting Information:**

Report attached

## **OFFICE OF DEVELOPMENT**

President Shepard and Vice President Bowers, along with Trustee Chair Dennis Madsen and Foundation President Jerry Thon, have been visiting with members of the Board of Trustees and Executive Committee members of the Foundation regarding participation in the campaign. To date, 100% of our volunteer leaders have made gift commitments.

The Foundation sponsored the 11<sup>th</sup> annual Bellingham Business on October 11<sup>th</sup> and it was another rousing success. Erin Baker, founder of Erin Baker's Wholesome Baked Goods, was the keynote speaker and was very well received by the sell-out crowd. We raised more than \$25,000 for student scholarships, an all-time high.

Two new staff have been hired to join the University Advancement team. Mark Brovak of Bellingham will become the new Senior Director/Chief Operating Officer in early January and Conner Tudbury, a 2010 WWU graduate, has assumed the role of Phonathon Manager in the Foundation.

Angie Vandenhaak has returned from maternity leave and will be working in the planned giving area. Amber Asbjornson is now Leadership Annual Giving Officer, and Caite Holman has assumed the role of Director of Annual Giving. Searches for a Senior Director of Leadership Gifts, Major Gift Officer, and Administrative Assistant to the Vice President are ongoing.

### **Gifts of Note**

A gift of \$250,000 from Virginia Wright in recognition of Western Gallery Director Sarah Clark-Langager to fund the creation of a new gallery space in the Performing Arts Center. The gallery will display works from the Safeco Collection.

Gifts of \$5,000 each from Target and Verizon Wireless to support the Compass 2 Campus program.

A gift of \$40,000 from Robert Digges to complete an \$80,000 matching gift challenge he and his late wife Kathy established to fund the Ross Ellis Geology Field Trip Endowment. The matching dollars were raised from alumni and friends over the past 18 months.

\$10,000 from Key Bank for their title sponsorship of Viking Night.

A gift of more than \$14,000 from US Bank to support scholarships for students of color and the Economic Education program within the College of Business and Economics.

### **Upcoming Events**

December 1 – Holiday Open House at President's Home  
December 2 – Holiday Open House at President's Home  
December 3 – Holiday Open House at President's Home  
December 5 – Holiday Open House at President's Home  
December 13 – Seattle Holiday reception – The Ruins  
February 3, 2012 – Seattle-area scholarship lunch  
February 29 – Bellingham-area scholarship lunch  
March 7 – Bellingham-area scholarship lunch

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Vice President Eileen Coughlin

**DATE:** December 9, 2011

**SUBJECT:** **Enrollment and Admissions Summary**

**PURPOSE:** Information Item

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**Purpose of Submittal:**

To provide a general update on enrollment and admissions

**Supporting Information:**

The official headcount for fall 2011 is 14,842, with FTE equivalent to fall 2010. We anticipate annual FTE to be approximately the same for the 2011-12 academic year. Western is admitting 466 students for winter quarter 2012, approximately 100 more than last year. These students were admitted ahead of schedule and 361 of the 466 have already confirmed their intent to enroll. New Student Services/Family Outreach has reported a 15.3% increase in registrants for Winter Advising & Orientation compared to last year, a result of earlier winter quarter admits.

The admissions application deadline for freshman students was moved from March 1 to January 31, effective for fall 2012, to competitively align Western more closely with peer institutions in our state and allow Admissions to get decisions out sooner.

Freshman (including Running Start) applications for fall quarter 2012 are up by 8.6% compared to the same time last year (2,560 compared to 2,357). Freshman applications from nonresidents are up by 21.1% (523 compared to 432). Student of color applications are up by 23.4% (537 compared to 435).

Marketing efforts are being coordinated across electronic, print, and web-based communication to reflect a more targeted, personalized, and relevant approach to building relationships with prospective students. These efforts include:

- Consistently reinforcing Western's new brand identity through the presentation of coordinated, fresh, and updated marketing material, all congruent with our new brand standards and character

- Providing personalized outreach from Admissions staff members (e.g. emails from admissions counselors with a personal welcome to prospective students in their territories)
- Inviting parents into the students' Western experience (e.g. postcards addressed "To the Family of..." that are eye-catching and inclusive of the whole family)
- Effectively leveraging social media (e.g. Facebook group for non-resident prospective students) to help create community and engagement with prospective students

The Multicultural Admissions Team has expanded options to recruit students of color by partnering with existing programs that serve students on the basis of low-income and first-generation criteria. Partnering with these programs has allowed Western to simultaneously reach a larger number of students: students of color, students from low-income families, and first-generation students. Program partners include the College Bound Scholarship, College Success Foundation, Washington College Access Network, Washington Campus Compact/Retention Project, and College Access Now.

Finally, Admissions is in the final stages of implementing NOLIJ document workflow and imaging. Although the application of new functionalities will continue to expand, the admissions process is moving to a paperless, web-based software application and will no longer be printing more than 14,000 applications per year and constructing associated paper files. NOLIJ implementation will provide improved access to applicant records, as well as reduce operational expenses and support Western's environmental commitments.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Provost Catherine Riordan

**DATE:** December 9, 2011

**SUBJECT:** **Quarterly Report on Grants and Contracts**

**PURPOSE:** Informational Item

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**Purpose of Submittal:**

Information from the Office of Research and Sponsored Programs concerning grant awards for the period July 1, 2011 – September 30, 2011 and fiscal year 2011/12.

**Supporting Information:**

- Grant awards/totals for the period 7/1/10 – 9/30/11
- Grant awards for the fiscal year 2011/12

Grant Awards for the Period 7/1/11-9/30/11

The total amount of grants and contracts received this period was \$4,412,589. This includes both new awards and additions to existing awards.

| <b>Department</b>             | <b>Award Total</b> | <b># New Awards</b> | <b># Additions</b> |
|-------------------------------|--------------------|---------------------|--------------------|
| Anthropology                  | 133,688            | 1                   | 1                  |
| Biology                       | 57,566             | 1                   |                    |
| Business & Economics          | 56,000             |                     | 1                  |
| Campus Compact                | 685,000            | 1                   | 1                  |
| Canadian/American Studies     | 16,857             |                     | 1                  |
| Center for Economic Vitality  | 180,000            | 1                   |                    |
| Chemistry                     | 207,000            | 3                   |                    |
| Critical Juncture Institute   | 4,500              | 1                   |                    |
| English                       | 121,934            | 1                   |                    |
| History                       | 164,914            | 1                   |                    |
| Huxley                        | 141,212            | 2                   | 5                  |
| Mathematics                   | 160,178            | 1                   |                    |
| Science, Math, Tech Education | 497,152            | 1                   | 1                  |
| Shannon Point Marine Center   | 279,506            | 1                   | 1                  |
| Woodring College of Education | 1,707,082          | 1                   | 3                  |
| <b>Total</b>                  | <b>\$4,412,589</b> | <b>16</b>           | <b>14</b>          |

| <b>Department</b>                | <b>7/1/11-<br/>9/30/2011</b> | <b>10/1/11-<br/>12/31/2011</b> | <b>1/1/12-<br/>3/31/2012</b> | <b>4/1/12-<br/>6/30/2012</b> | <b>Fiscal Year<br/>2011-12</b> |
|----------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------------------|
| Anthropology                     | 133,688                      |                                |                              |                              |                                |
| Biology                          | 57,566                       |                                |                              |                              |                                |
| Business & Economics             | 56,000                       |                                |                              |                              |                                |
| Campus Compact                   | 685,000                      |                                |                              |                              |                                |
| Canadian/American Studies        | 16,857                       |                                |                              |                              |                                |
| Center for Economic Vitality     | 180,000                      |                                |                              |                              |                                |
| Chemistry                        | 207,000                      |                                |                              |                              |                                |
| Critical Juncture Institute      | 4,500                        |                                |                              |                              |                                |
| English                          | 121,934                      |                                |                              |                              |                                |
| History                          | 164,914                      |                                |                              |                              |                                |
| Huxley                           | 141,212                      |                                |                              |                              |                                |
| Mathematics                      | 160,178                      |                                |                              |                              |                                |
| Science, Math & Tech             |                              |                                |                              |                              |                                |
| Education                        | 497,152                      |                                |                              |                              |                                |
| Shannon Point Marine Center      | 279,506                      |                                |                              |                              |                                |
| Woodring College of<br>Education | 1,707,082                    |                                |                              |                              |                                |
| Total                            | 4,412,589                    | -                              | -                            | -                            | 4,412,589                      |

|   |              |              |                                 |               |                              |              |
|---|--------------|--------------|---------------------------------|---------------|------------------------------|--------------|
| GRANT AWARDS FOR THE PERIOD                   |              |              | July, August and September 2011 |               |                              |              |
|   |              |              |                                 |               |                              |              |
|   | <b>NEW</b>   | <b>ADD'L</b> | <b>FUNDING</b>                  |               |                              | <b>DEPT.</b> |
| <b>DESCRIPTION</b>                            | <b>FUNDS</b> | <b>FUNDS</b> | <b>AGENCY</b>                   | <b>P.I.</b>   | <b>DEPARTMENT</b>            | <b>TOTAL</b> |
| Archaeological Data in Northwest Washington   | 77,258       |              | WA Dept of Transportation       | Campbell, S   | Anthropology                 |              |
| Add to 8,000 Years of Climate Change          |              | 56,430       | National Park Service           | Etnier, M     | Anthropology                 | 133,688      |
| Biodegradable Mulches for Speciality Crops    | 57,566       |              | Washington State University     | Brodhagen, M  | Biology                      | 57,566       |
| Add to SBDC 2011                              |              | 56,000       | Washington State Univ           | Shelton, J    | Business & Economics         | 56,000       |
| The Graduation Project                        | 100,000      |              | College Spark                   | Hine, J       | Campus Compact               |              |
| Add to Retention Project '10-11               |              | 585,000      | Corp for Natl & Community Svc   | Hine, J       | Campus Compact               | 685,000      |
| Add to Pacific Highway Fast Pilot Project     |              | 16,857       | What Council of Governments     | Davidson, D   | Can/American Studies         | 16,857       |
| Local Economic Development                    | 180,000      |              | NW Economic Council             | Dorr, T       | Center for Economic Vitality | 180,000      |
| Controlled Electrodeposition                  | 50,000       |              | American Chemical Society       | Rider, D      | Chemistry                    |              |
| Stamping Molecular Monolayers                 | 65,000       |              | American Chemical Society       | Patrick, D    | Chemistry                    |              |
| Bimetallic Phosphide Catalysis                | 92,000       |              | Shell Oil                       | Bussell, M    | Chemistry                    | 207,000      |
| Advanced Care Planning Initiative             | 4,500        |              | What All. for Healthcare Access | Massanari, M  | Critical Junctures Institute | 4,500        |
| First Novels of Native America                | 121,934      |              | Natl Endowment f/t Humanties    | Purdy, J      | English                      | 121,934      |
| Manuscript Materials at Yellowstone           | 164,914      |              | National Parks Service          | Jimerson, R   | History                      | 164,914      |
| San Diego Power Restoration                   | 1805         |              | University Colorado             | Miles, S      | Huxley                       |              |
| Polaris Project II-Amplifying the Impact      | 35,910       |              | National Science Foundation     | Bunn, A       | Huxley                       |              |
| Add to Response of Forest Growth to Climate   |              | 25,167       | Univ Arizona                    | Bunn, A       | Huxley                       |              |
| Add to Monitoring Salmon Habitat              |              | 34,918       | Tetra Tech                      | Helfield, J   | Huxley                       |              |
| Add to Birch Bay Village Lakes '10            |              | 2,850        | BB Village Community Club       | Matthews, R   | Huxley                       |              |
| Add to Inventory & Assessment of Pollinators  |              | 19,000       | National Park Service           | McLaughlin, J | Huxley                       |              |
| Add to Earthquake Scenario Catalog            |              | 21,562       | WA Military Dept                | Miles, S      | Huxley                       | 141,212      |
| Geometric Tomography                          | 160,178      |              | NSF                             | Gardner, R    | Mathematics                  | 160,178      |
| SPEC-8  | 258,412      |              | OSPI                            | Nelson, G     | Science, Math, Tech Educ     |              |
| Add to College Readiness in Science           |              | 238,740      | Higher Educ Coord Board         | Nelson, G     | Science, Math, Tech Educ     | 497,152      |
| Chemical Signaling Among Intertidal Organisms | 140,000      |              | National Science Foundation     | VanAlstyne, K | Shannon Point Marine Center  |              |
| Predation Defenses in Cyanobacteria           |              | 139,506      | National Science Foundation     | Strom, S      | Shannon Point Marine Center  | 279,506      |
| Model of Res-bashed Education                 | 1,107,686    |              | NSF                             | Ohana, C      | Woodring                     |              |
| Add to Rehabilitation Counseling              |              | 150,000      | US Dept Education               | Boland, E     | Woodring                     |              |
| Add to Curriculum Integration                 |              | 299,396      | US Dept Education               | Boland, E     | Woodring                     |              |
| Add to Rehabilitation Counseling '10-15       |              | 150,000      | US Dept Education               | Boland, E     | Woodring                     | 1,707,082    |
|   |              |              |                                 |               |                              |              |
| Total awards                                  | 2,617,163    | 1,795,426    |                                 |               |                              | 4,412,589    |



**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Provost Catherine Riordan

**DATE:** December 9, 2011

**SUBJECT:** Quarterly Academic Report: Western's Graduation Rate Hits New High

**PURPOSE:** Informational Item

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**Purpose of Submittal:**

Western's overall six-year graduation rate reached a new high of 72.8 percent for 2011.

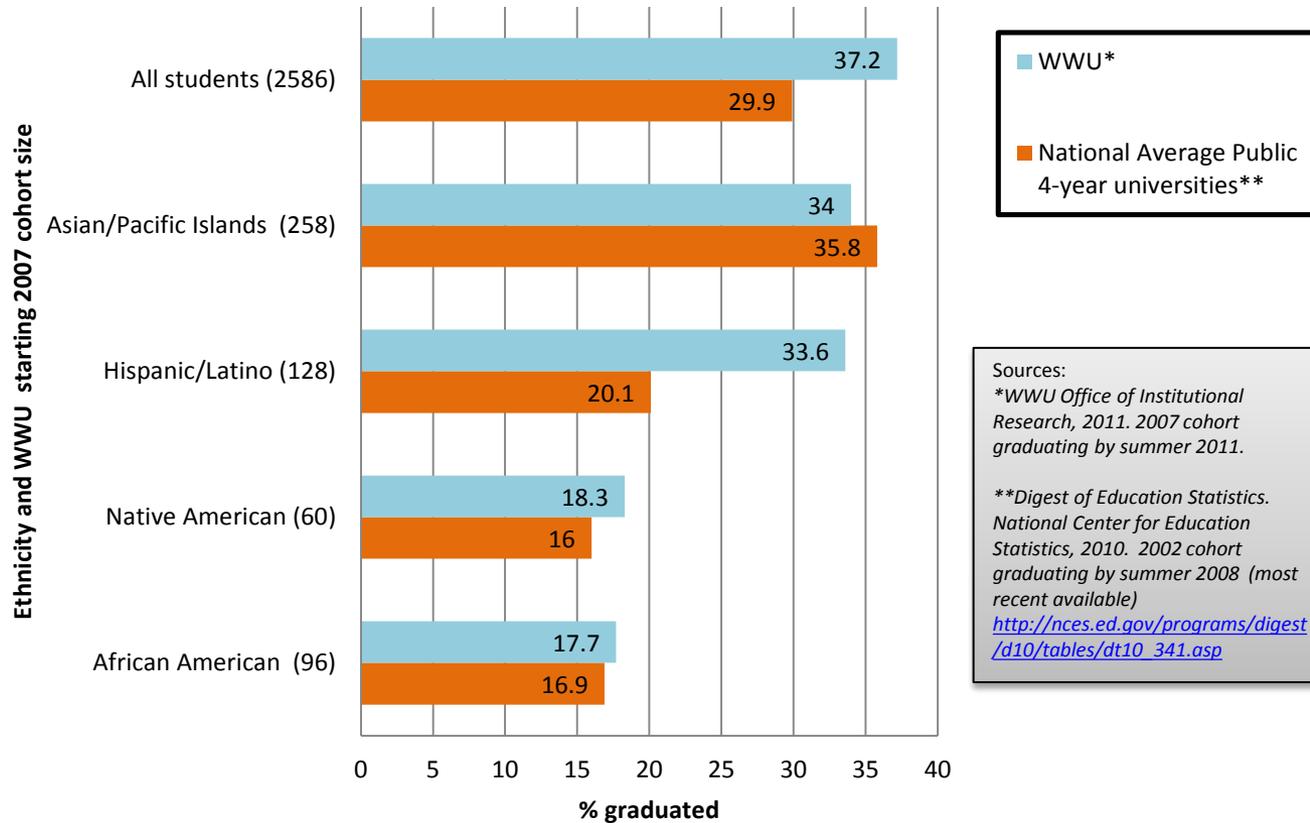
As the attached slides demonstrate, ethnically diverse students were particularly successful at Western in 2011. While Western's overall graduation rate was 14 percentage points higher than the national average for comparable universities, our six-year graduation rate for Native American students was more than 25% points above the national average. Graduation rates for Hispanic and African American students were, respectively, 18.9 and 16.7 percentage points higher than the national average for students in those categories.

While Western's graduation rate was particularly strong in all categories in 2011, the trend over the past four years tells a larger story of consistent success. This is illustrated in the slide comparing the national average for comparable universities with our six-year graduation rate, averaged over the last few years.

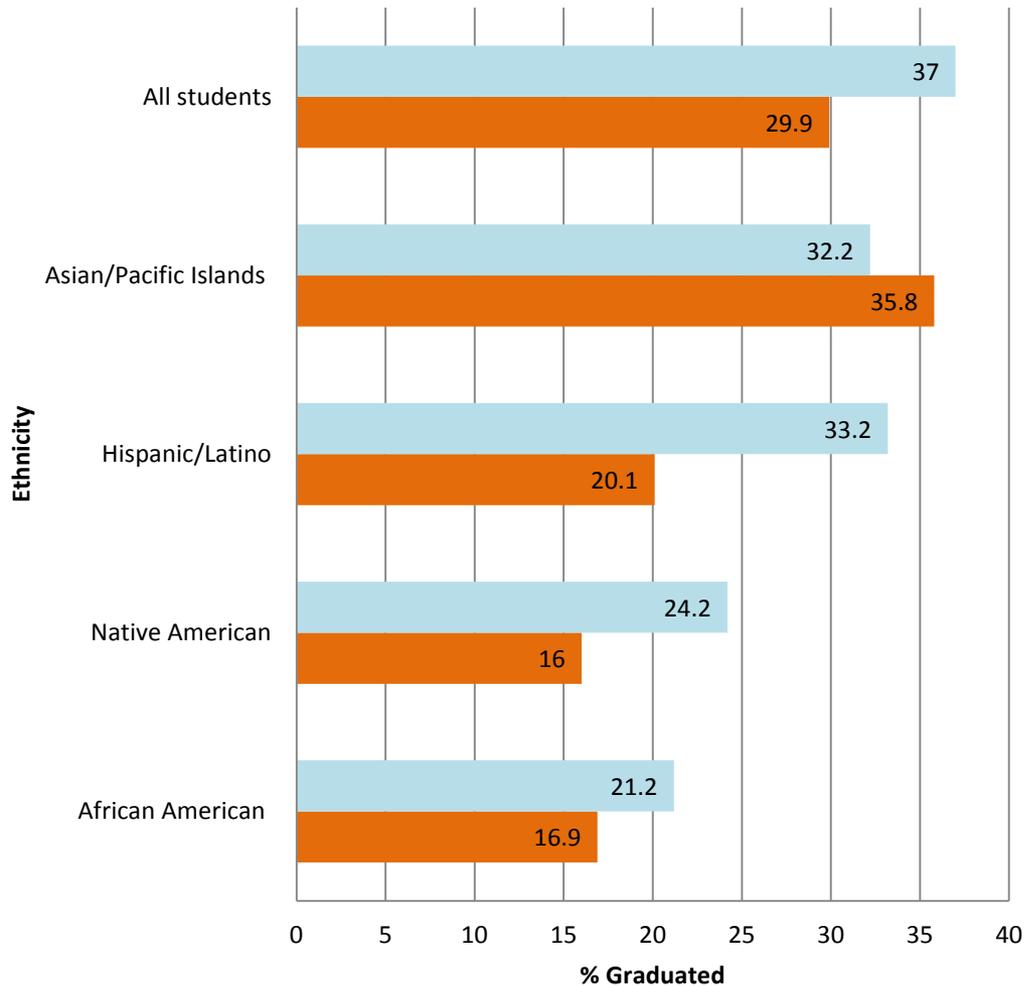
Additional slides provide the same information for Western's four-year graduation rate.

While pleased with these successes, we seek continued improvement in our graduation rates for all our students. In response to HB 1795 and the governor's "Complete to Compete Initiative," we are working particularly hard to improve our four-year graduation rate. The attached "Performance Measures" document summarizes this current campus initiative.

## 4-year graduation rates (4-year) for first time, full time degree seekers



## 4 year graduation rate, WWU averaged over last four years



■ WWU combined 4 year grad rate (entering students fall 2004-2007)\*  
■ National Average Public 4-year universities (50-75% acceptance rate)\*\*

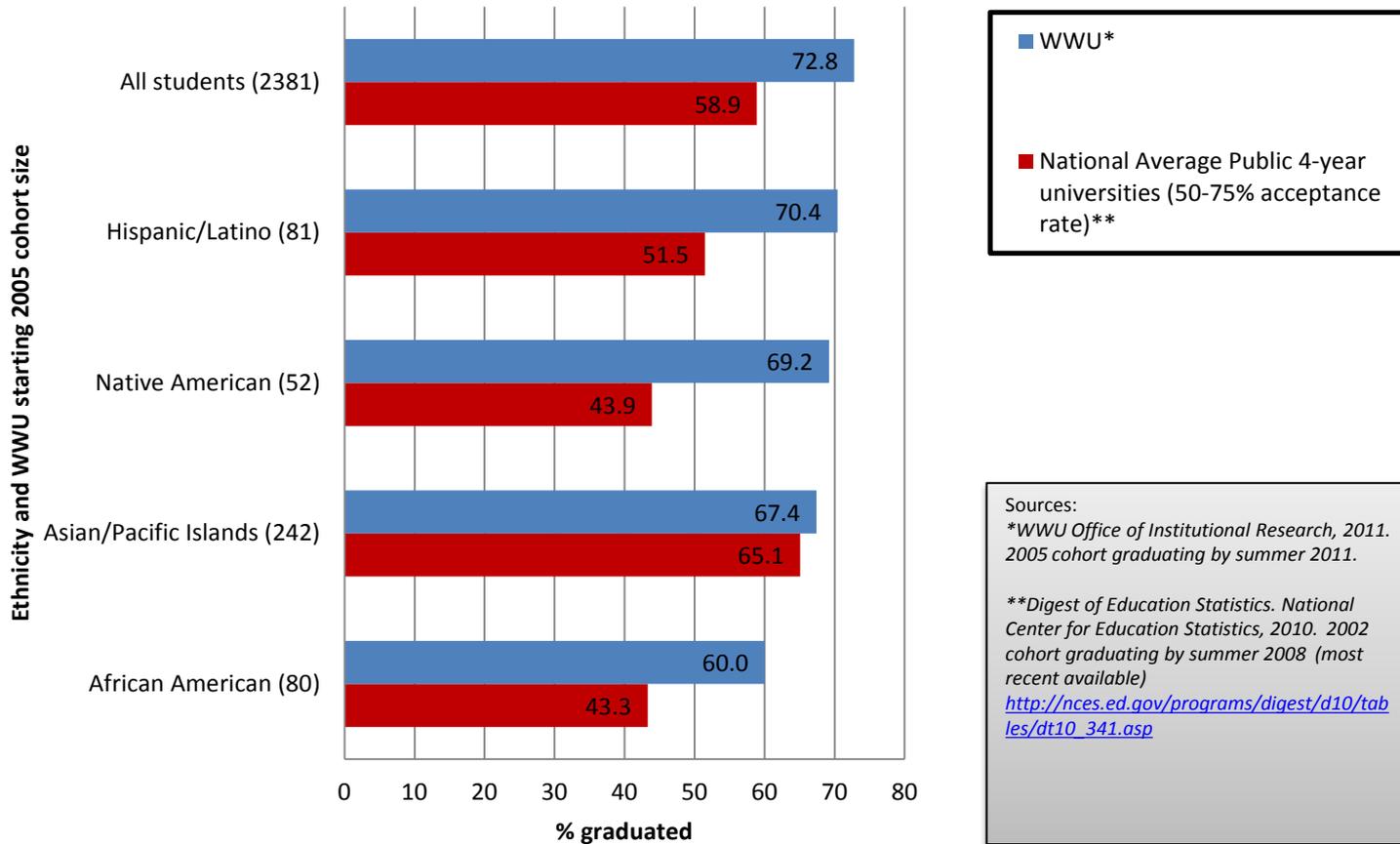
Sources:

\*WWU Office of Institutional Research, 2011.

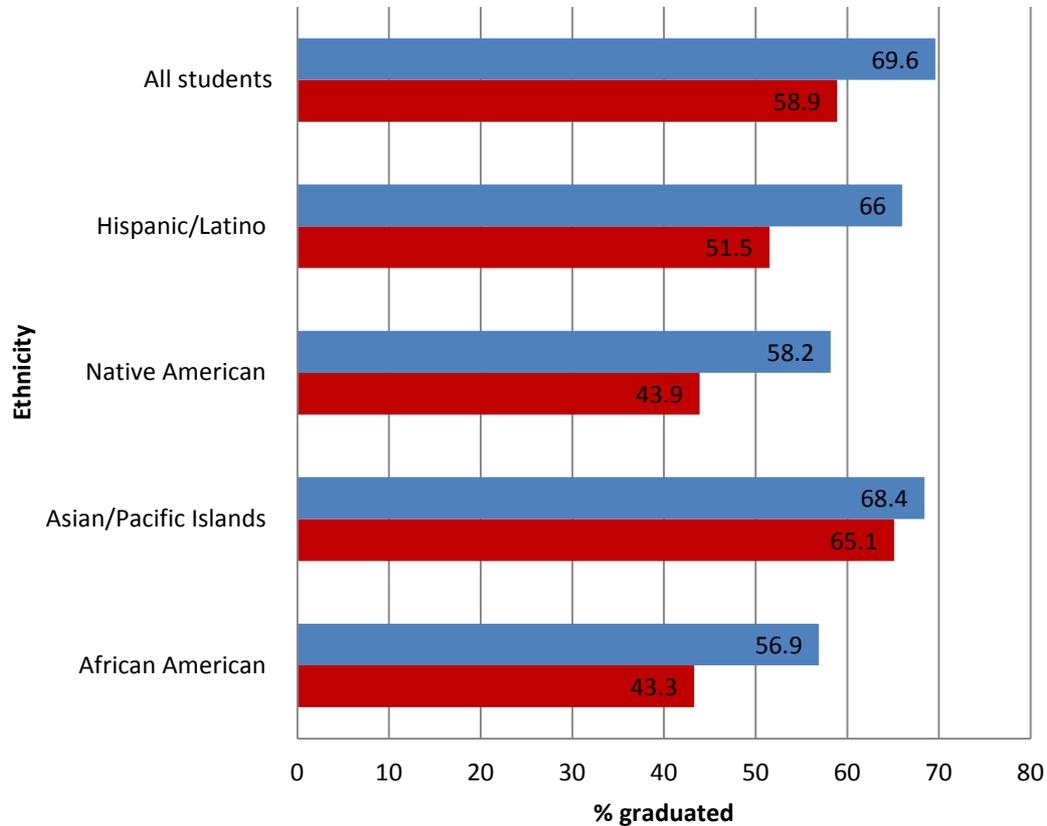
\*\*Digest of Education Statistics. National Center for Education Statistics, 2010. 2002 cohort graduating by summer 2008 (most recent available)

[http://nces.ed.gov/programs/digest/d10/tables/d10\\_341.asp](http://nces.ed.gov/programs/digest/d10/tables/d10_341.asp)

## 6-year graduation rates for first time, full time degree seekers



## 6-year graduation rates, WWU averaged over last four years



■ WWU combined 6 years grad rate (entering students fall 2002-2005)\*  
■ National Average Public 4-year universities (50-75% acceptance rate)\*\*

Sources:

\*WWU Office of Institutional Research, 2011.

\*\*Digest of Education Statistics. National Center for Education Statistics, 2010. 2002 cohort graduating by summer 2008 (most recent available)

[http://nces.ed.gov/programs/digest/d10/tables/dt10\\_341.asp](http://nces.ed.gov/programs/digest/d10/tables/dt10_341.asp)

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## WESTERN'S RESPONSE TO PERFORMANCE MEASURES

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Western responds to performance measures, such as those in HB 1795, with an established process to ensure compliance and to clarify responsibility. We begin by convening a leadership meeting to clarify measures and due dates, and to determine the relevant areas. Then a three-step effort is initiated:

1. Publicize the performance measure to ensure a collective effort of improvement.
2. Study best practices, assess contributing factors, and identify participants.
3. Track and share relevant assessment data to provide participants with the tools they need to monitor progress and make data-driven program improvements.

### EXAMPLE: TIME TO DEGREE

First we publicized the "Complete to Compete" time to degree measure through both Academic Affairs and the Division of Enrollment and Student Services. Within Academic Affairs, the measure was discussed at the Council of Deans, within colleges, and at the departmental level.

Then we studied and identified a useful best practice guide, *Hardwiring Student Success*, and distributed copies.

Finally, we assessed contributing factors and initiated intervention efforts to improve them.

### Contributing Factors and Intervention Efforts

#### **Graduation is delayed when students postpone major declaration.**

- Initiated a mandatory advising and a declaration plan for students who have not declared a major by 105 credits.
- Established a departmental and interest area fair, *Viking Landing*, to provide major information and resources earlier.
- In many departments, permitted earlier declaration and/or established pre-major programs.

#### **Graduation is delayed when students purposefully delay graduation.**

- Initiated a communication campaign with parents to establish graduation mileposts and to reinforce a 4-year expectation.
- Adjusted advising to reinforce a 4-year expectation.
- Initiated a study of graduation incentives and delay disincentives.

#### **Graduation is delayed when course access bottlenecks restrict access to required classes.**

- Created technical tools to improve course planning.
- Reviewed pre-requisites to ensure the students who most needed courses got them.
- Initiated a wait-listing procedure to provide real-time data on course demand and to quickly get students into the classes they need.
- Shifted resources to plan for and fund additional sections of high demand sections.
- Where possible, rapidly created additional sections.



**Board of Trustees  
December 9, 2011**

**Refunding for Student Recreation Fee Revenue Bonds**

**Background**

In February 2000, the students passed a referendum to assess themselves an \$80 per quarter fee to fund a Student Recreation Center. In April 2000, the Board of Trustees approved the mandatory fee and pledged it to the construction, maintenance and operation of the facility.

In 2002, the University issued \$29.39 million in bonds for the construction of the Wade King Student Recreation Center (the Center) with interest rates ranging from 4.3% to 5.0% and maturities spanning 30 years.<sup>1</sup> The par value of outstanding bonds is \$24.235 million of which \$23.595 million will become callable on May 1, 2012.

Bond payments are \$1.8 million annually and are level for the life of the bonds. The student fee is increased incrementally to cover inflationary costs in maintenance and operations and is currently at \$95 per quarter in the Center’s ninth year of operation, generating \$3.85 million annually.

**Opportunity**

Due to attractive interest rates in the municipal bond market, the University has an opportunity to issue refunding bonds to refinance the outstanding Student Recreation Fee Revenue Bonds, Series 2002 in order to achieve a reduction in debt service. The Series 2002 bonds had an original final maturity date of May 1, 2033 and are callable May 1, 2012 (10 year call date). Because the Series 2002 Bonds are not subject to prepayment prior to the first optional call date of May 1, 2012, interest rates can be reduced only on bonds maturing May 2013 and thereafter. The most efficient refunding comes from timing the new Refunding bonds as close as possible to the Refunded bond call date.

Refunding is generally recommended when Net Present Value savings as a percent of the principal amount of the Bonds (NPV%) exceeds 3.5 to 5%.

***Estimated Savings from Current Refunding (Assumes March 15, 2012 sale date)***

|                             | TIC%         | NPV Savings        | NPV%         | Average Annual Savings |
|-----------------------------|--------------|--------------------|--------------|------------------------|
| Current Market -25bps       | 3.90%        | \$2,195,800        | 9.31%        | \$156,300              |
| <b>Current Market Scale</b> | <b>4.15%</b> | <b>\$1,608,600</b> | <b>6.82%</b> | <b>\$117,300</b>       |
| Current Market +25bps       | 4.34%        | \$1,163,300        | 4.93%        | \$ 86,600              |
| Current Market +50bps       | 4.55%        | \$ 688,400         | 2.92%        | \$ 52,600              |

<sup>1</sup> As construction costs came in under budget, in 2004 \$945,000 in remaining contingency funds were used to defease a portion of the bonds.

Our Financial Advisor, Susan Musselman, recommends that the University proceed with the issuance and sale of refunding bonds to refinance the Student Recreation Fee Revenue Bonds, Series 2002, subject to market conditions.

At this time, it is our intention to ask the Board to consider and approve a Resolution at the February 2012 meeting, authorizing the Vice President for Business and Financial Affairs to proceed with the sale of refunding bonds, subject to certain parameters, including a maximum issue size and minimum savings target.

**Next Steps**

Key steps relating to the proposed refinancing are:

|                  |   |
|------------------|---|
| December 9, 2011 | Information provided to the Board of Trustees                 |
| Jan-March, 2012  | Administration and staff work on disclosure bond rating, etc. |
| [February, 2012] | Board consideration of Bond Resolution at regular meeting     |
| March, 2012      | Estimated bond sale date                                      |
| April, 2012      | Estimated bond closing date                                   |
| May 1, 2012      | Series 2002 Bonds called for redemption                       |

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees

**FROM:** President Bruce Shepard by Senior Vice President Eileen Coughlin

**DATE:** December 9, 2011

**SUBJECT:** **Student Right-to-Know and Clery Act**

**PURPOSE:** Information Item

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**Purpose of Submittal:**

Provide the Board of Trustees with information regarding Western Washington University's compliance with the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act.

**Western Washington University  
Security and Fire Safety Report Update**

**December 2011**

Background: In November 1990, the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (referred to as the "Clery Act") was signed into law. As a result, all institutions participating in federal student aid programs are required to:

- Prepare and distribute an annual security and fire safety report to all members of the campus community (<http://www.wvu.edu/vpsa/asr.shtml>) which sets forth the law enforcement authority of campus police, includes information on where and how crimes should be reported, and discloses three years worth of crime statistics, arrests and disciplinary referrals for the campus, areas immediately adjacent to or running through the campus, and certain non-campus facilities including leased housing and remote classrooms; and
- Provide timely warning to the campus community of crimes which may pose a threat to the safety and/or welfare of students and employees.

Security and Fire Safety Report: All information that Western is required to distribute annually to the campus community under state and/or federal mandates is compiled into one publication, the [Security and Fire Safety Report](#). Published each fall, the report includes educational materials, key policies and procedures, resources for students and employees, and an annual summary of campus crime and residence hall fire statistics.

- The Clery Act specifies the crimes/violations that are to be published. These are reflected in the 2011-2012 [Security and Fire Safety Report](#), on pages 13 and 14.

Campus Security Authorities: Staff members who have "significant responsibility for student and campus activities" are required to document any Clery Act-designated crime

reported to them for inclusion in Western's annual campus crime statistics. Western has identified 52 staff members whose positions fall under the Department of Education's definition of campus security authorities (CSAs). Reports submitted by CSAs are forwarded to University Police for follow-up and verification.

Notable Changes in Crime Statistics in 2010:

- In 2010, arrests for liquor law violations more than doubled (from 41 to 96), in large part due to the resurrection of party patrols. The largest number of liquor law violation arrests occurred on adjacent public property (52, compared to 14 in 2009). Arrests for drug related violations decreased slightly, from 30 to 19.
- Disciplinary referrals for liquor law violations decreased quite a bit, from 340 in 2009 to 242 in 2010. Similarly, disciplinary referrals for drug related violations decreased, from 133 in 2009 to 83 in 2010. Both decreases can be attributed to a procedural change in how University Residences records/counts disciplinary referrals. Prior to 2010, every student documented by housing staff for a liquor law or drug related violation was counted as a disciplinary referral (whether they were found guilty of violating the law or not). During a subsequent review of procedure, this was changed and now only those found in violation of state or federal law are reported for inclusion in our Clery Act statistics.

**WESTERN WASHINGTON UNIVERSITY  
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

**TO:** Members of the Board of Trustees  
**FROM:** President Bruce Shepard by Steve Swan, V.P. for University Relations  
**DATE:** December 9, 2011  
**SUBJECT:** **University Relations Report**  
**PURPOSE:** Information Item

---

**Purpose of Submittal:**

A written report is provided on the recent activities of University Relations.

**Supporting Information:**

Report Attached

**WESTERN WASHINGTON UNIVERSITY  
OFFICE OF THE VICE PRESIDENT FOR UNIVERSITY RELATIONS**

**REPORT FROM THE VICE PRESIDENT TO THE BOARD OF TRUSTEES**

**GOVERNMENT RELATIONS**

State Relations

Western hosted visits by legislators and legislative staff during October and November. We also had legislators participate in other campus events including the Compass 2 Campus kickoff, Dedication of Miller Hall, and Convocation. As you recall the House Higher Education Committee sponsored a series of Chautauqua's around the State during September and October and President Shepard was invited to participate in the final wrap-up Chautauqua in Olympia on November 2<sup>nd</sup>.

The Governor's budget was released on November 21<sup>st</sup> with a proposed reduction to higher education of \$160 M. Western's budget is proposed to be cut by 17.4%. You will hear more about this at the Board meeting.

As legislators and the Governor geared up for the thirty day Special Session that began on November 28<sup>th</sup> and the regular legislative session that begins on January 9<sup>th</sup>, we too are preparing for a tough special session that will try to cut \$2B from the State budget and pass some revenue proposals intended to buy back some of the cuts that will be necessary to balance the 2011-13 budget.

We will be working to stop any further cuts to higher education, to protect the State Need Grant program and to restore money to the Work Study Program. We will also be working on a package of business efficiency legislation designed to get some of the burden of state regulations removed from our business practices to make us more efficient. We will also be working to find resources to help respond to the State's need to produce more engineering graduates.

Legislators have expressed interest and have been seeking information on a variety of topics, including in-state and out-of state students, athletic department costs, tuition, building fees, S & A Fees, and a variety of other detailed information about budgets and performance.

We have also been working closely with our Western Advocates network to inform our supporters about the proposed budget cuts and seeking their help on behalf of Western and higher education.

Federal Relations

Western is an active participant in a national initiative to raise awareness and support for efforts to preserve Federal financial aid for students. Through the use of on-line and social media, students, their parents and employees have been provided the link needed to sign the petition to support the effort. Nearly 130,000 people nationally have signed a [statement of support for federal student aid](#) designed by The Student Aid Alliance, a group of 62 higher education organizations. The alliance, which is devoted to preserving and advocating for federal student aid, has launched a campaign in support of federal

student aid programs, and the kick-off of the campaign is a statement of support developed in light of the Joint Select Committee on Deficit Reduction. These actions are in response to Congressional proposals to significantly reduce funding for Pell Grants and other Federal financial aid programs.

The statement has the support of the [American Association of State Colleges and Universities](#), of which Western Washington University President Bruce Shepard is secretary-treasurer. AASCU is among the members of the Student Aid Alliance.

## **UNIVERSITY RELATIONS**

### Website Reconstruction

The second phase of the Western internet website homepage redesign (located at <http://www.wvu.edu/> ) project is in full swing. This phase is focused on second level template design for the colleges most prominent programs and operations; and foundation planning and development of the intranet for internal use.

The new internet website work group continues to meet weekly to review the site and make adjustments to best meet the needs of all end users. A temporary intranet website has been created through the current My Western portal for the campus community and is linked to the new homepage.

### Community Relations

The new Western Window TV Show which has been 9 months in development will record its initial pilot in early December with the first airing of the show taking place in January. The show, which is student internship driven, will have story content that highlights faculty and students projects and accomplishments, alumni accomplishments, and partnerships that highlight the work of Western in the community. Western Window will be hosted by CFPA faculty member Patrick Dizney with students also being prominent in studio presentation.

The show will initially be broadcast on BTV 10 in Bellingham with access also being provided on select other Comcast channels in the state.

## **UNIVERSITY COMMUNICATIONS**

Our skilled professionals worked hard on a wide range of online, print, social media, video and graphic design communications and marketing, which included:

- Helping to organize TVW coverage of a [panel on “Linkages Between Higher Education and the Future of the State”](#) during the trustees’ October meeting in Seattle.
- Sending the [fall edition of Window magazine](#) to alumni, donors and other friends of the university. We think the stories about Ironman champion Cherie Gruenfeld, business student and Sudanese Civil War survivor Ater Malath, and several prominent alumni who have made a difference at Microsoft will not only inspire readers, but provide great material for Western’s re-designed home page.
- Continued participation with the university team reworking the university [website](#), which launched earlier this fall. This office is now the primary provider of story content for Western’s new home page.

- Assisted in the [Nov. 9 campus wide test](#) of the Western Alert emergency notification system, which includes building annunciation, emails, web and text messages.
- Western's social media outreach, which continues to expand, and our next robust enterprises – Foursquare and Google+ -- are just around the corner.
- Successfully moving the [Viking Village moderation](#) responsibilities to our office.
- Successfully placing stories in media that enhance Western's reputation, including stories on the major renovation to Miller Hall, Compass 2 Campus, Shannon Point Marine Center grants, and upcoming installation of [Western's newest major art work](#). Also responded to media requests, including a [New York Times article](#) on the Higher One Card.
- Continued improvement – including more profiles of faculty and staff – to the daily online campus newsletter [Western Today](#).
- Completing the fall edition of the [Soundings](#) family online newsletter.
- Completion of graphic design projects with many campus offices, including Athletics, Admissions, colleges, and academic departments, and completion of the campus directory.
- Booking faculty speakers through [Western's Speakers Bureau](#).



**FINANCIAL STATEMENTS**

**AND**

**REQUIRED SUPPLEMENTAL  
INFORMATION**

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November 8, 2011

Dennis Madsen, Chair  
Board of Trustees  
Western Washington University  
Bellingham, WA 98225

Dear Mr. Madsen:

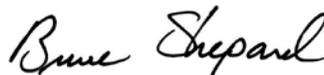
We are pleased to submit the Annual Financial Report of Western Washington University. The accounts of the University are maintained in accordance with policies and regulations established by Washington State and its Office of Financial Management. This report has been prepared in accordance with generally accepted accounting principles and following the guidance of the Governmental Accounting Standards Board.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Washington State Auditors' Office has issued an unqualified (clean) opinion on the Western Washington University financial statements for the year ended June 30, 2011. This opinion is included in the independent auditor's report.

Management's discussion and analysis, located at the front of the financial section of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. Western Washington University is recognized nationwide as a premier public comprehensive university. Western Washington University is the highest-ranking public, master's-granting university in the Pacific Northwest, according to the 2011 U.S. News & World Report college rankings. Western's national academic reputation, excellent faculty, as well as its prime location, make it an institution "in demand", factors which will continue to help it weather the current economic challenges.

Sincerely,



Bruce Shepard  
President



Richard Van Den Hul  
Vice President for Business and Financial Affairs

***BOARD OF TRUSTEES***

Dennis Madsen, Chair  
Ralph Munro, Vice Chair  
Betti Fujikado, Secretary  
Ramiro Espinoza, Student Trustee  
Karen Lee  
Phil Sharpe, Jr.  
Dick Thompson  
Peggy Zoro

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Catherine Riordan, Provost and Vice President for Academic Affairs  
Eileen V. Coughlin, Vice President for Student Affairs and Academic Support Services  
Richard Van Den Hul, Vice President for Business and Financial Affairs  
Steve Swan, Vice President for University Relations  
Stephanie Bowers, Vice President for University Advancement  
Teresa Mroczkiewicz, Interim Director, Financial Services  
Sally McKechnie, Interim Director, Business Services  
Michael Ulrich, Interim Director, Accounting Services

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

The following discussion and analysis provides an overview of the financial position and activities of Western Washington University (the University) for the years ended June 30, 2011 and 2010. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

**Reporting Entity**

The University is a comprehensive, degree granting public university in the State of Washington. It is governed by a Board of eight Trustees appointed by the Governor. One of the members is a full-time student of the University. The University was established in 1893 and currently has approximately 15,000 full-time and part-time students.

Located on the shores of Bellingham Bay with Mount Baker as its backdrop, Bellingham is the last major city before the Washington coastline meets the Canadian border. The City of Bellingham, which serves as the county seat of Whatcom County, is at the center of a uniquely picturesque area offering a rich variety of recreational, cultural, educational and economic activities.

**Using the Financial Statements**

The University's financial reports include the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, the Statements of Cash Flows and the Notes to the Financial Statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. GASB standards require that financial statements include all funds.

**Statements of Net Assets**

The Statements of Net Assets present the financial condition of the University at the end of the last three fiscal years and report all assets and liabilities of the University.

A summarized comparison of the University's assets, liabilities and net assets as of June 30, 2011, 2010 and 2009, follows:

| <b>Assets</b>           | <b>2011</b>                   | <b>2010</b>       | <b>2009</b>       |
|-------------------------|-------------------------------|-------------------|-------------------|
|                         | <i>(Dollars in thousands)</i> |                   |                   |
| Current assets          | \$ 61,660                     | \$ 81,794         | \$ 80,418         |
| Noncurrent assets       | 52,958                        | 34,627            | 37,433            |
| Capital assets, net     | <u>435,638</u>                | <u>413,200</u>    | <u>384,343</u>    |
| Total assets            | 550,256                       | 529,621           | 502,194           |
| <b>Liabilities</b>      |                               |                   |                   |
| Current liabilities     | 31,323                        | 36,046            | 29,881            |
| Noncurrent liabilities  | <u>82,020</u>                 | <u>83,786</u>     | <u>86,016</u>     |
| Total liabilities       | <u>113,343</u>                | <u>119,832</u>    | <u>115,897</u>    |
| <b>Total net assets</b> | <u>\$ 436,913</u>             | <u>\$ 409,789</u> | <u>\$ 386,297</u> |

### Assets

Current assets consist primarily of cash and cash equivalents, short-term investments, funds held with the State Treasurer, and accounts receivable from students. The \$20.1 million (-24.6%) decrease in total current assets during fiscal 2011 compared to fiscal 2010 is primarily due to a reduction in cash and cash equivalents of \$16.2 million, used in fiscal 2011 to purchase investments. Current assets increased by a net \$1.4 million (1.7%) during fiscal 2010 compared to fiscal 2009 due to increased holdings of cash and cash equivalents and an increase in funds held by the Office of the State Treasurer.

Noncurrent assets (excluding capital assets) increased \$18.3 million (52.9%) in fiscal 2011 over fiscal 2010 primarily due to the increase in long-term restricted and unrestricted investments offset by decreases in cash and cash equivalents and the amount due from State Treasurer. The increase in long-term restricted and unrestricted investments was due to purchases of U.S. Treasury and Agency Securities. The change in the amount due from the State Treasurer is attributable to an increase in capital expenditures that occurred at the end of fiscal 2010 with cash requested in fiscal 2011. Restricted cash and cash equivalents decreased \$3.8 million (-54.6%) in fiscal 2011 primarily due to spending \$4.0 million of the remaining amount of the \$14.3 million in Housing and Dining System 2009 revenue bond proceeds. Noncurrent assets (excluding capital assets) decreased \$2.8 million (-7.5%) comparing fiscal 2010 to fiscal 2009, primarily due to spending \$8.3 million of the \$14.3 million in Housing and Dining System revenue bonds issued in 2009, offset by a \$5.1 million (186.2%) increase in the amounts due from the State Treasurer to cover expenditures on the Miller Hall renovation.

Growth in net assets over the last three fiscal years is due to the continuation of the University's capital program. Capital assets grew in fiscal 2011 by \$22.4 million (5.4%) and \$28.9 million (7.5%) comparing fiscal 2010 to fiscal 2009, primarily due to the capitalization of work performed on the Miller Hall renovation and the Buchanan Towers remodel.

### Liabilities

The excess of current assets over current liabilities of \$30.3 million in fiscal 2011 and \$45.7 million in fiscal 2010 reflects the continuing ability of the University to meet its short-term obligations with liquid or easily liquidated assets. Current liabilities decreased \$4.7 million (-13.1%) comparing fiscal 2011 to fiscal 2010 due to the payment of capital expenditure invoices recorded at fiscal 2010 year end. The current liabilities increase of \$6.2 million (20.6%) when comparing fiscal 2010 to fiscal 2009 is related to higher invoices at year end in construction project activity, including the Miller Hall renovation (\$3.2 million) and the Buchanan Towers renovation (\$1.8 million). Deferred revenues increased \$826 thousand (15.3%) when comparing fiscal 2011 to fiscal 2010 due to a 14.0% increase in summer session undergraduate tuition and an enrollment increase of over 2.0%. Deferred revenues increased \$698 thousand (14.8%) comparing fiscal 2010 to fiscal 2009 due to an increase of 14.0% in undergraduate summer tuition rates, an increase in summer 2010 enrollment of over 1,000 students and an increase in summer 2010 faculty led travel courses that carry higher fees. The current portion of bonds and notes payable increased slightly by \$150 thousand (4.3%) when comparing fiscal 2011 to fiscal 2010 due to the addition of two State Certificates of Participation to fund equipment purchases in Athletics. The current portion of bonds and notes payable increased \$411 thousand (13.4%) comparing fiscal 2010 to fiscal 2009 as principal payments became due on the 2009 Housing and Dining bond issue during fiscal 2010.

Long-term liabilities decreased \$1.8 million (-2.1%) when comparing fiscal 2011 to fiscal 2010 due to the retirement of \$3.6 million in bonds and notes payable. The \$3.6 million decrease is offset by an increase of \$1.3 million to the unfunded net pension obligation to certain state employees based on the estimated State Actuarial valuation of the plan, combined with the addition of \$450 thousand in new notes payable to fund equipment in the Athletic Department. Long-term liabilities decreased by \$2.2 million (-2.6%) comparing fiscal 2010 to fiscal 2009 due to the retirement of \$3.2 million in bonds and notes payable, offset by an increase of \$923 thousand to the unfunded net pension obligation.

### Net Assets

The difference between total assets and total liabilities is net assets, or equity. The change in net assets measures whether the overall financial condition has improved or deteriorated during the year. Net assets are reported in the following categories:

*Invested in Capital Assets (net of related debt)* – The University's total investments in property, plant equipment, and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

*Restricted Net Assets:*

- Nonexpendable net assets consists of funds on which the donor or other external party has imposed the restriction that the corpus is not available for expenditures but for investment purposes only.
- Expendable net assets are resources which the University is legally or contractually obligated to spend in accordance with time or purpose restrictions placed upon them by donors or other external parties.

*Unrestricted Net Assets* – All remaining funds available to the institution for any purpose, although these net assets are often internally designated for specific purposes.

The University's net assets as of June 30, 2011, 2010 and 2009 are summarized as follows:

|   | <b>2011</b>                   | <b>2010</b>       | <b>2009</b>       |
|---|-------------------------------|-------------------|-------------------|
|   | <i>(Dollars in thousands)</i> |                   |                   |
| <b>Net Assets</b>                               |                               |                   |                   |
| Invested in capital assets, net of related debt | \$ 357,815                    | \$ 336,630        | \$ 312,263        |
| Restricted:                                     |                               |                   |                   |
| Nonexpendable                                   | 4,629                         | 4,629             | 4,149             |
| Expendable                                      | 24,391                        | 26,321            | 23,683            |
| Unrestricted                                    | <u>50,078</u>                 | <u>42,209</u>     | <u>46,202</u>     |
| Total net assets                                | <u>\$ 436,913</u>             | <u>\$ 409,789</u> | <u>\$ 386,297</u> |

Invested in capital assets, net of related debt increased \$21.2 million (6.3%) when comparing fiscal 2011 to fiscal 2010 due to increases in construction in progress for the Miller Hall and Buchanan Towers renovations, along with a reduction in long-term debt from principal payments. Invested in capital assets, net of related debt increased \$24.4 million (7.8%) comparing fiscal 2010 to fiscal 2009 primarily due to the increase in construction in progress for the Miller Hall and Buchanan Towers renovations, offset by the change in long-term debt.

Restricted nonexpendable net assets include donations and matching State contributions for the purpose of establishing distinguished professorships and graduate fellowships. When comparing fiscal 2011 to fiscal 2010, there was no change to restricted nonexpendable net assets as no new additions to endowments were received. During fiscal 2010, \$50 thousand was received to establish a new graduate fellowship compared to the receipt of \$550 thousand during fiscal 2009. When combined with investment gains, the net increase in restricted nonexpendable net assets was \$480 thousand (11.6%).

Restricted expendable net assets decreased \$1.9 million (-7.3%) when comparing fiscal 2011 to fiscal 2010 due to a decrease in funds held by the State Treasurer, offset by increases to student loan funds and grants. Restricted expendable net assets increased \$2.6 million (11.1 %) comparing fiscal 2010 to fiscal 2009 due to an increase in funds held by the State Treasurer. The State Permanent Fund represents the University's share of net earnings of the Normal School Permanent Fund and tuition distributions, reduced by expenditures for capital projects. In addition, reserves were set aside for renewals and replacements in the Housing and Dining System and the Wade King Student Recreation Center as required by bond covenants.

Unrestricted net assets increased \$7.9 million (18.6%) when comparing fiscal 2011 to fiscal 2010 due to increases in tuition, Housing and Dining capital plan reserves, investment gains on endowments and other program fees. Unrestricted net assets decreased by \$4.0 million (-8.6%) in fiscal 2010 when compared to fiscal 2009, attributable to using unrestricted reserve funds to compensate for reduced state appropriations.

### Capital Improvements and Related Debt

During fiscals 2011 and 2010, \$35.8 million and \$40.1 million (excluding library materials and equipment) were expended on capital improvements, compared to \$21.7 million in fiscal 2009. Of the \$35.8 million in capital improvements, \$20.3 million was expended on the Miller Hall building remodel, \$5.2 million on the Buchanan Towers renovations, \$4.4 million on network infrastructure switches and \$1.2 million on the Ridgeway beta renovation. In fiscal 2010, \$40.1 million (excluding library materials and equipment) was expended on capital improvements; \$18.2 million on the Miller hall building remodel, \$9.3 million on the Buchanan Towers renovation, \$3.9 million on the Chemistry Building addition, \$1.2 million on the Fairhaven Fire Sprinkler project, and \$972 thousand on the Haggard Hall/Wilson Library renovation.

Specific projects completed or underway in fiscal 2011 include:

**Buchanan Towers Addition.** A 105-bed, 37,000 square feet addition is being constructed on the east side of the Buchanan Towers building. The project is designed with principles of day lighting and natural ventilation to achieve a USGBC LEED Silver and possibly Gold rating. The project is scheduled to be completed for Fall 2011 occupancy.

**Miller Hall Renovation.** Due to the historical significance and its prominent location in the heart of campus, Miller Hall was selected to undergo a major renovation beginning in the 2009-2011 biennium. The project will provide general University classrooms, computer labs, instructional space, and support facilities for the Woodring College of Education and the Department of Modern and Classical Languages.

**Chemistry Building Addition.** The addition of 4,300 square feet will provide additional chemistry and biology research and instructional space recognizing the collaborative nature of chemistry and biology research. Construction began in June 2009 with substantial completion during fiscal 2011.

### Statement of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets present the University's results of operations and nonoperating items that result in the changes in net assets for the year. In accordance with GASB reporting principles, revenues and expenses are classified as operating or nonoperating.

A condensed comparison of the University's revenues, expenses and changes in net assets for the years ended June 30, 2011, 2010 and 2009 follows:

|                                     | <b>2011</b>                   | <b>2010</b>       | <b>2009</b>       |
|-------------------------------------|-------------------------------|-------------------|-------------------|
|                                     | <i>(Dollars in thousands)</i> |                   |                   |
| Operating revenues                  | \$ 167,904                    | \$ 156,162        | \$ 148,913        |
| Operating expenses                  | <u>244,230</u>                | <u>237,989</u>    | <u>232,561</u>    |
| Operating loss                      | (76,326)                      | (81,827)          | (83,648)          |
| State appropriations revenue        | 63,761                        | 64,621            | 78,535            |
| Other nonoperating revenues         | 16,355                        | 13,180            | 12,566            |
| Nonoperating expenses               | <u>(4,061)</u>                | <u>(4,156)</u>    | <u>(4,470)</u>    |
| (Loss) income before other revenues | (271)                         | (8,182)           | 2,983             |
| Other revenues                      | <u>27,395</u>                 | <u>31,674</u>     | <u>17,952</u>     |
| Increase in net assets              | 27,124                        | 23,492            | 20,935            |
| Net assets, beginning of year       | <u>409,789</u>                | <u>386,297</u>    | <u>365,362</u>    |
| Net assets, end of year             | <u>\$ 436,913</u>             | <u>\$ 409,789</u> | <u>\$ 386,297</u> |

### Primary Funding Sources

The University relies primarily on student tuition and fees and state appropriations as revenue sources to support operations. Tuition revenue, net of scholarship allowances, has continued to grow, increasing \$8.5 million (10.7%) and \$6.1 million (8.3%) in fiscal 2011 and fiscal 2010, respectively.

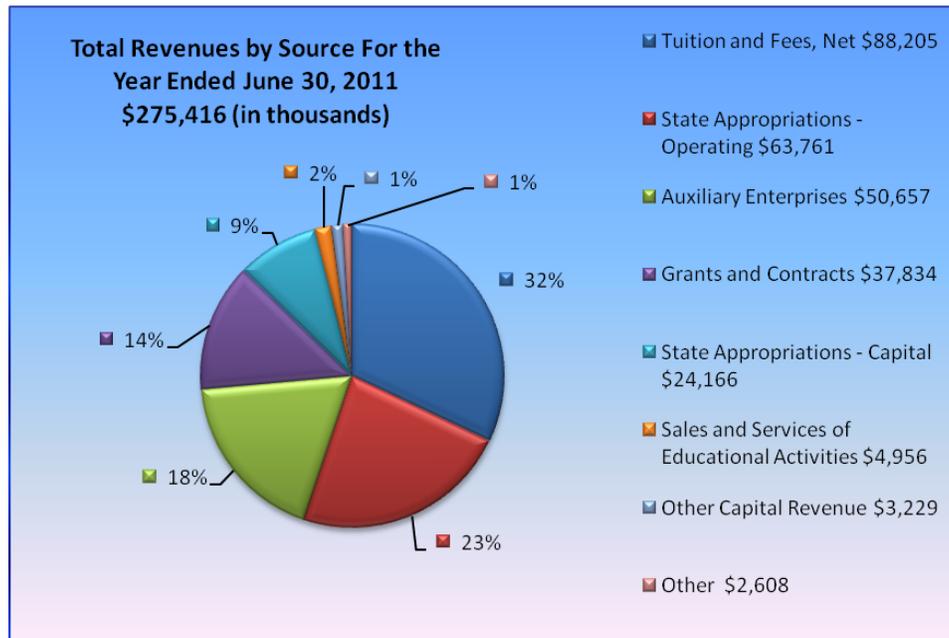
The Washington State Legislature provides the Board of Trustees with tuition setting authority for all student categories at the University: resident undergraduate, non-resident undergraduate, resident graduate, and non-resident graduate. The University is free to set tuition at any level in the latter three categories. Tuition increased 14.0% during fiscal 2011 and fiscal 2010 compared to an increase of 5.0% during fiscal 2009, with enrollment increasing to an average annual headcount of 13,521 in fiscal 2011, compared to 13,300 students in fiscal 2010 and 13,240 in fiscal 2009.

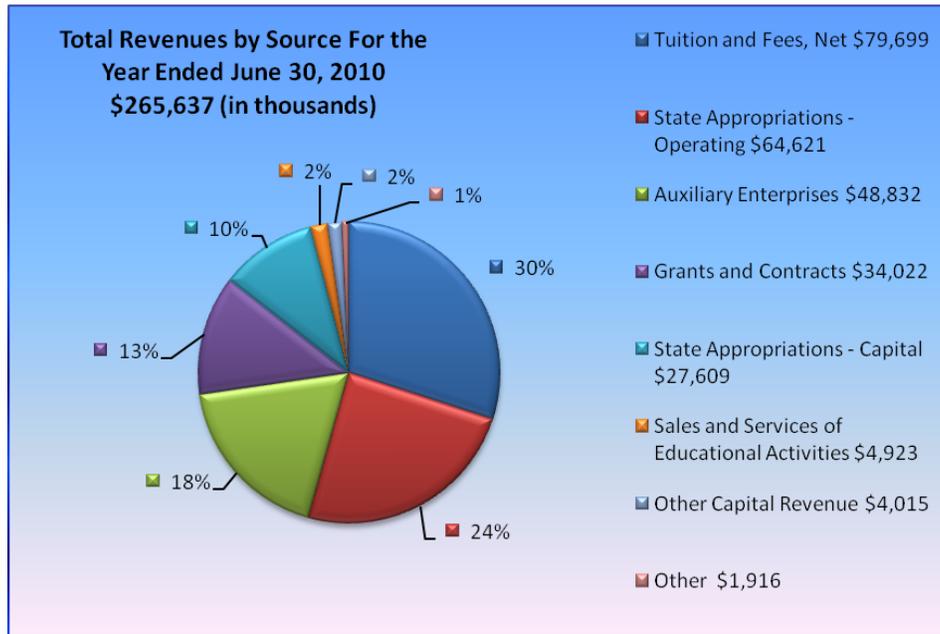
During fiscal 2011, state appropriations used for operations declined by \$861 thousand (-1.3 %) compared to a decrease of \$13.9 million (-17.7%) in fiscal 2010. The fiscal 2011 decrease is attributable to the continuing budget challenges at the state level that resulted in a reduction of \$5.8 million in state appropriations to the University, offset by \$4.9 million in capital appropriation funds that are used to support operations as these expenditures are below the University's capitalization threshold. The majority of the decrease in fiscal 2010 state appropriations is also due to budget challenges at the state level that resulted in a decrease in state funding of \$12.6 million combined with a decrease from the prior year of \$1.3 million in capital appropriation funds that are used to support operations. The University's state supported enrollments (FTE) were 11,762 for fiscal 2011. The actual average FTE was 12,647 (the 885 additional FTE are not supported by State dollars).

Capital appropriations are recognized as revenue when expenditures are incurred on capital projects, and the University is entitled to receive the cash. Capital appropriations decreased by \$3.4 million (-12.5%) when comparing fiscal 2011 to fiscal 2010 due to a reduction in capital funds received as some smaller capital projects were completed in fiscal 2010, such as improvements to Wilson Library and Parks Hall. This revenue source increased \$12.8 million (86.1%) during fiscal 2010 compared to fiscal 2009 primarily due to funds received to fund the Miller Hall renovation. No significant new projects were started during fiscal 2009.

Other capital revenue is the revenue earned from the State of Washington Normal School Permanent Fund. The decrease of \$785 thousand (-19.6%) when comparing fiscal 2011 to fiscal 2010 is due to reduced investment earnings from the State Treasurer. The increase of \$1.5 million (56.7%) in fiscal 2010 compared to fiscal 2009 is due to additional funds held by the State Treasurer in the Normal School Permanent Fund.

The following graphs illustrate revenues by source for the years ended June 30, 2011 and 2010:

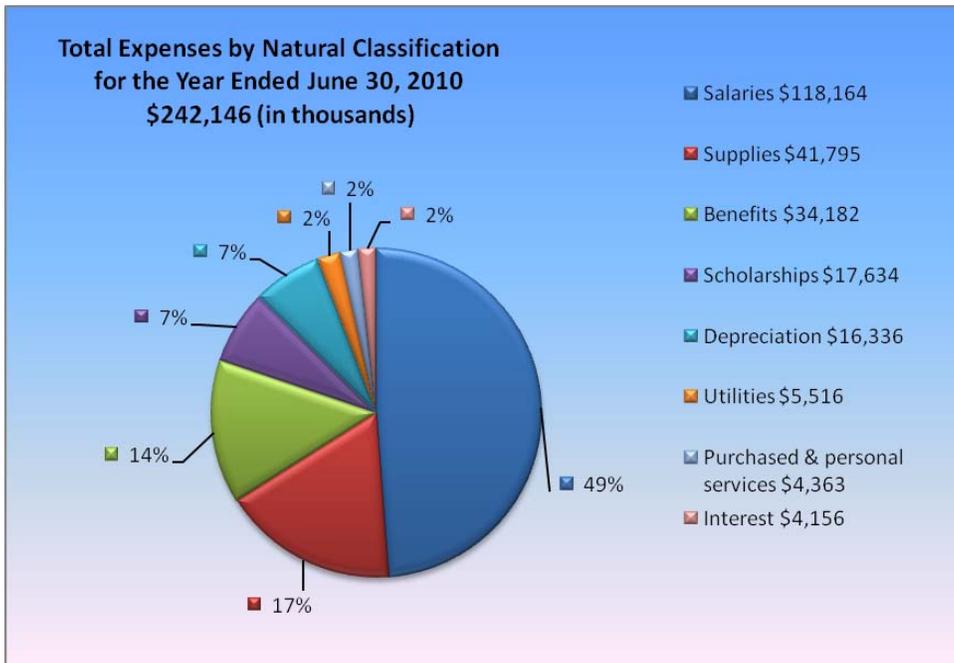
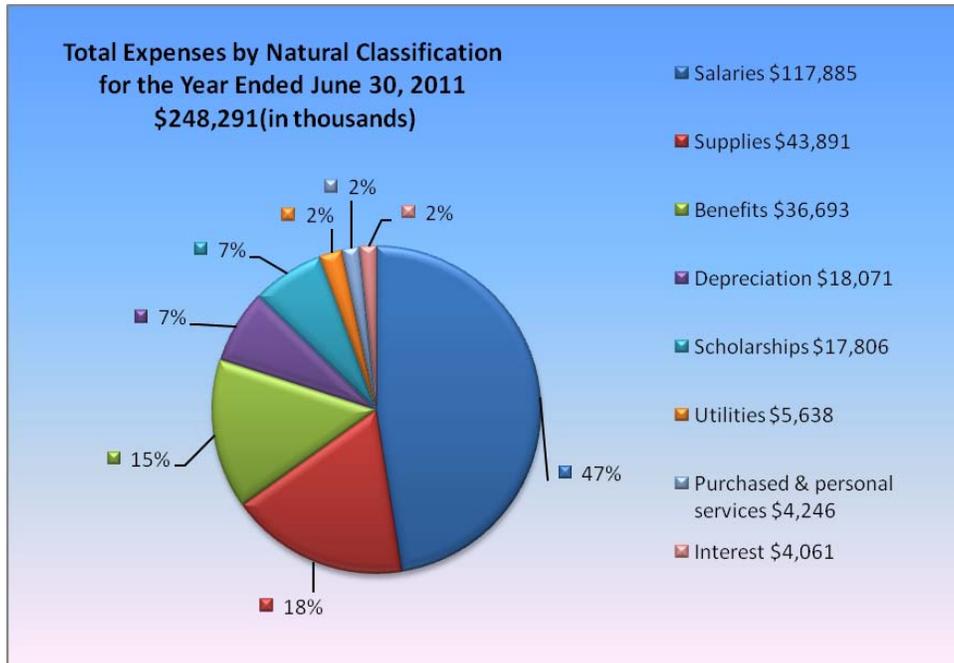




The University's operating expenses increased by \$6.2 million (2.6%) when comparing fiscal 2011 to fiscal 2010 and \$5.4 million (2.3%) in fiscal 2010 compared to fiscal 2009. A significant portion of the fiscal 2011 and fiscal 2010 increases relate to benefits expense, which increased \$2.5 million (7.3%) in fiscal 2011 and \$2.5 million (7.8%) in fiscal 2010 due to a \$105 and \$184 per month increase in the employer cost for the state benefits package in each fiscal year.

Supplies and purchased and personal services increased \$2.0 million (4.3%) when comparing fiscal 2011 to fiscal 2010 due to the purchasing of non-capitalized furnishings and equipment necessary for the Miller Hall and Buchanan Towers buildings. Supplies and purchased and personal services increased slightly by \$96 thousand (0.2%) between fiscal 2010 and fiscal 2009. Depreciation expense increased \$1.7 million (10.6%) over fiscal 2010 and \$1.8 million (12.0%) over fiscal 2009 as additional capital assets were completed and depreciated.

The following graphs illustrate expenses by natural classification for the years ended June 30, 2011 and 2010:



### **Operating Loss**

The University's operating losses were \$76.3 million in fiscal 2011, a decrease of \$5.5 million (-6.7%) from fiscal 2010, and \$81.8 million in fiscal 2010, a decrease of \$1.8 million (-2.2%) from fiscal 2009. Overall operating revenues increased \$11.7 million (7.5%) during fiscal 2011 and \$7.2 million (4.9%) during fiscal 2010, while operating expenditures increased in fiscals 2011 and 2010 by \$6.2 million (2.6%) and \$5.4 million (2.3%), respectively.

GASB standards require that State appropriations and Federal Pell grants are classified as nonoperating revenues, thereby creating the significant operating loss. If these revenues were classified as operating, the operating gain would be \$1.3 million in fiscal 2011 and the operating loss would have been \$5.7 million in fiscal 2010.

### **Economic Factors That Will Affect the Future**

During the next biennium, State support for operations will average 35% of the University's operating budget, with the balance of the operational requirements relying on tuition increases. Beginning with fiscal 2012, the legislature has provided the Board of Trustees (the Board) with tuition setting authority for all student categories at the University: resident undergraduate, non-resident undergraduate, resident graduate, and non-resident graduate. The legislature defines "tuition" as the tuition operating fee and the capital building fee. The operating fee contributes to the day-to-day operations of the university and supports the University's operating budget plans.

The 2011-2013 operating budget includes tuition increases of 16.0% per year for the biennium, an increase of \$892 per year for resident undergraduate students. The University will also increase non-resident and graduate tuition rates by a similar amount as the resident undergraduate. Increases in State and Federal financial aid and the expansion of Federal education tax credits are available to students and can be used to offset the tuition increase. The State also increased the State Need Grant program to help lower and middle income families.

Approximately 81.0% of the operating budget is committed to compensation-related expenditures. The decrease in state support has resulted in position eliminations that are pending for fiscal 2012, the majority of which are from vacant positions. Reduced revenue projections at the state level may result in further budget reductions in fiscals 2012 and 2013.



**Washington State Auditor  
Brian Sonntag**

November 8, 2011

Board of Trustees  
Western Washington University  
Bellingham, Washington

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Western Washington University as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Western Washington University Foundation, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included in the accompanying financial statements, is based on the report of the other auditors. The basic financial statements of the University as of June 30, 2010, were audited by other auditors whose report dated November 15, 2010, expressed unqualified opinions on the University's financial statements and discretely presented component unit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

## INDEPENDENT AUDITOR'S REPORT

As discussed in Note 1, the financial statements of Western Washington University are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities and business-type activities of the state of Washington that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2011, 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.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Western Washington University as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 5 through 12, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sincerely,

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

| <b>Assets</b>   | <b>2011</b>          | <b>2010</b>          |
|---|----------------------|----------------------|
| Current assets:   |                      |                      |
| Cash and cash equivalents (Note 3)                            | \$ 34,003,071        | \$50,178,923         |
| Restricted cash and cash equivalents (Note 3)                 | -                    | 430                  |
| Investments (Note 4)  | 16,000,000           | 18,330,634           |
| Funds with State Treasurer (Note 5)                           | 4,874,701            | 7,716,564            |
| Interest receivable   | 557,219              | 812,792              |
| Accounts receivable, net (Note 6)                             | 4,247,368            | 2,981,108            |
| Prepaid expenses  | 603,223              | 512,721              |
| Inventories (Note 8)  | 1,374,790            | 1,261,289            |
| Total current assets  | <u>61,660,372</u>    | <u>81,794,461</u>    |
| Noncurrent assets:  |                      |                      |
| Restricted cash and cash equivalents (Note 3)                 | 3,153,996            | 6,950,440            |
| Restricted investments (Note 4)                               | 7,607,275            | 7,761,616            |
| Investments (Note 4)  | 30,227,617           | 3,372,253            |
| Due from State Treasurer                                      | 3,367,960            | 7,902,379            |
| Student loans receivable, net (Note 7)                        | 7,709,833            | 7,692,178            |
| Non-depreciable capital assets (Note 9)                       | 75,803,387           | 55,652,815           |
| Depreciable capital assets, net (Note 9)                      | 359,834,231          | 357,547,011          |
| Other assets (Note 1)   | 890,900              | 947,644              |
| Total noncurrent assets                                       | <u>488,595,199</u>   | <u>447,826,336</u>   |
| Total assets  | <u>550,255,571</u>   | <u>529,620,797</u>   |
| <b>Liabilities</b>  |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable and accrued liabilities                      | 10,661,210           | 16,540,440           |
| Deposits payable  | 2,375,317            | 2,355,911            |
| Deferred revenues   | 6,227,956            | 5,402,277            |
| Compensated absences (Note 11)                                | 7,924,797            | 7,892,235            |
| Current portion of bonds and notes payable (Notes 12,13,15)   | 3,630,585            | 3,480,216            |
| Current portion of net pension obligations (Note 15,19)       | 214,000              | 195,000              |
| Deposits held in custody for others                           | 288,652              | 180,371              |
| Total current liabilities                                     | <u>31,322,517</u>    | <u>36,046,450</u>    |
| Noncurrent liabilities:                                       |                      |                      |
| Long-term portion of bonds and notes payable (Note 12, 13,15) | 78,028,174           | 81,025,590           |
| Long-term net pension obligations (Note 15,19)                | 3,991,455            | 2,759,864            |
| Total Liabilities   | <u>113,342,146</u>   | <u>119,831,904</u>   |
| <b>Net Assets</b>   |                      |                      |
| Invested in capital assets, net of related debt               | 357,814,998          | 336,630,060          |
| Restricted for:   |                      |                      |
| Nonexpendable: scholarships and professorships                | 4,629,007            | 4,629,007            |
| Expendable:   |                      |                      |
| Instruction and research                                      | 2,948,566            | 2,469,590            |
| Loans   | 12,805,253           | 12,155,933           |
| Capital Projects  | 8,637,422            | 11,694,956           |
| Unrestricted  | 50,078,179           | 42,209,347           |
| Total net assets  | <u>\$436,913,425</u> | <u>\$409,788,893</u> |

WESTERN WASHINGTON UNIVERSITY  
 FOUNDATION STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

| <b>Assets</b>                        | <b>2011</b>         | <b>2010</b>         |
|--------------------------------------|---------------------|---------------------|
| Cash and cash equivalents            | <u>\$1,725,048</u>  | <u>\$1,490,178</u>  |
| Investments:                         |                     |                     |
| Operating investment pool            | 8,609,833           | 7,326,702           |
| Endowment investment pool            |                     |                     |
| Externally managed investments       | 43,621,454          | 28,413,817          |
| Real estate held for investment, net | 2,531,800           | 2,407,800           |
| Annuity and life income investments  | 4,426,814           | 4,158,764           |
| Other                                | <u>458,757</u>      | <u>458,757</u>      |
| Total investments                    | <u>59,648,658</u>   | <u>42,765,840</u>   |
| Receivables:                         |                     |                     |
| Promises to give, net                | 2,375,289           | 2,696,403           |
| Other                                | <u>20,198</u>       | <u>327,611</u>      |
| Total receivables                    | <u>2,395,487</u>    | <u>3,024,014</u>    |
| Other assets                         | <u>34,506</u>       | <u>28,891</u>       |
| Total assets                         | <u>63,803,699</u>   | <u>47,308,923</u>   |
| <b>Liabilities</b>                   |                     |                     |
| Accounts payable                     | 140,643             | 112,995             |
| Due to Western Washington University | 277,951             | 121,163             |
| Annuity and life income obligations  | 1,296,441           | 1,304,331           |
| Investments held in trust for        |                     |                     |
| Western Washington University        | 9,856,624           | -                   |
| Contingent obligation to Northwest   |                     |                     |
| Indian College Foundation            | <u>1,058,773</u>    | <u>962,809</u>      |
| Total liabilities                    | <u>12,630,432</u>   | <u>2,501,298</u>    |
| <b>Net Assets</b>                    |                     |                     |
| Unrestricted                         | 12,172,122          | 9,846,966           |
| Temporarily restricted               | 16,818,546          | 13,392,949          |
| Permanently restricted               | <u>22,182,599</u>   | <u>21,567,710</u>   |
| Total net assets                     | <u>51,173,267</u>   | <u>44,807,625</u>   |
| Total Liabilities and Net Assets     | <u>\$63,803,699</u> | <u>\$47,308,923</u> |

|  | <u>2011</u>           | <u>2010</u>          |
|--|-----------------------|----------------------|
| <b>Operating Revenues</b>                    |                       |                      |
| Student tuition and fees                     | \$ 106,569,013        | \$94,533,107         |
| Less scholarship allowances                  | <u>(18,363,862)</u>   | <u>(14,833,867)</u>  |
| Net student tuition and fees                 | 88,205,151            | 79,699,240           |
| Federal grants and contracts                 | 8,268,690             | 6,639,781            |
| State and local grants and contracts         | 13,319,279            | 13,953,989           |
| Nongovernmental grants and contracts         | 2,357,881             | 1,969,470            |
| Sales and services of educational activities | 4,956,121             | 4,922,961            |
| Interest earned on loans to students         | 140,522               | 144,792              |
| Auxiliary enterprises                        | 55,375,031            | 52,947,114           |
| Less scholarship allowances                  | <u>(4,718,356)</u>    | <u>(4,115,218)</u>   |
| Net auxiliary enterprises                    | <u>50,656,675</u>     | <u>48,831,896</u>    |
| Total operating revenues                     | 167,904,319           | 156,162,129          |
| <b>Operating Expenses</b>                    |                       |                      |
| Salaries and wages                           | 117,885,280           | 118,163,753          |
| Benefits                                     | 36,692,598            | 34,181,520           |
| Scholarships and fellowships                 | 17,805,709            | 17,634,179           |
| Utilities                                    | 5,638,304             | 5,515,941            |
| Supplies and materials                       | 43,890,835            | 41,794,644           |
| Purchased and personal services              | 4,246,383             | 4,362,892            |
| Depreciation                                 | <u>18,070,849</u>     | <u>16,336,531</u>    |
| Total operating expenses                     | <u>244,229,958</u>    | <u>237,989,460</u>   |
| Operating loss                               | (76,325,639)          | (81,827,331)         |
| <b>Nonoperating Revenues (Expenses)</b>      |                       |                      |
| State appropriations                         | 63,760,769            | 64,621,417           |
| Federal Pell grant revenue                   | 13,887,899            | 11,458,908           |
| Investment income                            | 775,087               | 1,188,261            |
| Interest on indebtedness                     | (4,061,271)           | (4,156,297)          |
| Gain (loss) on endowments                    | 1,684,904             | 516,960              |
| Nonoperating rental property income          | <u>7,118</u>          | <u>15,490</u>        |
| Total nonoperating revenues (expenses)       | <u>76,054,506</u>     | <u>73,644,739</u>    |
| (Loss) income before other revenues          | (271,133)             | (8,182,592)          |
| <b>Other Revenues</b>                        |                       |                      |
| Capital appropriations                       | 24,166,239            | 27,609,379           |
| Other capital revenue                        | 3,229,426             | 4,014,907            |
| Gifts to permanent endowments                | -                     | 50,000               |
| Total other revenues                         | <u>27,395,665</u>     | <u>31,674,286</u>    |
| Increase in net assets                       | 27,124,532            | 23,491,694           |
| Net assets, beginning of year                | <u>409,788,893</u>    | <u>386,297,199</u>   |
| Net assets, end of year                      | <u>\$ 436,913,425</u> | <u>\$409,788,893</u> |

## WESTERN WASHINGTON UNIVERSITY

FOUNDATION STATEMENTS OF ACTIVITIES & CHANGES IN  
NET ASSETS

June 30, 2011 and 2010

|   | <u>Unrestricted</u>        | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>2011</u>                |
|---|----------------------------|-----------------------------------|-----------------------------------|----------------------------|
| <b>Support and Revenue</b>  |                            |                                   |                                   |                            |
| Contribution  | \$496,580                  | \$3,642,647                       | \$555,360                         | \$4,694,587                |
| Services and facilities provided by<br>Western Washington University      | 2,682,678                  | -                                 | -                                 | 2,682,678                  |
| Interest and dividends  | 452,194                    | 551,594                           | 112                               | 1,003,900                  |
| Net realized gains (losses) on investments                                | 132                        | 39,243                            | -                                 | 39,375                     |
| Net unrealized gains (losses) on investments                              | 1,972,115                  | 4,606,198                         | 1,000                             | 6,579,313                  |
| Fund raising events and other   | 35,788                     | 438,835                           | -                                 | 474,623                    |
| Total support and revenue before net<br>assets released from restrictions | 5,639,487                  | 9,278,517                         | 556,472                           | 15,474,476                 |
| Net assets released from restrictions                                     | 5,420,237                  | (5,420,237)                       | -                                 | -                          |
| Change in restrictions  | 84,383                     | (142,800)                         | 58,417                            | -                          |
| Total support and revenue   | <u>11,144,107</u>          | <u>3,715,480</u>                  | <u>614,889</u>                    | <u>15,474,476</u>          |
| <b>Expenses and Change in Valuation<br/>of Annuity Obligations</b>        |                            |                                   |                                   |                            |
| Program services and grants   | 5,000,183                  | -                                 | -                                 | 5,000,183                  |
| Management and general - WWU in-kind                                      | 1,525,786                  | -                                 | -                                 | 1,525,786                  |
| Management and general - other  | 238,931                    | -                                 | -                                 | 238,931                    |
| Fund raising - WWU in-kind  | 1,156,892                  | -                                 | -                                 | 1,156,892                  |
| Fund raising  | 896,035                    | -                                 | -                                 | 896,035                    |
| Total expenses  | 8,817,827                  | -                                 | -                                 | 8,817,827                  |
| Change in valuation of annuity obligations                                | 1,124                      | 289,883                           | -                                 | 291,007                    |
| Total expenses and change in<br>valuation of annuity obligations          | <u>8,818,951</u>           | <u>289,883</u>                    | <u>-</u>                          | <u>9,108,834</u>           |
| <b>Change in Net Assets</b>   | 2,325,156                  | 3,425,597                         | 614,889                           | 6,365,642                  |
| <b>Net Assets, beginning of year</b>                                      | <u>9,846,966</u>           | <u>13,392,949</u>                 | <u>21,567,710</u>                 | <u>44,807,625</u>          |
| <b>Net Assets, end of year</b>  | <u><u>\$12,172,122</u></u> | <u><u>\$16,818,546</u></u>        | <u><u>\$22,182,599</u></u>        | <u><u>\$51,173,267</u></u> |

WESTERN WASHINGTON UNIVERSITY

FOUNDATION STATEMENTS OF ACTIVITIES & CHANGES IN  
NET ASSETS

June 30, 2011 and 2010

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>2010</u>         |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <b>Support and Revenue</b>  |                     |                                   |                                   |                     |
| Contributions   | \$373,327           | \$3,238,045                       | \$1,765,421                       | \$5,376,793         |
| Services and facilities provided by<br>Western Washington University      | 2,617,671           | -                                 | -                                 | \$2,617,671         |
| Interest and dividends  | 551,648             | 420,343                           | 1,002                             | \$972,993           |
| Net realized gains (losses) on investments                                | 1,227               | (32,638)                          | 4                                 | (\$31,407)          |
| Net unrealized gains (losses) on investments                              | 1,926,731           | 2,028,039                         | 5,143                             | \$3,959,913         |
| Fund raising events and other   | 54,716              | 414,474                           | 300,053                           | \$769,243           |
| Total support and revenue before net<br>assets released from restrictions | 5,525,320           | 6,068,263                         | 2,071,623                         | 13,665,206          |
| Net assets released from restrictions                                     | 3,663,167           | (3,663,167)                       | -                                 | -                   |
| Change in restrictions  | (79,651)            | 62,901                            | 16,750                            | -                   |
| Total support and revenue   | <u>9,108,836</u>    | <u>2,467,997</u>                  | <u>2,088,373</u>                  | <u>13,665,206</u>   |
| <b>Expenses and Change in Valuation<br/>of Annuity Obligations</b>        |                     |                                   |                                   |                     |
| Program services and grants   | 3,700,171           | -                                 | -                                 | 3,700,171           |
| Management and general - WWU in-kind                                      | 1,268,858           | -                                 | -                                 | 1,268,858           |
| Management and general - other  | 206,974             | -                                 | -                                 | 206,974             |
| Fund raising - WWU in-kind  | 1,348,813           | -                                 | -                                 | 1,348,813           |
| Fund raising  | 261,243             | -                                 | -                                 | 261,243             |
| Total expenses  | 6,786,059           | -                                 | -                                 | 6,786,059           |
| Change in valuation of annuity obligations                                | 312                 | 237,014                           | -                                 | 237,326             |
| Total expenses and change in<br>valuation of annuity obligations          | <u>6,786,371</u>    | <u>237,014</u>                    | <u>-</u>                          | <u>7,023,385</u>    |
| <b>Change in Net Assets</b>   | 2,322,465           | 2,230,983                         | 2,088,373                         | 6,641,821           |
| <b>Net Assets, beginning of year</b>                                      | 7,524,501           | 11,161,966                        | 19,479,337                        | 38,165,804          |
| <b>Net Assets, end of year</b>  | <u>\$9,846,966</u>  | <u>\$13,392,949</u>               | <u>\$21,567,710</u>               | <u>\$44,807,625</u> |

|   | <b>2011</b>                | <b>2010</b>                |
|---|----------------------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>                     |                            |                            |
| Tuition and fees  | \$88,402,182               | \$80,375,582               |
| Grants and contracts  | 23,527,054                 | 22,846,670                 |
| Payments to vendors   | (68,466,742)               | (70,388,458)               |
| Payments to employees for salaries and benefits                 | (153,646,109)              | (151,671,022)              |
| Loans issued to students  | (1,325,722)                | (1,328,887)                |
| Collection of loans to students                                 | 1,350,172                  | 1,306,216                  |
| Sales of auxiliary enterprises                                  | 50,680,489                 | 48,893,026                 |
| Sales and services of educational activities                    | 4,784,588                  | 4,897,853                  |
| Interest received on loans to students                          | 140,522                    | 144,792                    |
| Net cash used by operating activities                           | <u>(54,553,566)</u>        | <u>(64,924,228)</u>        |
| <b>Cash Flows from Noncapital Financing Activities</b>          |                            |                            |
| State appropriations  | 63,760,769                 | 64,621,417                 |
| Direct Lending proceeds   | 66,522,389                 | 60,938,017                 |
| Direct Lending disbursements                                    | (66,531,195)               | (60,927,005)               |
| Federal Pell grant receipts                                     | 13,887,899                 | 11,458,908                 |
| Gifts to permanent endowments                                   | -                          | 50,000                     |
| Net cash provided by noncapital financing activities            | <u>77,639,862</u>          | <u>76,141,337</u>          |
| <b>Cash Flows from Investing Activities</b>                     |                            |                            |
| Purchases of investments  | (52,910,243)               | (19,890,897)               |
| Net proceeds from sales of investments                          | 30,224,758                 | 33,402,898                 |
| Interest received on investments                                | 1,022,582                  | 1,603,730                  |
| Net cash provided by investing activities                       | <u>(21,662,903)</u>        | <u>15,115,731</u>          |
| <b>Cash Flows from Capital and Related Financing Activities</b> |                            |                            |
| Proceeds from capital debt                                      | 443,623                    | 150,000                    |
| Interest earned on bond proceeds                                | 8,078                      | 44,302                     |
| Capital appropriations  | 28,700,658                 | 22,467,797                 |
| Other capital revenue   | 3,229,426                  | 4,014,907                  |
| Proceeds from disposal of capital assets                        | 28,196                     | 28,657                     |
| Purchases of capital assets                                     | (46,300,988)               | (40,259,571)               |
| Principal paid on capital debt                                  | (3,481,908)                | (3,069,460)                |
| Interest paid on capital debt                                   | (4,030,322)                | (3,842,789)                |
| Other activities  | 7,118                      | 15,490                     |
| Net cash used by capital and related financing activities       | <u>(21,396,119)</u>        | <u>(20,450,667)</u>        |
| Net increase in cash and cash equivalents                       | (19,972,726)               | 5,882,173                  |
| Cash and cash equivalents, beginning of year                    | <u>57,129,793</u>          | <u>51,247,620</u>          |
| Cash and cash equivalents, end of year                          | <u><u>\$37,157,067</u></u> | <u><u>\$57,129,793</u></u> |

**Reconciliation of Operating Loss to Net Cash Used by Operating Activities**

|  | <u>2011</u>           | <u>2010</u>           |
|--|-----------------------|-----------------------|
| Operating loss   | (\$76,325,639)        | (\$81,827,331)        |
| Adjustments to reconcile operating loss to net cash used by operating activities |                       |                       |
| Depreciation expense   | 18,070,849            | 16,336,531            |
| Amortization of bond issuance cost   | 191,238               | 176,100               |
| Gain on disposal of fixed assets   | (23,291)              | (15,291)              |
| Changes in assets and liabilities:   |                       |                       |
| Funds with the State Treasurer   | 2,841,863             | (1,373,028)           |
| Accounts receivable  | (1,266,260)           | 316,253               |
| Student loans receivable   | (17,655)              | (71,288)              |
| Inventories  | (113,501)             | 234,530               |
| Prepaid expenses   | (90,502)              | (204,820)             |
| Accounts payable and accrued expenses  | (65,993)              | (162,905)             |
| Deferred revenue   | 825,679               | 697,589               |
| Student and other deposits   | 19,406                | 9,896                 |
| Deposits held in custody   | 117,087               | 35,964                |
| Compensated absences   | 32,562                | 446                   |
| Net pension obligation expense   | 1,250,591             | 923,126               |
| Net cash used by operating activities  | <u>(\$54,553,566)</u> | <u>(\$64,924,228)</u> |
| Supplemental disclosure of cash flow information                                 |                       |                       |
| Acquisition of capital assets through accounts payable                           | <u>\$2,399,838</u>    | <u>\$8,187,280</u>    |

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

Western Washington University (the University) is a comprehensive, degree granting public university in the State of Washington. It is governed by a Board of eight Trustees appointed by the Governor. These financial statements summarize all the fund types of the University including agency funds.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Western Washington University Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt entity. The Board of Directors is self-perpetuating and consists of 31 members. The University has an agreement with the Foundation to design and implement such programs and procedures so as to persuade continuous and special philanthropic support for the benefit of the University. In exchange, the University provides the Foundation with office facilities, furniture and equipment, and a significant number of full-time employees and support services, including depository, disbursing, and payroll and purchasing functions. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the resources or income the Foundation holds and invests is restricted for the activities of the University by the donors. The Foundation's activity is reported in separate financial statements because of the difference in its reporting model as described below.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-605, *Revenue Recognition*, and ASC 958-205, *Presentation of Financial Statements*.

As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in the University's financial statements for these differences; however, significant note disclosures (see Note 2) to the Foundation's financial statements have been incorporated into the University's notes to the financial statements.

The Foundation's financial statements can be obtained by contacting the Foundation at (360) 650-3408.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and following the guidance given by GASB. The University has special purpose reports reflecting the net assets, results of operations and cash flows for certain auxiliary units: Housing and Dining System, Wade King Recreational Center, Parking Services and Associated Students Bookstore. These financial statements present only a selected portion of the activities of the University. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net assets of the University. The auxiliary unit financial statements can be obtained by contacting Western Washington University at (360) 650-3675.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been 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. All intra-agency transactions have been eliminated. The University has elected not to apply any FASB pronouncements issued after November 30, 1989.

New Accounting Pronouncements

On July 1, 2009, the University adopted GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets". This pronouncement includes provisions that all intangible assets not specifically excluded by its scope be classified as capital assets. The University has no additional capital assets resulting from this pronouncement.

On July 1, 2009, the University adopted GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". This pronouncement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The University does not have any derivative instruments within the scope of this standard.

On July 1, 2010, the University adopted GASB Statement No. 54, "Fund Balance Reporting and

Governmental Fund Type Definitions". This pronouncement establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported. The reported fund balances of the University did not change based on this pronouncement.

On July 1, 2010, the University adopted GASB Statement No. 59, "Financial Instruments Omnibus". This pronouncement improves the consistency of investment measurements that are reported by pension and other postemployment benefit plans. The University financial statements did not change based on this pronouncement.

### **Other Accounting Policies**

#### Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund University operations are classified as current assets along with operating funds invested in the LGIP. Cash, cash equivalents, and investments that represent unspent bond proceeds or are held with the intent to fund capital projects are classified as noncurrent assets. Endowment investments are also classified as noncurrent assets. The University records all cash, cash equivalent, and investments at amortized cost, which approximates fair value.

The University combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated on a proportional basis. The internal investment pool is comprised of cash, cash equivalents, certificates of deposit, U.S. Treasuries and U.S. Agency securities.

#### Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

#### Inventories

Inventories are carried at the lower of cost or market value.

#### Capital Assets

Land, buildings and equipment are recorded at cost or, if acquired by gift, at fair market value on the date of the gift. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Interest expense incurred during capital construction is capitalized as part of the building cost. During fiscal 2011 and fiscal 2010, \$142,677 and \$176,208 in construction related interest was capitalized, respectively. Depreciation is computed using the straight line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 15 years for library resources, and 5 to 7 years for equipment.

#### Bond Premiums/Discounts and Issuance Costs

Bond premiums/discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest method. The remaining balances of bond premiums/discounts are presented in the Statements of Net Assets net of the face amount of bonds payable. Bond issuance costs are shown as other assets on the Statements of Net Assets.

#### Deferred Revenues

Deferred revenues occur when revenues have been collected in advance for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but relate to services to be provided in the following fiscal year.

#### Net Assets

The University's net assets are classified as follows:

##### *Invested in capital assets, net of related debt*

This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of

capital assets but are included as a component of restricted expendable net assets described below.

##### *Restricted net assets, expendable*

Restricted expendable net assets include resources in which the University is legally or contractually

obligated to spend in accordance with restrictions imposed by external third parties.

*Restricted net assets, nonexpendable*

Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

*Unrestricted net assets*

Unrestricted net assets represent resources derived from student tuition and fees, State appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

*Operating revenues*

Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and local grants and contracts, and (4) interest on institutional student loans.

*Operating expenses*

Operating expenses are those costs incurred in daily operations, such as salaries and wages, benefits, scholarships and fellowships expenses, depreciation, utilities, and supplies.

*Nonoperating revenues*

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as State appropriations, Federal Pell grant revenue and investment income. Included in fiscal 2010 are State Appropriations one-time Federal Reinvestment and Recovery Act stimulus funds of \$8.9 million.

*Nonoperating expenses*

Nonoperating expenses include costs related to financing or investing activities such as interest on indebtedness.

*Other Revenues*

Other revenues include activities that have the characteristics of non-exchange transactions, such as state capital appropriations and gifts to endowments.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or nonoperating revenues in the University's financial Statements.

To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Tax Exemption

The University is a tax-exempt 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.

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.

**2. COMPONENT UNIT**

The Foundation presents information about its financial position and activities according to the following three classes of net assets, depending on the existence and nature of donor restrictions:

*Unrestricted net assets*

Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as unrestricted.

*Temporarily restricted net assets*

Support received subject to donor-imposed use restrictions or time restrictions that will be met either through actions of the Foundation or by the passage of time is classified as temporarily restricted. In the period donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets*

Support received subject to donor-imposed restrictions stipulating that funds be invested in perpetuity is classified as permanently restricted. In accordance with purposes stipulated by the donors, earnings from such funds may be either unrestricted or temporarily restricted.

**3. CASH AND CASH EQUIVALENTS**

The University combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated to the departments on a proportional basis. The internal investment pool is comprised of cash and cash equivalents and investments.

Cash and cash equivalents include cash on hand, petty cash, change funds, bank balances, and funds held in the Local Government Investment Pool (LGIP).

Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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.

At June 30, 2011 and 2010, the carrying amount of cash and cash equivalents is \$37,157,067 and \$57,129,793, respectively. These balances include restricted cash and cash equivalents of \$2,055,907 and \$6,044,593 of unspent Housing and Dining System bond proceeds at June 30, 2011 and 2010, respectively. The carrying amount of cash and cash equivalents approximates the market value.

**4. INVESTMENTS**

Investments include internally pooled cash operating funds invested in certificates of deposit (CD's) and U.S. Treasury and Agency securities, renewal and

replacement funds, unspent bond proceeds, and University endowment funds.

The certificates of deposit held in the internal investment pool are insured by the (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The University held \$6,000,000 and \$18,650,063 of certificates of deposits in pooled investments at June 30, 2011 and 2010, respectively. U.S. Treasury and Agency securities are rated AAA by Standard & Poor's and Fitch and Aaa by Moody's Investors Service. The University held \$35,000,000 and \$0 of U.S. Treasury and Agency securities in the investment pool at June 30, 2011 and 2010, respectively.

The University separately invests the Housing and Dining System Renewal and Replacement funds. As of June 30, 2011 and 2010, the Renewal and Replacement funds of \$2,977,258 and \$2,812,169 were separately invested in CD's.

University endowment funds are invested under the direction of the Endowment Investment Committee. The committee is responsible for reviewing and recommending policy to define investment objectives and allowable investments, monitoring investment performances and social concerns and recommending investments, investment managers, and/or mutual funds. Effective July, 2011 the university endowment funds are invested in accordance with Western Washington University Foundation policy under the direction of the Foundation Finance Committee.

Endowment funds are comprised of \$5,608,043 in donor restricted and unrestricted and \$4,248,581 in quasi endowments at June 30, 2011 and \$4,623,294 in donor restricted and unrestricted and \$3,377,967 in quasi endowments at June 30, 2010.

Interest Rate Risk

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

Endowment funds are invested under Endowment Investment Policy guidelines. These guidelines include the primary objective of achieving long-term growth using prudent investing practices and do not limit investment maturities as a means to managing interest rate exposure.

Concentration of Credit Risk

Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. The University does not have a formal policy for managing concentration of credit risk in the internal investment pool. The

Endowment Investment Policy limits the endowment investments to no more than 5.0% of the portfolio for a single issuer.

At June 30, 2011, the University held the following in cash, cash equivalents and investments:

| Description                         | Fair Value           | Weighted Average Maturity (in Years) |
|-------------------------------------|----------------------|--------------------------------------|
| WWU Investment Pool:                |                      |                                      |
| Cash & Cash Equivalents             | \$ 35,101,160        | 0.003                                |
| Time Certificates of Deposits (CDs) | 6,000,000            | 0.046                                |
| U.S. Treasuries                     | 5,000,000            | 0.006                                |
| U.S. Agencies                       | 30,000,000           | 0.722                                |
| WWU Endowment Funds:                |                      |                                      |
| Cash & cash equivalents             | 100,050              | 0.003                                |
| Fixed income investments:           |                      |                                      |
| U.S. Treasuries                     | 271,759              | 5.500                                |
| U.S. Agencies                       | 279,228              | 4.040                                |
| Other fixed income                  | 1,336,638            | n/a                                  |
| Equity investments                  | 6,332,456            | n/a                                  |
| Real estate                         | 515,882              | n/a                                  |
| Alternative investments             | 1,020,611            | n/a                                  |
| Other Investments:                  |                      |                                      |
| Renewal and Replacement Time CDs    | 2,977,258            | 0.030                                |
| Bond Proceeds Invested in LGIP      | 2,055,907            | 0.003                                |
| Miscellaneous                       | 1,010                | n/a                                  |
| <b>TOTAL CASH AND INVESTMENTS</b>   | <b>\$ 90,991,959</b> |                                      |

At June 30, 2010, the University held the following in cash, cash equivalents and investments:

| Description                         | Fair Value           | Weighted Average Maturity (in Years) |
|-------------------------------------|----------------------|--------------------------------------|
| WWU Investment Pool:                |                      |                                      |
| Cash & Cash Equivalents             | \$ 51,085,200        | 0.003                                |
| Time Certificates of Deposits (CDs) | 18,650,063           | 0.145                                |
| WWU Endowment Funds:                |                      |                                      |
| Mutual Funds - Money Market         | 1,011,589            | 1.353                                |
| U.S. Treasuries                     | 1,084,631            | 5.872                                |
| U.S. Agencies                       | 1,247,060            | 2.759                                |
| Equity Securities                   | 4,657,981            | n/a                                  |
| Other Investments:                  |                      |                                      |
| Renewal and Replacement Time CDs    | 2,812,169            | 0.063                                |
| Bond Proceeds Invested in LGIP      | 6,044,593            | 0.003                                |
| Miscellaneous                       | 1,010                | n/a                                  |
| <b>TOTAL CASH AND INVESTMENTS</b>   | <b>\$ 86,594,296</b> |                                      |

## 5. FUNDS WITH STATE TREASURER

This account represents the University's share of net earnings of the State of Washington Normal School Permanent Fund and tuition distributions, reduced by expenditures for capital projects and debt service incurred over the years. The Normal School Permanent Fund, established under RCW 43.79.160, is a permanent endowment fund. Earnings from the investment are either reinvested or used for the benefit of Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

The investing activities are the responsibility of the Washington State Treasurer's Office. The primary

sources of new principal for the Normal School Permanent fund are revenues, primarily timber sales, from certain State lands. The State lands include 100,000 acres granted by the United States government for state normal schools and are managed by the State Department of Natural Resources.

The University's earnings and distributions on the fund for the years ending June 30, 2011 and 2010 are \$3,229,426 and \$4,014,907, respectively, which are reported as other capital revenue.

**6. ACCOUNTS RECEIVABLE, NET**

At June 30, 2011 and 2010, the major components of accounts receivable are as follows:

|  | <u>2011</u>        | <u>2010</u>        |
|--|--------------------|--------------------|
| Student tuition and fees                             | \$1,736,767        | \$1,164,003        |
| Federal, State and private grants and contracts      | 2,316,255          | 1,448,921          |
| Auxiliary enterprises and other operating activities | <u>697,270</u>     | <u>887,683</u>     |
| Total accounts receivable                            | 4,750,293          | 3,500,607          |
| Less allowance for doubtful accounts                 | <u>(502,924)</u>   | <u>(519,499)</u>   |
| Accounts receivable, net                             | <u>\$4,247,368</u> | <u>\$2,981,108</u> |

**7. STUDENT LOANS RECEIVABLE, NET**

At June 30, 2011 and 2010, student loans receivable are as follows:

|                                      | <u>2011</u>        | <u>2010</u>        |
|--------------------------------------|--------------------|--------------------|
| Federal Perkins student loans        | \$8,554,856        | \$8,518,653        |
| Other long-term loans                | 37,203             | 41,407             |
| Institutional loans                  | <u>50,817</u>      | <u>62,041</u>      |
| Total student loans                  | 8,642,876          | 8,622,101          |
| Less allowance for doubtful accounts | <u>(933,042)</u>   | <u>(929,923)</u>   |
| Student loans receivable, net        | <u>\$7,709,833</u> | <u>\$7,692,178</u> |

**8. INVENTORIES**

At June 30, 2011 and 2010, inventories, stated at cost using various methods: retail, first-in, first-out (FIFO), or average cost, consist of the following:

| Location               | <u>Valuation<br/>Method</u> | <u>2011</u>        | <u>2010</u>        |
|------------------------|-----------------------------|--------------------|--------------------|
| Bookstore              | Retail                      | \$854,084          | \$710,393          |
| Central Stores         | Average Cost                | 103,773            | 138,134            |
| Facilities Maintenance | FIFO                        | 161,570            | 152,913            |
| Lock Shop              | FIFO                        | 128,460            | 123,816            |
| Other inventory        | FIFO                        | <u>126,904</u>     | <u>136,033</u>     |
| Total inventory        |                             | <u>\$1,374,790</u> | <u>\$1,261,289</u> |

**9. LAND AND CAPITAL ASSETS, NET**

The depreciation expense for the fiscal years ended June 30, 2011 and 2010 was \$18,070,849 and \$16,336,531, respectively.

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

|   | 6/30/2010            | Additions/<br>Transfers | Retirements    | 6/30/2011            |
|---|----------------------|-------------------------|----------------|----------------------|
| <b>Non-depreciable Capital Assets</b>       |                      |                         |                |                      |
| Land  | \$12,772,593         | \$ -                    | \$ -           | \$12,772,593         |
| Construction in progress                    | 42,880,222           | 20,150,572              |                | 63,030,794           |
| <b>Total non-depreciable capital assets</b> | <b>\$55,652,815</b>  | <b>\$20,150,572</b>     | <b>\$ -</b>    | <b>\$75,803,387</b>  |
| <b>Depreciable Capital Assets</b>           |                      |                         |                |                      |
| Infrastructure                              | \$53,656,654         | \$ -                    | \$ -           | \$53,656,654         |
| Buildings                                   | 377,328,309          | 5,741,144               | -              | 383,069,453          |
| Furniture, fixtures and equipment           | 27,364,557           | 3,174,345               | 323,097        | 30,215,805           |
| Library materials, art collection           | 50,909,835           | 1,959,928               | -              | 52,869,763           |
| Improvements                                | 60,478,233           | 9,487,557               | -              | 69,965,790           |
| <b>Total depreciable capital assets</b>     | <b>569,737,588</b>   | <b>20,362,974</b>       | <b>323,097</b> | <b>589,777,465</b>   |
| <b>Less Accumulated Depreciation</b>        |                      |                         |                |                      |
| Infrastructure                              | 22,078,690           | 1,378,414               | -              | 23,457,104           |
| Buildings                                   | 119,195,893          | 8,223,624               | -              | 127,419,517          |
| Furniture, fixtures and equipment           | 19,306,952           | 2,554,877               | 318,192        | 21,543,637           |
| Library materials, art collection           | 36,477,412           | 1,826,028               | -              | 38,303,440           |
| Improvements                                | 15,131,630           | 4,087,907               | -              | 19,219,537           |
| <b>Total accumulated depreciation</b>       | <b>212,190,577</b>   | <b>18,070,849</b>       | <b>318,192</b> | <b>229,943,234</b>   |
| <b>Capital Assets, Net of depreciation</b>  | <b>\$357,547,011</b> | <b>\$2,292,125</b>      | <b>\$4,905</b> | <b>\$359,834,231</b> |

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

|   | 6/30/2009            | Additions/<br>Transfers | Retirements       | 6/30/2010            |
|---|----------------------|-------------------------|-------------------|----------------------|
| <b>Non-depreciable Capital Assets</b>       |                      |                         |                   |                      |
| Land  | \$12,772,593         | \$ -                    | \$ -              | \$12,772,593         |
| Construction in progress                    | 15,241,879           | 27,638,343              |                   | 42,880,222           |
| <b>Total non-depreciable capital assets</b> | <b>\$28,014,472</b>  | <b>\$27,638,343</b>     | <b>\$ -</b>       | <b>\$55,652,815</b>  |
| <b>Depreciable Capital Assets</b>           |                      |                         |                   |                      |
| Infrastructure                              | \$53,656,654         | \$ -                    | \$ -              | \$53,656,654         |
| Buildings                                   | 376,526,486          | 801,823                 | -                 | 377,328,309          |
| Furniture, fixtures and equipment           | 38,120,527           | 2,985,846               | 13,741,816        | 27,364,557           |
| Library materials, art collection           | 48,788,816           | 2,121,019               | -                 | 50,909,835           |
| Improvements                                | 48,818,558           | 11,659,675              | -                 | 60,478,233           |
| <b>Total depreciable capital assets</b>     | <b>565,911,041</b>   | <b>17,568,363</b>       | <b>13,741,816</b> | <b>569,737,588</b>   |
| <b>Less Accumulated Depreciation</b>        |                      |                         |                   |                      |
| Infrastructure                              | 20,700,230           | 1,378,460               | -                 | 22,078,690           |
| Buildings                                   | 110,929,274          | 8,266,619               | -                 | 119,195,893          |
| Furniture, fixtures and equipment           | 30,680,140           | 2,355,262               | 13,728,450        | 19,306,952           |
| Library materials, art collection           | 34,830,452           | 1,646,960               | -                 | 36,477,412           |
| Improvements                                | 12,442,400           | 2,689,230               | -                 | 15,131,630           |
| <b>Total accumulated depreciation</b>       | <b>209,582,496</b>   | <b>16,336,531</b>       | <b>13,728,450</b> | <b>212,190,577</b>   |
| <b>Capital Assets, Net of depreciation</b>  | <b>\$356,328,545</b> | <b>\$1,231,832</b>      | <b>\$13,366</b>   | <b>\$357,547,011</b> |

## 10. ART COLLECTIONS

The University has several collections of art that it does not capitalize. The Outdoor Sculpture Collection is a public art collection displayed throughout the entire campus. There are also collections of 19<sup>th</sup> and 20<sup>th</sup> century prints and drawings, the Whittington Collection of Asian Ceramics, and the Chair Collection. These collections adhere to the University's policy to (a) maintain

them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. The University's policy is to permit collections maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

## 11. COMPENSATED ABSENCES

The accrued leave balances as of June 30, 2011 and 2010 are \$7,924,797 and \$7,892,235, respectively. This consists of unused vacation leave and compensatory time earned for exempt professionals and classified staff. It also includes a percentage of earned and unused sick leave for exempt professionals and classified staff. For reporting purposes, the entire balance of accrued leave is considered a current liability.

In 2004, the University began participating in the Voluntary Employees' Beneficiary Association Medical Expense Plan (VEBA-MEP). The plan is a post-retirement medical expense reimbursement account available to professional staff employees of the University. The VEBA-MEP enables the University to deposit funds equivalent to the cash-out of compensable unused sick leave at retirement, tax free to a VEBA trust account on the employee's behalf.

Funds deposited into a VEBA-MEP account, as well as the earnings on the accounts, are not subject to federal income or social security taxes. During fiscal 2011 and fiscal 2010, \$34,133 and \$77,556, respectively, were contributed to VEBA accounts by the University on behalf of employees.

**12. NOTES PAYABLE**

The University finances certain land and equipment purchases through certificates of participation issued by the Washington State Treasurer. The University's debt service requirements for these agreements for the next five years and thereafter are as follows:

| <u>Fiscal Year</u>       | <u>Principal</u> | <u>Interest</u> |
|--------------------------|------------------|-----------------|
| 2012                     | 310,586          | 117,355         |
| 2013                     | 249,025          | 107,843         |
| 2014                     | 260,376          | 99,261          |
| 2015                     | 219,463          | 90,619          |
| 2016                     | 197,558          | 82,504          |
| 2017-2021                | 819,691          | 302,223         |
| 2022-2026                | 835,000          | 137,538         |
| 2027-2031                | 190,000          | 4,275           |
| Total                    | 3,081,699        | \$941,618       |
| Plus unamortized premium | 20,930           |                 |
| Total                    | 3,102,629        |                 |

**13. BONDS PAYABLE**

Bonds payable consist of revenue bonds issued by the University for Housing and Dining System facilities and the Wade King Student Recreation Center. Bonds outstanding are shown on the following page.

Housing and Dining Revenue Bonds

As specified in Master Resolution 97-09, the Housing and Dining System Revenue Fund is used to pay operating expenses, principal and interest, fund debt service reserve accounts required in subsequent series resolutions, pay the renewal and replacement fund and, if desired, retire debt in the open market. Net revenues are pledged to equal at least 125% of debt service. The System has funded a reserve account for debt service, and maintains a renewal and replacement fund equal to at least 5% of outstanding bonds.

The Housing and Dining System has the following outstanding bond issues:

Series 2009 A and B Revenue Bonds with interest rates ranging from 3.0% to 7.4% and an aggregate

face value of \$14,010,000 at June 30, 2011, which is reported net of the original issue premium of \$13,833.

Series 2006 Revenue Bonds with an interest rate of 4% and an aggregate face value of \$7,905,000 at June 30, 2011, which is reported net of the original issue premium of \$35,971.

Series 2005 Revenue and Refunding Bonds with interest rates ranging from 3.375% to 4.50% and an aggregate face value of \$11,485,000 at June 30, 2011, which is reported net of the unamortized original discount and loss on defeasance of \$874,820.

Series 2003 Revenue and Refunding Bonds with interest rates ranging from 3.30% to 4.65% and an aggregate face value of \$10,850,000 at June 30, 2011, which is reported net of the unamortized original issue discount and loss on defeasance of \$126,716.

Series 1998 Junior Lien Revenue and Refunding Bonds with interest rates ranging from 4.4% to 5.5% and an aggregate face value of \$11,605,000 at June

30, 2011, which is reported net of the unamortized original issue premium and loss on defeasance of \$281,743?

Wade King Student Recreation Center Revenue and Refunding Bonds

The Recreation Center issued the Revenue Bonds Series, 2002, in February 2002. The bonds bear interest at rates of 4% to 5% and have an aggregate face value of \$24,235,000 at June 30, 2011, which is reported net of the unamortized original issue discount and loss on defeasance of \$300,395.

Advance Refunding

The scheduled liabilities as of June 30, 2011 and 2010 do not include \$11,165,000 and 10,725,000

respectively, of Housing and Dining System revenue bonds which were advance refunded in October 1991 and May 2005.

In May 2004, the Wade King Student Recreation Center defeased \$945,000 of revenue bonds. The outstanding balances are \$790,000 and \$810,000 at June 30, 2011 and 2010, respectively. Government obligations in amounts, maturities and bearing interest rates sufficient to fund retirement of these bonds are held in irrevocable trusts. Neither the assets of the trusts, nor their outstanding obligations, are included in the accompanying balance sheets.

The debt service requirements for the revenue/refunding bonds for the next five years and thereafter are as follows:

| Fiscal Year                         | Housing and Dining Revenue and Refunding Bonds |                     | Student Recreation Center Revenue Bonds |                     |
|-------------------------------------|--|---------------------|---|---------------------|
|                                     | Principal                                      | Interest            | Principal                               | Interest            |
| 2012                                | 2,680,000                                      | 2,783,678           | 640,000                                 | 1,199,750           |
| 2013                                | 2,785,000                                      | 2,676,712           | 670,000                                 | 1,172,230           |
| 2014                                | 2,895,000                                      | 2,563,847           | 700,000                                 | 1,142,750           |
| 2015                                | 3,025,000                                      | 2,443,432           | 725,000                                 | 1,111,250           |
| 2016                                | 3,145,000                                      | 2,311,835           | 765,000                                 | 1,075,000           |
| 2017 -2021                          | 18,025,000                                     | 9,179,379           | 4,440,000                               | 4,761,000           |
| 2022-2026                           | 15,705,000                                     | 4,848,730           | 5,655,000                               | 3,536,250           |
| 2027 -2031                          | 4,405,000                                      | 2,158,550           | 7,225,000                               | 1,972,750           |
| 2032-2034                           | 3,190,000                                      | 479,520             | 3,415,000                               | 258,250             |
| <b>Total</b>                        | <b>\$55,855,000</b>                            | <b>\$29,445,683</b> | <b>24,235,000</b>                       | <b>\$16,229,230</b> |
| Unamortized premium/(discount)      | (33,067)                                       |                     | (249,902)                               |                     |
| Less unamortized loss on defeasance | 1,266,542                                      |                     | (50,493)                                |                     |
| <b>Total</b>                        | <b>\$54,621,525</b>                            |                     | <b>23,934,605</b>                       |                     |

**14. PLEDGED REVENUES**

The University has pledged certain revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The following is a schedule of the pledged revenues and related debt:

| Source of Revenue Pledged                              | Total Future Revenues Pledged * | Description of Debt   | Purpose of Debt   | Term of Commitment | Proportion of Debt Service to Pledged Revenues (current yr) |
|--|---------------------------------|---|---|--------------------|---|
| Housing and Dining revenues, net of operating expenses | \$85,300,683                    | Housing and Dining bonds issued in 1998, 2003, 2005, 2006, 2009 | Construction and renovation of student housing projects | 2034               | 84.8%   |
| Student Recreation Center gross revenues               | \$40,464,230                    | Student Recreation Center bonds issued in 2002                  | Construction of the Student Recreation Center           | 2033               | 42.6%   |

\* Total future principal and interest payments on debt

**15. LONG TERM LIABILITIES**

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

|                             | <u>6/30/2010</u>    | <u>Additions/<br/>Amortization</u> | <u>Retirements</u> | <u>6/30/2011</u>    | <u>Current Portion</u> |
|-----------------------------|---------------------|------------------------------------|--------------------|---------------------|------------------------|
| Bonds and notes payable     |                     |                                    |                    |                     |                        |
| Revenue and refunding bonds | \$81,581,307        | \$169,823                          | \$3,195,000        | \$78,556,130        | \$3,320,000            |
| Notes payable               | 2,924,499           | 465,038                            | 286,908            | 3,102,629           | 310,585                |
| Net pension obligation      | <u>2,954,864</u>    | <u>1,400,000</u>                   | <u>149,409</u>     | <u>4,205,455</u>    | <u>214,000</u>         |
| Total long term liabilities | <u>\$87,460,670</u> | <u>\$2,034,861</u>                 | <u>\$3,631,317</u> | <u>\$85,864,214</u> | <u>\$3,844,585</u>     |
|                             |                     |                                    |                    |                     |                        |
|                             | <u>6/30/2009</u>    | <u>Additions/<br/>Amortization</u> | <u>Retirements</u> | <u>6/30/2010</u>    | <u>Current Portion</u> |
| Bonds and notes payable     |                     |                                    |                    |                     |                        |
| Revenue and refunding bonds | \$84,210,207        | \$176,100                          | \$2,805,000        | \$81,581,307        | \$3,195,000            |
| Notes payable               | 3,038,959           | 150,000                            | 264,460            | 2,924,499           | 285,216                |
| Net pension obligation      | <u>2,031,738</u>    | <u>1,053,000</u>                   | <u>129,874</u>     | <u>2,954,864</u>    | <u>195,000</u>         |
| Total long term liabilities | <u>\$89,280,904</u> | <u>\$1,379,100</u>                 | <u>\$3,199,334</u> | <u>\$87,460,670</u> | <u>\$3,675,216</u>     |

**16. LEASES**

The University finances certain equipment through non-cancelable operating leases. At June 30, 2011, future payments under these operating leases are as follows:

| <u>Fiscal Year</u>           | <u>Lease Payment</u> |
|------------------------------|----------------------|
| 2012                         | \$ 845,249           |
| 2013                         | 467,727              |
| 2014                         | 362,538              |
| 2015                         | 335,316              |
| 2016                         | 136,507              |
| 2017-2027                    | <u>408,231</u>       |
| Total minimum lease payments | <u>\$ 2,555,568</u>  |

**17. DEFERRED COMPENSATION**

The University, through the State of Washington, offers its employees a Deferred Compensation Plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their

salary until future years. The State of Washington administers the plan on behalf of the University's employees; the University does not have legal access to the funds.

**18. OPERATING EXPENSES BY FUNCTIONAL CATEGORIES**

In the Statement of Revenues, Expenses and Changes in Net Assets, operating expenses are displayed by natural classifications which include salaries, employee benefits, goods and services, and other similar categories.

Operating expenses by functional classification for the years ended June 30, 2011 and 2010 are as follows:

|                                    | <u>2011</u>        | <u>2010</u>        |
|------------------------------------|--------------------|--------------------|
| <b>Operating Expenses</b>          |                    |                    |
| Instruction                        | 90,067,491         | 87,127,977         |
| Research                           | 4,861,733          | 5,066,585          |
| Academic Support                   | 10,925,646         | 11,295,613         |
| Student Services                   | 16,166,086         | 16,162,863         |
| Institutional Support              | 17,585,199         | 19,415,907         |
| Operation and Maintenance of Plant | 45,299,943         | 38,718,526         |
| Scholarships and other student aid | 17,805,709         | 17,544,179         |
| Auxiliary enterprise expenditures  | <u>41,518,151</u>  | <u>42,657,810</u>  |
| Total operating expenses           | <u>244,229,958</u> | <u>237,989,460</u> |

**19. PENSION PLANS**

The University offers four contributory pension plans: the Washington State Public Employees' Retirement System (PERS) plan, the Washington State Teachers Retirement System (TRS), and the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) and the Western Washington University Retirement Plan (WWURP).

The payroll for the University employees covered by PERS for the year ended June 30, 2011 and 2010 is \$33,254,220 and \$34,382,460; the payroll for employees covered by TRS is \$977,518 and \$1,096,647; the payroll covered by WWURP is \$72,672,927 and \$72,402,864; the payroll for LEOFF is \$768,010 and \$654,234, respectively.

Western Washington University Retirement Plan (WWURP)

*Plan Description*

The Western Washington University Retirement Plan (WWURP) is a defined contribution pension plan with a supplemental payment, when required. The

WWURP 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 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. The University matches the employee contributions. All required employer and employee contributions have been made.

The WWURP contributions for the years ending June 30, 2011, and 2010 are as follows:

|            | 2011        | 2010        |
|------------|-------------|-------------|
| Employee   | \$5,624,889 | \$5,598,912 |
| University | 5,612,217   | 5,595,963   |

Supplemental Component

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.

The University received an actuarial evaluation of the supplemental component of the WWURP during fiscal 2011. The previous evaluation was performed in 2009. The Unfunded Actuarial Accrued Liability (UAL) calculated as of June 30, 2011 and 2009 was

\$10,035,000 and \$7,287,000, respectively, and is amortized over a 13 year period.

The Annual Required Contribution (ARC) of \$1,400,000 consists of amortization of the UAL (\$810,000), normal cost (or current cost) (\$561,000) and interest. The UAL and ARC were established using the entry age normal cost method.

The actuarial assumptions included an investment rate of return of 6% to 8% and projected salary increases ranging from 2% to 4%. Approximately \$72,672,927 and \$72,402,684 of the University's payroll were covered under this plan during fiscal 2011 and fiscal 2010, respectively.

The following table reflects the activity in the Net Pension Obligation for the year ended June 30, 2011:

|                                   |                    |
|-----------------------------------|--------------------|
| Balance as of June 30, 2009       | \$2,031,738        |
| Annual Required Contribution FY10 | 1,053,000          |
| Payments to Beneficiaries FY10    | <u>(129,874)</u>   |
| Balance as of June 30, 2010       | 2,954,864          |
| Annual Required Contribution FY11 | 1,400,000          |
| Payments to Beneficiaries FY11    | <u>(149,409)</u>   |
| Balance as of June 30, 2011       | <u>\$4,205,455</u> |

PERS, TRS and LEOFF

*Plan Description*

The University contributes to PERS, TRS and LEOFF cost sharing multiple-employer defined benefit pension plans 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 eligible 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 eligible service.

TRS I provides retirement and disability benefits, a lump sum death benefit, and minimum benefits increases beginning at age 65 to certain eligible faculty hired prior to October 1, 1977. TRS II and III provide retirement benefits, and cost-of-living allowance to certain eligible faculty hired on or after October 1, 1977.

In addition TRS III has a defined contribution component which is fully funded by employee contributions. Defined benefit plan benefits are vested after an employee completes five years of eligible service.

LEOFF II provides retirement benefits and a cost of living allowance for eligible law enforcement officers. LEOFF System benefits are vested after an employee completes five years of eligible service.

The Washington State Legislature establishes or amends benefit provisions for PERS, TRS, and LEOFF. Additional information concerning plan descriptions and benefit provisions is included in a Comprehensive Annual Financial Report publicly available from the Washington System Department of Retirement System, P.O. Box 48380, Olympia, WA, 98504.

*Funding Policy*

Each biennium, the Office of the State Actuary, using funding methods prescribed by statute, determines actuarially required employee and/or employer contribution rates for PERS, TRS, and LEOFF plans, except where employee contribution rates are set by statute. All employers are required to contribute at the level established by State la

The required contribution rates expressed as a percentage of current year covered payroll at June 30, 2011 follow:

|          | <u>Employee</u> | <u>University</u> |
|----------|-----------------|-------------------|
| PERS     |                 |                   |
| Plan I   | 6.00%           | 5.31%             |
| Plan II  | 3.90%           | 5.31%             |
| Plan III | 5% - 15%        | 5.31%             |
| TRS      |                 |                   |
| Plan I   | 6.00%           | 6.14%             |
| Plan II  | 3.36%           | 6.14%             |
| Plan III | 5% - 15%        | 6.14%             |
| LEOFF    |                 |                   |
| Plan II  | 8.46%           | 5.24%             |

The required contributions for the years ending June 30, 2011 and 2010 are as follows:

|            | <u>2011</u> | <u>2010</u> |
|------------|-------------|-------------|
| PERS       |             |             |
| Employee   | \$1,466,592 | \$1,518,542 |
| University | 1,738,991   | 1,794,471   |
| TRS        |             |             |
| Employee   | 28,122      | 32,253      |
| University | 26,711      | 32,890      |
| LEOFF      |             |             |
| Employee   | 65,066      | 55,337      |
| University | 66,202      | 56,384      |

All required employer and employee contributions have been made.

**20. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Health care and life insurance programs for employees of the State of Washington are administered by the Washington State Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the State-wide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employees.

State of Washington retirees may elect coverage through state health and life insurance plans, for

which they pay less than the full cost of the benefits, based on their age and other demographic factors.

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit subsidy"). For fiscal 2011, this amount was \$183 per retiree eligible for parts A and B of Medicare, per month. This is also passed through to State agencies via active employees rates charged to the agency.

There is no formal State or University plan that underlies the subsidy of retiree health and life insurance. An actuarial study performed by the

Washington Office of the State Actuary calculated the total OPEB obligation of the State of Washington at July 1, 2011.

The Actuary calculated the OPEB obligation based on individual state employee data, including age, retirement eligibility, and length of service. The probability of an employee of a given age and length of service retiring and receiving OPEB benefits is based on statewide historical data. Since sufficient

specific employee data and other actuarial data are not available at levels below the statewide level, such amounts have not been determined nor recorded in the University's financial statements.

The University was billed and paid approximately \$18.7 million for active and retiree health care expenses during fiscal 2011 and \$16.6 million in fiscal 2010.

**21. RISK MANAGEMENT**

The University participates in a State of Washington risk management self-insurance program. Premiums to the State are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. The University self-insures unemployment compensation for all employees.

In addition, sufficient insurance coverage for property casualty loss on the residence halls and the Wade King Student Recreation Center is maintained in accordance with the Housing and Dining System and Wade King Student Recreation Center Master Bond Resolutions.

The University has been named in several lawsuits. While the final outcome of the lawsuits cannot be predicted with certainty, it is the University's opinion that the ultimate liability will not materially affect the financial statements.

The University participates in the State insurance program and is indemnified and will be reimbursed by the State for any claims paid related to these lawsuits.

**22. COMMITMENTS**

Goods and services for operating and capital projects, contracted for but not yet received, are considered commitments at year end. The amount of these commitments at June 30, 2011 and 2010 are:

|                   | <u>2011</u>         | <u>2010</u>         |
|-------------------|---------------------|---------------------|
| Operating         | \$4,589,201         | \$4,599,505         |
| Research          | 785,125             | 359,320             |
| Capital projects  | <u>14,398,499</u>   | <u>33,577,523</u>   |
| Total commitments | <u>\$19,772,825</u> | <u>\$38,536,348</u> |

**23. JOINT VENTURE**

In fiscal 2010, the University participated in the formation of a not-for-profit corporation titled Western Crossing Development Corporation (WCDC). WCDC was formally incorporated pursuant to the articles of incorporation dated October 7, 2009 and is a 501(c) (3) corporation under the Internal Revenue code of 1986, amended. The five member Board of Directors includes a member of the University Board of Trustees

appointed by the University Board of Trustees, the President of the University, a member of the Commission of the Port of Bellingham appointed by the Commission of the Port, the Executive Director of the Port of Bellingham, and a fifth board member who was appointed by a majority vote of the other four board members who are not affiliated with either entity. The board of directors may in the future allow other Washington governments or



educational institutions to become members under such terms and conditions as they determine. The purpose of the joint venture is to help facilitate the timely development of new facilities on the Bellingham waterfront. This investment is not reflected on the University's Statement of Net Assets.



*HOUSING AND DINING SYSTEM*

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***HOUSING AND DINING SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

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

The following discussion and analysis provides an overview of the financial position and activities of Western Washington University's Housing and Dining System (the System) for the years ended June 30, 2011, 2010 and 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

**Presentation of the Financial Statements**

The statements are formatted following the guidelines of the Governmental Accounting Standards Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. The System's financial statements have been prepared using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

**Statements of Net Assets**

The Statements of Net Assets present the financial condition of the System at the end of the fiscal years and report all assets and liabilities of the System.

The amounts in these statements represent the physical assets used to provide the housing, meal, and student activity programs, as well as assets available to continue the operations of the System, also identifying commitments to vendors and bond holders. The difference between total assets and total liabilities, net assets, is one indicator of the current financial condition of the System.

Below is a condensed view of the Statements of Net Assets as of June 30, 2011, 2010 and 2009:

*(Dollars in Thousands)*

|   | <u>2011</u>            | <u>2010</u>            | <u>2009</u>            |
|---|------------------------|------------------------|------------------------|
| Assets  |                        |                        |                        |
| Current Assets                                  | \$9,986                | \$12,231               | \$12,231               |
| Noncurrent assets                               | 10,091                 | 9,429                  | 9,429                  |
| Capital assets, net                             | 88,003                 | 84,070                 | 84,070                 |
| Total assets                                    | <u>108,080</u>         | <u>105,730</u>         | <u>105,730</u>         |
| Liabilities                                     |                        |                        |                        |
| Current liabilities                             | 7,627                  | 7,966                  | 6,319                  |
| Noncurrent liabilities                          | 51,942                 | 54,474                 | 56,901                 |
| Total liabilities                               | <u>59,569</u>          | <u>62,440</u>          | <u>63,220</u>          |
| Net Assets                                      |                        |                        |                        |
| Invested in capital assets, net of related debt | 35,437                 | 33,060                 | 30,928                 |
| Restricted, expendable                          | 3,184                  | 3,118                  | 3,033                  |
| Unrestricted                                    | 9,890                  | 7,111                  | 5,957                  |
| Total net assets                                | <u><u>\$48,511</u></u> | <u><u>\$43,290</u></u> | <u><u>\$39,918</u></u> |

Current assets decreased \$2,245,424 (-18.4%) in fiscal 2011 when compared to fiscal 2010 due to planned use of cash for renovations. Current assets increased \$2,641,970 (27.6%) in fiscal 2010 from fiscal 2009 primarily influenced by the reallocation of cash and cash equivalents based on the investment mix of the University. Additional funds were held in cash and cash equivalents due to low interest rates. Total assets increased \$2,350,252 (2.2%) in fiscal 2011 when compared to fiscal 2010 due to additions in construction in progress.

## *HOUSING AND DINING SYSTEM*

### *MANAGEMENT'S DISCUSSION AND ANALYSIS*

*June 30, 2011 and 2010*

Total assets increased \$2,591,263 (2.5%) from fiscal 2009 influenced by the expenditure of bond proceeds and the addition of capital assets.

Noncurrent assets, excluding capital assets, increased \$662,851 (7.0%) when comparing fiscal 2011 to fiscal 2010 primarily due to the spending of restricted bond proceeds on the Buchanan Towers remodel offset by an increase in unrestricted long term investments. Noncurrent assets, excluding capital assets, decreased \$8,379,129 (-47.1%) over fiscal 2009 due to the spending of bond proceeds on the Buchanan Towers remodel and the investing of more funds in cash and cash equivalents.

Capital assets increased \$3,932,825 (4.7%) in fiscal 2011 compared to fiscal 2010 due to completed renovations and additional construction in progress. Capital assets increased \$8,328,422 (11.0%) between fiscal 2010 and fiscal 2009 primarily due to completed buildings and additional construction in progress.

Major projects completed during fiscal 2011 include the fire sprinkler installation in Buchanan Towers, and the enhancement of the System's network switches and the campus safety voice system. Major projects completed during fiscal 2010 include fire sprinkler installation (Phase 2) in the Fairhaven residential complex, the commencement of the Buchanan Towers sprinkler addition and the renovation of three retail dining venues.

Current liabilities decreased \$338,265 (-4.2%) in fiscal 2011 when compared to fiscal 2010 primarily due to the payment of contractor invoices and a reduction in deferred revenue related to the dining contract. Current liabilities increased by \$1,646,462 (26.1%) in fiscal 2010 primarily due to the receipt of contractor invoices for capital projects that were accrued at June 30, 2010. Long-term liabilities decreased \$2,532,505 (-4.6%) in fiscal 2011 and \$2,426,701 (-4.3%) in fiscal 2010 due to scheduled principle payments on outstanding debt.

Total net assets increased \$5,221,022 (12.1%) when comparing fiscal 2011 to fiscal 2010 due to increased net operating revenue from strong housing occupancy and continued operating cost reductions. Total fiscal 2010 net assets increased \$3,371,502 (8.4%) when compared to fiscal 2009. This is a direct result of unrestricted net assets increasing \$1,153,863 (19.4%). This increase is largely due to a reduction in operating expenses offset by an increase in non-operating expenses related to interest payments on the June 2009 bond issue. Invested in capital assets, net of related debt increased by \$2,376,644 (7.2%) in fiscal 2011 primarily due to the capitalization of renovation and fire sprinkler expenses related to the Buchanan Towers residence facility. Invested in capital assets, net of related debt increased by \$2,132,405 (6.9%) in fiscal 2010 due to the capitalization of renovation expenses related to the Buchanan Towers residence facility, reduced by principal payments on outstanding bond issues and the spending of the June 2009 bond proceeds.

#### **Statements of Revenues, Expenses and Changes in Net Assets**

The changes in total net assets, as presented on the Statements of Net Assets, are detailed in the activity presented in the Statements of Revenues, Expenses and Changes in Net Assets. The statements present the System's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating or nonoperating.

In general, operating revenues are those received for providing housing, dining and related services to the customers of the System, the majority of which consists of room and board services to students. Operating expenses are those expenses paid to provide the services and resources to the students in return for the operating revenues.

Nonoperating revenues are monies received for which goods and services are not provided, such as investment income. Nonoperating expenses include interest expense on outstanding debt and amortization of bond costs.

## *HOUSING AND DINING SYSTEM*

### *MANAGEMENT'S DISCUSSION AND ANALYSIS*

*June 30, 2011 and 2010*

Following is a condensed view of the Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2011, 2010 and 2009:

*(Dollars in thousands)*

|                               | <u>2011</u>     | <u>2010</u>     | <u>2009</u>     |
|-------------------------------|-----------------|-----------------|-----------------|
| Operating Revenues            | \$35,583        | \$33,535        | \$33,864        |
| Operating Expenses            | <u>(27,889)</u> | <u>(27,630)</u> | <u>(29,356)</u> |
| Income from operations        | 7,694           | 5,905           | 4,508           |
| Nonoperating Revenues         | 455             | 478             | 407             |
| Nonoperating Expenses         | <u>(2,928)</u>  | <u>(3,011)</u>  | <u>(2,301)</u>  |
| Increase in Net Assets        | 5,221           | 3,372           | 2,614           |
| Net Assets, Beginning of year | <u>43,290</u>   | <u>39,918</u>   | <u>37,748</u>   |
| Net Assets, End of year       | <u>\$48,511</u> | <u>\$43,290</u> | <u>\$39,918</u> |

Total operating revenue increased for fiscal 2011 primarily influenced by an increase to the room and board rate for fiscal 2011 and improved occupant retention.

The System's largest revenue source is room rent and food services totaling \$30,572,528 (85.9%) of the System's operating revenue in fiscal 2011, compared to \$28,573,696 (85.2%) in fiscal 2010 and \$28,606,445 (84.5%) in fiscal 2009.

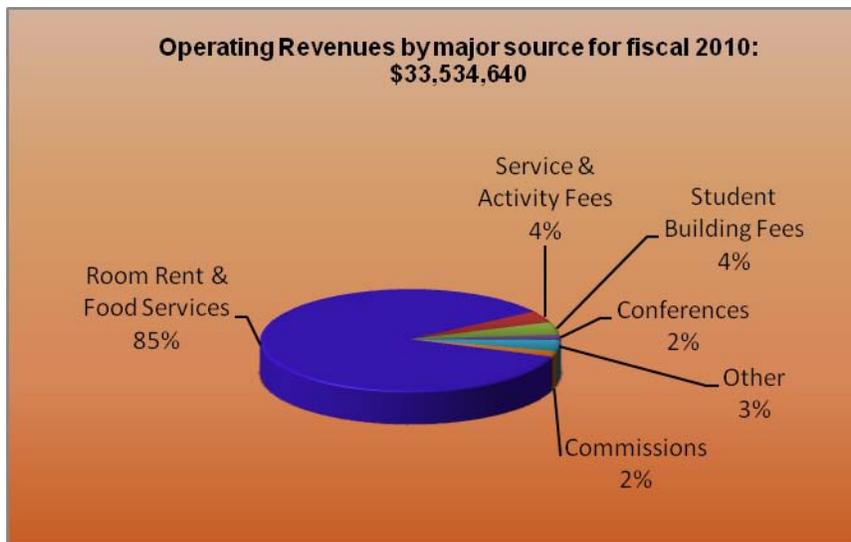
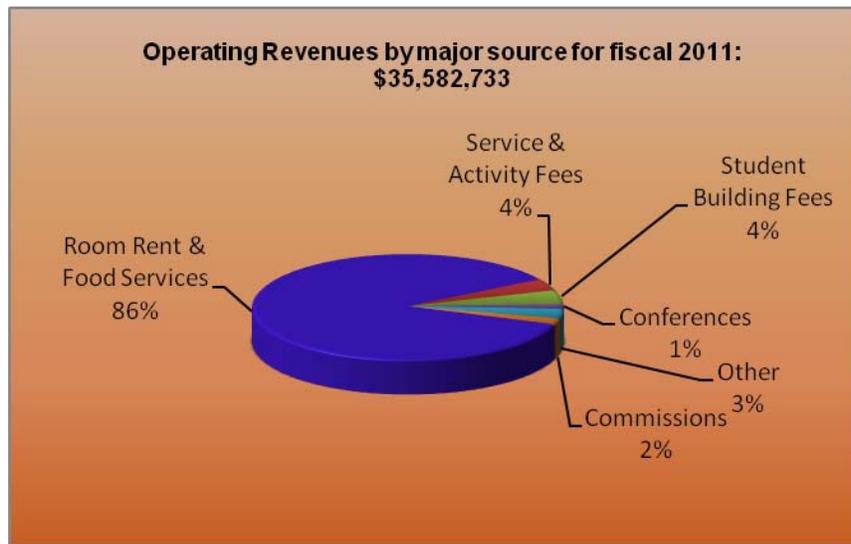
Room and food service revenues increased \$1,998,832 (7.0%) in fiscal 2011 when compared to fiscal 2010 due to the combination of a 4.25% rate increase and increased occupant retention. The \$32,749 (-0.1%) decrease between fiscal 2010 and fiscal 2009 is due to the change in the revenue and expense recordings by the System for food service provided by Sodexo. The fiscal 2010 room and board rental rate increased 4.75% over fiscal 2009.

During fiscal 2011, Student building fee revenue increased \$166,848 (12.2%) primarily due to an increase in this fee. Conference revenue decreased \$33,004 (-6.0%) due to fewer conference guests housed and commission revenue increased \$31,393 (5.2%) due to increases in dining and beverage commissions.

Average annual residence hall occupancy increased 2.3% in fiscal 2011 from fiscal 2010 due to higher opening occupancy and between-quarter retention. Average annual residence hall occupancy decreased 2.8% between fiscal 2010 and fiscal 2009 due to lower opening occupancy related to changes in the University's enrollment. Birnam Wood and leased apartment occupancy decreased slightly (-0.77%) in fiscal 2011 from fiscal 2010 and decreased 2.2% between fiscal 2010 and fiscal 2009.

***HOUSING AND DINING SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*



Overall operating expenses were up \$258,694 (0.9%) when comparing fiscal 2011 to fiscal 2010 primarily due to increases in depreciation and cost of food services offset by decreases in noncapitalizable renewals and replacements and repairs and maintenance expenses. Overall operating expenses were down \$1,725,746 (-5.9%) in fiscal 2010 compared with fiscal 2009, due to the change in how food service revenues were recorded by the System and expenses were charged by Sodexho as well as significantly lower expenses in utilities and non-capitalizable renewals and replacements.

Cost of food services increased \$338,722 (3.3%) when comparing fiscal 2011 to fiscal 2010 primarily due to an increase in voluntary meal plan sales and the increased retention of occupants. Cost of food services decreased \$931,610 (-8.4%) in fiscal 2010 from fiscal 2009. The decrease in fiscal 2010 is primarily due to a change in how discretionary dining dollars (“Munch Money”) purchases and conference food plans were managed. Beginning in fiscal 2010, Munch Money purchases were moved from the University to the dining contractor. Conference food plans were booked directly to the coordinating department instead of flowing first through

## *HOUSING AND DINING SYSTEM*

### *MANAGEMENT'S DISCUSSION AND ANALYSIS*

*June 30, 2011 and 2010*

University Residences. Both changes were made to improve efficiencies and reduce costs. There was an average increase in meal plans sold of 124 or 3.5% over fiscal 2009 primarily due to the creation of a new “commuter” meal plan. Meal plan rates increased an average 2% over fiscal 2009.

Salaries and benefits decreased \$27,265 (-0.5%) in fiscal 2011 when compared to fiscal 2010 due to planned staffing decisions. Salaries and benefits decreased \$36,371 (-0.6%) in fiscal 2010 from fiscal 2009 primarily due to planned staffing reductions in the custodial and residence life units. There were no state wage increases in fiscal 2011 or in fiscal 2010.

Utilities expense decreased \$34,881 (-1.4%) in fiscal 2011 when compared to fiscal 2010 influenced primarily by continued reductions in natural gas expenditures. Utilities expense decreased \$364,719 (-13.0%) in fiscal 2010 from fiscal 2009. The largest portion of the decrease in fiscal 2010 was due to the strategic purchase of natural gas.

Repairs and maintenance expense decreased \$247,237 (-11.6%) in fiscal 2011 when compared to fiscal 2010 as efficiencies were gained in assigning work and in managing the preventative maintenance program. There were no major unanticipated incidents in fiscal 2011. Repairs and maintenance expense increased \$22,954 (1.1%) in fiscal 2010 over fiscal 2009.

Depreciation expense increased \$467,187 (16.2%) when comparing fiscal 2011 to fiscal 2010 due to the addition of completed buildings and projects. Depreciation expense increased \$41,407 (1.5%) over fiscal 2009 due to the addition of completed buildings and projects.

Nonoperating expenses decreased \$82,904 (-2.8%) when comparing fiscal 2011 to fiscal 2010 due to reduced bond interest expense. Nonoperating expenses increased \$709,673 (30.8%) in fiscal 2010 when compared to fiscal 2009 as bond amortization and interest expense increased from the issuance of bonds in late June 2009 for the Buchanan Towers addition.

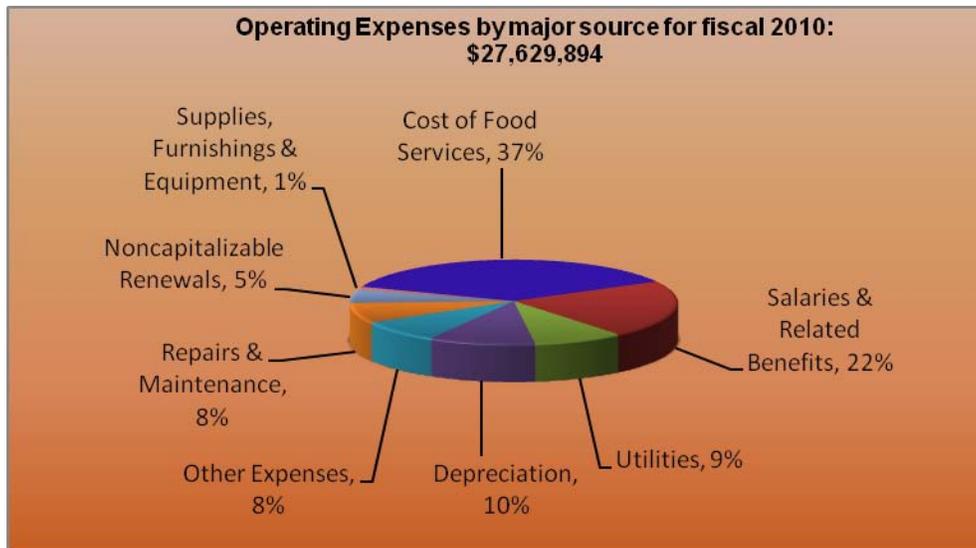
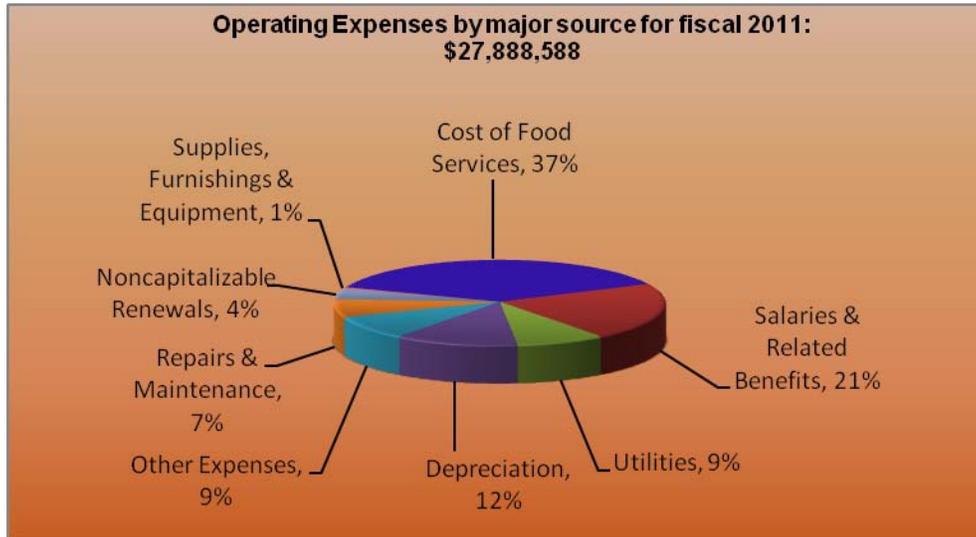
Nonoperating revenue decreased \$22,783 (-4.8%) when comparing fiscal 2011 to fiscal 2010 due to reduced investment income. Nonoperating revenue increased \$70,591 (17.3%) during fiscal 2010 as the result of interest subsidies of \$239,815 received from the Build America Bonds that were issued in fiscal 2009 combined with a \$169,224 (-41.6%) decrease in investment income.

Other expenses decreased \$44,539 (-6.0%) when comparing fiscal 2011 to fiscal 2010 due to a slight reduction in total rent paid for leased apartments and continued operating cost reductions. Other expenses decreased \$111,704 (-13.1%) between fiscal 2010 and fiscal 2009. The decrease in fiscal 2010 can be attributed to the System no longer leasing the Viking Gardens apartments, a decrease in printing with a shift to less expensive formats, a decrease in laundry expense as these services were brought in-house from a 3<sup>rd</sup> party, and a reduction in travel due to State travel restrictions.

The University’s administrative services assessment fee (included in Institutional services) increased \$229,546 (32.7%) in fiscal 2011 compared to an increase of \$124,484 (21.5%) between fiscal 2010 and fiscal 2009. The rate charged against the System revenues (less food service contract) was 4.0% in fiscal 2011, 3.25% in fiscal 2010, and 2.75% in fiscal 2009.

***HOUSING AND DINING SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*



**Economic Factors and Significant Events**

The University's fiscal 2011 enrollment continued a trend of gradual growth, with Fall quarter total university enrollment headcount of 14,095 increasing 2.24% over Fall fiscal 2010 which was 0.06% over Fall fiscal 2009. Management plans to address housing demand independent of enrollment through room capacity practices. With the addition of 104 beds in the new Buchanan Towers residence hall beginning Fall 2011, the lease for 79 off campus beds was terminated.

The revised 10-year capital plan for the System was approved by the University's Board of Trustees in December 2010 and is on track for renovations such as fire sprinkler installation, seismic upgrades, and general upgrades for residential and dining facilities. The new 10-year dining contract signed in June 2011 includes a commitment to provide \$7.3 million to renovate dining platforms by Aramark Educational Services, the successful bidder.

*HOUSING AND DINING SYSTEM*

*MANAGEMENT'S DISCUSSION AND ANALYSIS*

*June 30, 2011 and 2010*

The Board of Trustees approved a set of housing and dining principles in 1993 (updated in 2005) to guide the System's financial planning. The six principles address (i) Revenue Fund levels, (ii) Renewal and Replacement Fund levels, (iii) Major maintenance expenditures, (iv) Capital planning efforts, (v) Debt Service Coverage Ratio, and (vi) Occupancy. The System exceeded the minimum requirements established within these principles. The Board periodically reviews the principles to ensure ongoing compliance.

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**Washington State Auditor  
Brian Sonntag**

November 8, 2011

Board of Trustees  
Western Washington University  
Bellingham, Washington

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Western Washington University Housing and Dining System are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the University that is attributable to the transactions of the Housing and Dining System. They do not purport to, and do not, present fairly the financial position of Western Washington University as of June 30, 2011, the changes in its financial position or its cash flows for the year then

## INDEPENDENT AUDITOR'S REPORT

ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis on pages 3 through 9, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying information identified in the table of contents as the Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

***HOUSING AND DINING SYSTEM  
STATEMENTS OF NET ASSETS***

*June 30, 2011 and 2010*

| <b>Assets</b>  | <b>2011</b>         | <b>2010</b>         |
|--|---------------------|---------------------|
| Current assets   |                     |                     |
| Cash and cash equivalents (Note 2)   | \$6,677,551         | \$8,757,646         |
| Investments (Note 2)   | 2,983,587           | 3,088,835           |
| Accounts receivable, net of allowance of \$25,790<br>and \$27,110 in 2011 and 2010, respectively | 106,888             | 155,006             |
| Interest receivable  | 36,878              | 131,333             |
| Other receivables  | 179,334             | 95,035              |
| Inventory  | 1,558               | 3,365               |
| Total current assets   | <u>9,985,796</u>    | <u>12,231,220</u>   |
| Noncurrent assets  |                     |                     |
| Restricted cash and cash equivalents (Note 2)  | 2,055,907           | 6,044,593           |
| Restricted investments (Note 2)  | 2,977,258           | 2,812,169           |
| Investments (Note 2)   | 4,546,418           | -                   |
| Capital assets, net (Note 3)   | 88,002,525          | 84,069,700          |
| Other assets (Note 1)  | 511,880             | 571,850             |
| Total noncurrent assets  | <u>98,093,988</u>   | <u>93,498,312</u>   |
| Total assets   | <u>108,079,784</u>  | <u>105,729,532</u>  |
| <br><b>Liabilities</b>   |                     |                     |
| Current liabilities  |                     |                     |
| Accounts payable   | 1,861,023           | 2,064,098           |
| Accrued expenses   | 568,656             | 562,349             |
| Residents' housing deposits  | 1,276,200           | 1,236,930           |
| Deferred revenue   | 617,013             | 876,026             |
| Bonds interest payable   | 624,504             | 646,258             |
| Current portion of bonds payable (Note 4)  | 2,680,000           | 2,580,000           |
| Total current liabilities  | <u>7,627,396</u>    | <u>7,965,661</u>    |
| <br>Bonds payable, less current portion (Note 4)   | <u>51,941,525</u>   | <u>54,474,030</u>   |
| Total liabilities  | <u>59,568,921</u>   | <u>62,439,691</u>   |
| <br><b>Net Assets</b>  |                     |                     |
| Invested in capital assets, net of related debt  | 35,436,907          | 33,060,263          |
| Restricted, expendable   | 3,184,240           | 3,117,984           |
| Unrestricted   | 9,889,716           | 7,111,594           |
| Total net assets   | <u>\$48,510,863</u> | <u>\$43,289,841</u> |

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

|  | <b>2011</b>         | <b>2010</b>         |
|--|---------------------|---------------------|
| <b>Operating Revenues</b>                  |                     |                     |
| Room rent and food services                | \$30,572,528        | \$28,573,696        |
| Service and activity fees                  | 1,288,148           | 1,264,473           |
| Student building fees                      | 1,531,024           | 1,364,176           |
| Conferences                                | 515,250             | 548,254             |
| Viking Union income                        | 152,185             | 156,103             |
| Contribution for dining services           | 300,000             | 300,000             |
| Rent                                       | 140,504             | 135,166             |
| Commissions                                | 633,289             | 601,896             |
| Fees, penalties, and other income          | 449,805             | 590,876             |
| Total operating revenue                    | <u>35,582,733</u>   | <u>33,534,640</u>   |
| <b>Operating Expenses</b>                  |                     |                     |
| Cost of food services                      | 10,472,437          | 10,133,715          |
| Salaries and related benefits              | 6,009,581           | 6,036,846           |
| Utilities                                  | 2,412,212           | 2,447,093           |
| Repairs and maintenance                    | 1,884,728           | 2,131,965           |
| Communications                             | 249,359             | 299,512             |
| Insurance                                  | 407,008             | 437,089             |
| Supplies                                   | 228,968             | 247,745             |
| Furniture and equipment                    | 22,823              | 133,560             |
| Institutional services                     | 1,139,493           | 804,073             |
| Depreciation                               | 3,346,986           | 2,879,799           |
| Noncapitalizable renewals and replacements | 1,019,956           | 1,338,921           |
| Other                                      | 695,037             | 739,576             |
| Total operating expenses                   | <u>27,888,588</u>   | <u>27,629,894</u>   |
| Income from operations                     | <u>7,694,145</u>    | <u>5,904,746</u>    |
| <b>Nonoperating Revenues (Expenses)</b>    |                     |                     |
| Investment income                          | 136,511             | 238,053             |
| Build America Bonds interest subsidy       | 318,574             | 239,815             |
| Interest expense                           | (2,720,742)         | (2,788,212)         |
| Amortization of bond discounts and costs   | (207,466)           | (222,900)           |
| Total nonoperating revenues (expenses)     | <u>(2,473,123)</u>  | <u>(2,533,244)</u>  |
| Increase in net assets                     | <u>5,221,022</u>    | <u>3,371,502</u>    |
| <b>Net Assets, Beginning of Year</b>       | <u>43,289,841</u>   | <u>39,918,339</u>   |
| <b>Net Assets, End of Year</b>             | <u>\$48,510,863</u> | <u>\$43,289,841</u> |

***HOUSING AND DINING SYSTEM  
STATEMENTS OF CASH FLOWS***

*June 30, 2011 and 2010*

|  | <u>2011</u>                | <u>2010</u>                |
|--|----------------------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>  |                            |                            |
| Cash received from students and other customers  | \$35,326,809               | \$33,219,073               |
| Cash paid to employees   | (6,003,274)                | (6,059,101)                |
| Cash paid to suppliers   | <u>(17,882,567)</u>        | <u>(18,851,907)</u>        |
| Net cash flows provided by operating activities  | 11,440,968                 | 8,308,065                  |
| <b>Cash Flows from Capital and Related Financing Activities</b>                        |                            |                            |
| Payment of long-term debt  | (2,580,000)                | (2,220,000)                |
| Interest payments  | (2,742,496)                | (2,567,721)                |
| Build Amerca Bonds interest subsidy  | 318,574                    | 239,815                    |
| Purchase of capital assets   | <u>(8,130,535)</u>         | <u>(9,762,940)</u>         |
| Net cash flows (used in) by capital and related financing activities                   | (13,134,457)               | (14,310,846)               |
| <b>Cash Flows from Investing Activities</b>  |                            |                            |
| Investment income received   | 230,966                    | 183,311                    |
| Net (loss) proceeds of restricted investments  | (165,089)                  | (32,027)                   |
| Receipt of payment on note receivable  | -                          | 15,011                     |
| Sales of investments in internal pool  | <u>(4,441,169)</u>         | <u>1,402,845</u>           |
| Net cash flows (used in) provided by investing activities                              | <u>(4,375,292)</u>         | <u>1,569,140</u>           |
| <br>Net change in cash and cash equivalents  | <br>(6,068,781)            | <br>(4,433,641)            |
| Cash and Cash Equivalents, Beginning of Year   | <u>14,802,239</u>          | <u>19,235,880</u>          |
| Cash and Cash Equivalents, End of Year   | <u><u>\$8,733,458</u></u>  | <u><u>\$14,802,239</u></u> |
| <b>Reconciliation of Operating Income to Net Cash Provided to Operating Activities</b> |                            |                            |
| Operating income   | 7,694,145                  | 5,904,746                  |
| Adjustments to reconcile operating income to net cash flows from operating activities  |                            |                            |
| Depreciation   | 3,346,986                  | 2,879,799                  |
| Loss on disposal of fixed asset  | 3,139                      | -                          |
| Change in operating assets and liabilities   |                            |                            |
| Accounts receivable  | 48,118                     | (25,169)                   |
| Other receivables  | (84,299)                   | (71,507)                   |
| Inventory  | 1,807                      | (494)                      |
| Accounts payable   | 644,508                    | (138,164)                  |
| Accrued salaries and benefits  | 6,307                      | (22,255)                   |
| Residents' housing deposits  | 39,270                     | (19,103)                   |
| Deferred revenue   | <u>(259,013)</u>           | <u>(199,788)</u>           |
| Cash flows from operating activities   | <u><u>\$11,440,968</u></u> | <u><u>\$8,308,065</u></u>  |
| <b>Supplemental Disclosure of Noncash Capital and Related Financing Activities</b>     |                            |                            |
| Change in capital asset additions included in accounts payable                         | <u><u>(\$847,585)</u></u>  | <u><u>\$1,445,281</u></u>  |

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***HOUSING AND DINING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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

**Organization**

Western Washington University Housing and Dining System (the System) is a self-supporting, auxiliary enterprise of Western Washington University (the University). The System operates residence halls and dining commons, an apartment complex, the Commissary/Warehouse, the Viking Union Complex and Lakewood Recreational Facility. These operations are located on or near the University campus.

**Financial Statement Presentation**

The financial statements are presented in accordance with generally accepted accounting principles (GAAP) and follow guidance given by the Governmental Accounting Standards Board (GASB). These statements are special purpose reports reflecting the net assets, results of operations, and cash flows of the System. The financial statements present only a selected portion of the activities of the University. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net assets of the University.

**Basis of Accounting**

The System's financial statements have been 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. The System has elected not to apply any FASB pronouncements issued after November 30, 1989.

**Cash, Cash Equivalents, and Investments**

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

**Accounts Receivable**

Receivables are primarily from students of the University and are unsecured. The System considers all accounts past due when they remain unpaid after their due dates. An allowance based on historical collection rates is established for recognizing potential bad debts. When an account is deemed uncollectible, it is written off against the allowance.

**Inventory**

Inventory is stated at the lower of cost (first-in, first-out method) or market.

**Capital Assets**

The capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. The basis of valuation for assets purchased or constructed is cost. The costs of normal maintenance and repairs that do not increase the value of the assets or materially extend asset lives are charged to operating expense in the year the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 40 years for buildings and building improvements, 20 to 25 years for infrastructure and other improvements, and 5 to 7 years for furniture, fixtures, and equipment.

*HOUSING AND DINING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS*

*June 30, 2011 and 2010*

Interest is capitalized on assets acquired or constructed with tax-exempt financing. The amount of interest to be capitalized is calculated by offsetting interest expense incurred while activities necessary to get the asset ready for its intended use are in progress over the same period. Interest of \$142,677 and \$176,208 was capitalized during fiscal 2011 and 2010, respectively.

Deferred Revenue

Summer quarter, which is the first quarter of the University's fiscal year, begins shortly before June 30. Room and board charges related to fiscal year 2011 are deferred until the following fiscal year. Deferred revenue also includes \$300,000 and \$600,000 for 2011 and 2010, respectively, in funds received from Sodexo that are being amortized on a straight-line basis over ten years.

Net Assets

The System's net assets are classified as follows:

- *Invested in Capital Assets, Net of Related Debt* - Represents the System's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- *Restricted, Expendable* - Restricted net assets represent resources restricted by bond covenants for system renewals and replacements.
- *Unrestricted Net Assets* - Unrestricted net assets represent resources derived from operations and investing activities. The System has internally designated \$6,474,228 and \$4,934,530 of this balance at June 30, 2011 and 2010, respectively, for funding the acquisition of future capital assets and the renovation of current capital assets.

Classification of Revenues and Expenses

The System has classified its revenue and expenses as either operating or nonoperating according to the following criteria:

Operating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as sales and services.

Operating expenses. Operating expenses are those incurred in daily operations such as salaries and wages, benefits, utilities and supplies.

Nonoperating revenues. Nonoperating revenues include activities that have the characteristics of non-exchange transactions such as investment income.

Nonoperating expenses. Non operating expenses include costs related to financing or investing activities such as interest on indebtedness and amortization of bond costs.

Bond Premiums/Discounts and Issuance Costs

Bond premiums/discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest method. The remaining balances of bond premiums/discounts are presented in the Statement of Net Assets net of the face amount of bonds payable. Bond issuance costs are shown as other assets on the Statement of Net Assets.

***HOUSING AND DINING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

Administrative Assessment

The University provides support to the System through cash management, accounting, purchasing and accounts payable services, risk management, and other support services. The effects of these transactions are included as other expenses in these financial statements. The amount paid was \$932,317 and \$702,771 for the years ending June 30, 2011 and 2010, respectively.

Tax Exemptions

The University, and the System as an auxiliary enterprise, is a tax-exempt instrumentality of the State of Washington under the provisions of Section 115(a) of the Internal Revenue Code and are 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Interest Rate and Credit Risk

The University investment pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP) and U.S. Treasury and Agency securities. The LGIP is considered a cash equivalent. The University's pooled investment with the LGIP is invested in high-quality, short-term investments. Investments in the LGIP are restricted to securities that mature in 397 days or less, and the portfolio maintains a weighted average maturity of 90 days or less. The System's restricted investments of \$2,977,258 and \$2,812,169 in fiscals 2011 and 2010, respectively, are for renewals and replacements.

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

**HOUSING AND DINING SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**

*June 30, 2011 and 2010*

|                                    | June 30, 2011       | Weighted<br>Average<br>Maturity<br>(in years) | June 30, 2010       | Weighted<br>Average<br>Maturity<br>(in years) |
|------------------------------------|---------------------|---|---------------------|---|
| Cash and cash equivalents          | \$6,677,551         | n/a   | \$8,757,646         | n/a   |
| LGIP (unspent bond proceeds)       | 2,055,907           | n/a   | 6,044,593           | n/a   |
| <b>Investments</b>                 |                     |   |                     |   |
| Certificates of deposit-restricted | 2,977,258           | 0.046   | 2,812,169           | 0.003   |
| Certificates of deposit            | 1,101,639           | 0.046   | 3,088,835           | 0.003   |
| U.S. Treasury                      | 5,509,705           | 5.500   |                     |   |
| U.S. Agencies                      | 918,660             | 4.000   |                     |   |
|                                    | <u>\$19,240,721</u> |   | <u>\$20,703,243</u> |   |

**NOTE 3. CAPITAL ASSETS, NET**

The depreciation expense for the fiscal years ended June 30, 2011 and 2010 was \$3,346,986 and \$2,879,799, respectively.

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

| Description                           | June 30, 2010 | Additions   | Retirements | Transfers     | June 30, 2011 |
|---------------------------------------|---------------|-------------|-------------|---------------|---------------|
| <b>Non-depreciable capital assets</b> |               |             |             |               |               |
| Construction in progress              | \$11,878,554  | \$5,067,835 | \$ -        | (\$2,508,246) | \$14,438,143  |
| <b>Depreciable capital assets</b>     |               |             |             |               |               |
| Buildings                             | 89,184,792    | -           | -           | -             | \$89,184,792  |
| Buildings improvements                | 18,124,708    | 1,703,821   | -           | 2,508,246     | 22,336,775    |
| Furniture, fixtures, and equipment    | 1,611,936     | 511,294     | (15,062)    | -             | 2,108,168     |
| Infrastructure                        | 4,492,564     | -           | -           | -             | 4,492,564     |
| Total cost                            | 125,292,554   | 7,282,950   | (15,062)    | -             | 132,560,442   |
| <b>Accumulated Depreciation</b>       |               |             |             |               |               |
| Buildings                             | 36,191,948    | 1,864,491   | -           | -             | 38,056,439    |
| Buildings improvements                | 2,771,329     | 1,170,439   | -           | -             | 3,941,768     |
| Furniture, fixtures, and equipment    | 945,524       | 183,939     | (11,923)    | -             | 1,117,540     |
| Infrastructure                        | 1,314,053     | 128,117     | -           | -             | 1,442,170     |
| Total accumulated depreciation        | 41,222,854    | 3,346,986   | (11,923)    | -             | 44,557,917    |
| Capital assets, net                   | \$84,069,700  | \$3,935,964 | (\$3,139)   | \$ -          | \$88,002,525  |

***HOUSING AND DINING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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

| Description                        | June 30, 2009 | Additions   | Retirements | Transfers     | June 30, 2010 |
|------------------------------------|---------------|-------------|-------------|---------------|---------------|
| Non-depreciable capital assets     |               |             |             |               |               |
| Construction in progress           | \$4,812,350   | \$9,837,330 | \$ -        | (\$2,771,126) | \$11,878,554  |
| Depreciable capital assets         |               |             |             |               |               |
| Buildings                          | 89,184,792    | -           | -           | -             | 89,184,792    |
| Buildings improvements             | 14,126,600    | 1,226,982   | -           | 2,771,126     | 18,124,708    |
| Furniture, fixtures, and equipment | 1,778,593     | 143,909     | (310,566)   | -             | 1,611,936     |
| Infrastructure                     | 4,492,564     | -           | -           | -             | 4,492,564     |
| Total cost                         | 114,394,899   | 11,208,221  | (310,566)   | -             | 125,292,554   |
| Accumulated Depreciation           |               |             |             |               |               |
| Buildings                          | 34,266,555    | 1,925,393   | -           | -             | 36,191,948    |
| Buildings improvements             | 2,120,207     | 651,122     | -           | -             | 2,771,329     |
| Furniture, fixtures, and equipment | 1,080,923     | 175,167     | (310,566)   | -             | 945,524       |
| Infrastructure                     | 1,185,936     | 128,117     | -           | -             | 1,314,053     |
| Total accumulated depreciation     | 38,653,621    | 2,879,799   | (310,566)   | -             | 41,222,854    |
| Capital assets, net                | \$75,741,278  | \$8,328,422 | \$ -        | \$ -          | \$84,069,700  |

**NOTE 4. BONDS PAYABLE**

In accordance with bond covenants, a Renewal and Replacement (R&R) Fund has been established to pay extraordinary operating and maintenance expenses; to make capital replacements, expansions, additions, repairs and renewals of the System; and to pay bond principal and interest to the extent other funds are not legally available. The balance of the R&R Fund must equal at least 5% of the principal balance of outstanding bonds.

Bond covenants also require that the System pledge net revenue (as defined) in each fiscal year at least equal to the greater of (i) 125% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on outstanding bonds, or (ii) amounts required to be deposited during such fiscal year from net revenues into debt service and reserve funds established for outstanding bonds and into the R&R Fund, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service.

***HOUSING AND DINING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS***

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

|   | <u>June 30, 2011</u> | <u>June 30, 2010</u> |
|---|----------------------|----------------------|
| Series 2009 A & B Housing and Dining Revenue Bonds with interest rates ranging from 3.0% to 7.4% and principal payments due in annual amounts ranging from \$280,000 to \$1,115,000 through June 30, 2034. The Series 2009 bonds have an aggregate face value of \$14,010,000 at June 30, 2011 which is reported net of the unamortized original issue premium of \$13,833.   | \$14,023,833         | \$14,300,417         |
| Series 2006 Housing and Dining Revenue Bonds with an interest rate of 4% and principal payments due in annual amounts ranging from \$390,000 to \$700,000 through April 1, 2026. The Series 2006 bonds have an aggregate face value of \$7,905,000 at June 30, 2011 which is reported net of the unamortized original premium of \$35,971.  | 7,940,971            | 8,320,338            |
| Series 2005 Housing and Dining Revenue and Refunding Bonds with interest rates range from 3.375% to 4.50%, and principal payments due in annual amounts ranging from \$115,000 to \$1,005,000 through June 1, 2026. The Series 2005 bonds have an aggregate face value of \$11,485,000 at June 30, 2011, which is reported net of the unamortized original discount and loss on defeasance of \$874,820.                    | 10,610,180           | 11,070,275           |
| Series 2003 Housing and Dining Revenue and Refunding Bonds with interest rates ranging from 3.30% to 4.65%, and principal payments due in annual \$675,000 to \$1,025,000 through October 23, 2023. The Series 2003 bonds have an aggregate face value of \$10,850,000 at June 30, 2011, which is reported net of the unamortized original issue discount and loss on defeasance of \$126,716.                              | 10,723,284           | 11,358,882           |
| Series 1998 Housing and Dining Junior Lien Revenue Refunding Bonds, with interest rates ranging from 4.4% to 5.5%, and principal payments due in annual amounts that range from \$755,000 to \$1,270,000 through October 1, 2022. The Series 1998 bonds have an aggregate face value of \$11,605,000 at June 30, 2011, which is reported net of the unamortized original issue premium and loss on defeasance of \$281,743. | <u>11,323,257</u>    | <u>12,004,118</u>    |
|   | \$54,621,525         | \$57,054,030         |
| Less current portion  | <u>(2,680,000)</u>   | <u>(2,580,000)</u>   |
|   | <u>\$51,941,525</u>  | <u>\$54,474,030</u>  |

***HOUSING AND DINING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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

| Bonds Payable                             | June 30, 2010 | Additions | Reductions  | June 30, 2011 | Current Portion |
|---|---------------|-----------|-------------|---------------|-----------------|
| Series 2009 Revenue Bonds                 | 14,280,000    | -         | (270,000)   | 14,010,000    | 280,000         |
| Series 2006 Revenue Bonds                 | 8,280,000     | -         | (375,000)   | 7,905,000     | 390,000         |
| Series 2005 Refunding Bonds               | 12,045,000    | -         | (560,000)   | 11,485,000    | 580,000         |
| Series 2003 Revenue and Refunding Bonds   | 11,505,000    | -         | (655,000)   | 10,850,000    | 675,000         |
| Series 1998 Junior Lien Revenue Refunding | 12,325,000    | -         | (720,000)   | 11,605,000    | 755,000         |
|   | 58,435,000    | -         | (2,580,000) | 55,855,000    | 2,680,000       |
| Plus unamortized premium                  | 250,348       | -         | (37,486)    | 212,862       | -               |
| Less unamortized discount                 | (202,298)     | -         | 22,503      | (179,794)     | -               |
| Less unamortized deferred loss            | (1,429,021)   | -         | 162,478     | (1,266,543)   | -               |
| Total Long-term liabilities               | 57,054,030    | -         | (2,432,505) | 54,621,525    | 2,680,000       |

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

| Bonds Payable                             | June 30, 2009 | Additions | Reductions  | June 30, 2010 | Current Portion |
|---|---------------|-----------|-------------|---------------|-----------------|
| Series 2009 Revenue Bonds                 | 14,280,000    | -         | -           | 14,280,000    | 270,000         |
| Series 2006 Revenue Bonds                 | 8,645,000     | -         | (365,000)   | 8,280,000     | 375,000         |
| Series 2005 Refunding Bonds               | 12,160,000    | -         | (115,000)   | 12,045,000    | 560,000         |
| Series 2003 Revenue and Refunding Bonds   | 12,155,000    | -         | (650,000)   | 11,505,000    | 655,000         |
| Series 1999 Junior Lien Revenue Bonds     | 420,000       | -         | (420,000)   | -             | -               |
| Series 1998 Junior Lien Revenue Refunding | 12,995,000    | -         | (670,000)   | 12,325,000    | 720,000         |
|   | 60,655,000    | -         | (2,220,000) | 58,435,000    | 2,580,000       |
| Plus unamortized premium                  | 289,829       | -         | (39,480)    | 250,348       | -               |
| Less unamortized discount                 | (228,377)     | -         | 26,079      | (202,298)     | -               |
| Less unamortized deferred loss            | (1,595,721)   | -         | 166,700     | (1,429,021)   | -               |
| Total Long-term liabilities               | 59,120,731    | -         | (2,066,701) | 57,054,030    | 2,580,000       |

Total interest incurred on bonds payable for the years ended June 30, 2011 and June 30, 2010 was \$2,720,742 and \$2,788,212, respectively.

In prior years, the System defeased certain Revenue Bonds. The assets used to defease these bonds and the liabilities for the defeased bonds are not included in these financial statements. At June 30, 2011 and 2010, the total outstanding principal balance of defeased bonds was \$10,725,000 and \$11,165,000 respectively.

***HOUSING AND DINING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS***

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

The principal and interest maturities of bonds payable for years ending June 30 are as follows:

|  | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|--|---------------------|---------------------|---------------------|
| 2012   | 2,680,000           | 2,783,678           | 5,463,678           |
| 2013   | 2,785,000           | 2,676,712           | 5,461,712           |
| 2014   | 2,895,000           | 2,563,847           | 5,458,847           |
| 2015   | 3,025,000           | 2,443,432           | 5,468,432           |
| 2016   | 3,145,000           | 2,311,835           | 5,456,835           |
| 2017-2021  | 18,025,000          | 9,179,379           | 27,204,379          |
| 2022-2026  | 15,705,000          | 4,848,730           | 20,553,730          |
| 2027-2031  | 4,405,000           | 2,158,550           | 6,563,550           |
| 2032-2034  | 3,190,000           | 479,520             | 3,669,520           |
|  | <u>\$55,855,000</u> | <u>\$29,445,683</u> | <u>\$85,300,683</u> |
| Less unamortized (discounts)/premiums & loss on defeasance | (1,233,475)         |                     |                     |
|  | <u>\$54,621,525</u> |                     |                     |

**NOTE 5. COMMITMENTS**

The System regularly enters into contracts and purchase orders that commit fund balances for future purchases of goods and services. At June 30, 2011 and 2010, these commitments totaled \$2,392,342 and \$5,385,102, respectively, for all funds.

**NOTE 6. CONTRACT WITH SODEXO AMERICA, LLC**

Sodexo America, LLC (“Sodexo”) contracted with the University to manage the dining services provided by the System. As part of this contract, Sodexo agreed to provide a total of \$3,000,000 to the System for the acquisition of capital assets. This amount is being recognized as operating revenue on a straight-line basis over the ten-year life of the contract. The System will terminate the contract one year early (August 31, 2011) and will award a new contract effective September 1, 2011. The remaining unused contribution will be returned to Sodexo during fiscal 2012.

As of June 30, 2011, the System had received the entire \$3,000,000 from Sodexo per the agreement.

**NOTE 7. PENSION PLAN**

As employees of the University, the full-time System employees are participants in the State of Washington Public Employees' Retirement System (“PERS”) or the Western Washington University Retirement Plan (“WWURP”). The WWURP plan is a defined contribution plan. PERS is a defined benefit pension plan. The University contributes to PERS, a cost sharing multiple-employer defined benefit pension plan administered by the State of Washington Retirement System.

PERS I provides retirement and disability benefits and minimum benefit increases beginning at age 66 to eligible non-academic plan members hired prior to October 1, 1977. PERS II and III provide retirement and disability benefits, and a cost-of-living allowance to non-academic plan members hired on or after October 1,

*HOUSING AND DINING SYSTEM*  
*NOTES TO THE FINANCIAL STATEMENTS*

*June 30, 2011 and 2010*

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.

Western Washington University Retirement Plan (WWURP) is a defined contribution pension plan with a supplemental payment, when required. The plan covers faculty, professional staff, and certain other employees. It is administered by the University. The University's Board of Trustees is authorized to establish and amend benefit provision.

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.

The System contributed approximately \$173,908 and \$178,000 to these plans in 2011 and 2010, respectively. An actuarial valuation of the PERS plan for the System as an entity is not available.

**NOTE 8. 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 liability (AAL) is not available for auxiliary entities. The University is responsible for the annual payment therefore, the annual required contribution (ARC) is not recorded on the Sytem's financial statements.

**SUPPLEMENTAL INFORMATION**

**SCHEDULE OF ROOM AND BOARD RATES FISCAL 2011**

**RESIDENCE HALLS**

|   | Meals Per Quarter |         |         |         |
|---|-------------------|---------|---------|---------|
|   | Unlimited         | 125     | 100     | 75      |
| Room and Board Academic Year Contracts      |                   |         |         |         |
| Double room/double occupancy                | \$8,749           | \$8,419 | \$8,093 | \$7,765 |
| Single room/single occupancy                | 9,648             | 9,318   | 8,992   | 8,663   |
| Double room/single occupancy (super single) | 10,163            | 9,832   | 9,507   | 9,178   |
| Triple room/triple occupancy                | 7,657             | 7,327   | 7,000   | 6,672   |

**APARTMENTS**

|   | Double<br>(2/Bedroom) | Super Single<br>(1/Bedroom) | Family Rate |
|---|-----------------------|-----------------------------|-------------|
| Apartment Only Academic Year Contracts  |                       |                             |             |
| Birnam Wood - 2 bedroom                 | \$2,775               | \$5,547                     | \$11,100    |
| Leased Apartments – New York, 1 bedroom | 3,597                 | 7,239                       | -           |
| Leased Apartments – New York, 3 bedroom | 3,057                 | 6,114                       | 14,037      |

**SCHEDULE OF OCCUPANCY FISCAL 2011**

|             | OCCUPANCY CAPACITY      |                          | ACTUAL<br>OCCUPANCY | ACTUAL OCCUPANCY AS<br>A PERCENT OF |                       |
|-------------|-------------------------|--------------------------|---------------------|-------------------------------------|-----------------------|
|             | Designed <sup>(1)</sup> | Operating <sup>(2)</sup> |                     | Designed<br>Capacity                | Operating<br>Capacity |
| Fall 2010   | 4,253                   | 4,030                    | 4,000               | 94.1%                               | 99.3%                 |
| Winter 2011 | 4,253                   | 4,030                    | 3,848               | 90.5                                | 95.5                  |
| Spring 2011 | 4,253                   | 4,030                    | 3,682               | 86.6                                | 91.4                  |
| Average     | 4,253                   | 4,030                    | 3,843               | 90.4%                               | 95.4%                 |

NOTES:

- 1) Designed capacity is the number of beds for which the System was originally constructed and subsequently remodeled to accommodate.
- 2) Operating capacity is the number of students that can effectively be accommodated in an academic quarter based on housing policies in effect for that quarter.

**SCHEDULE OF INSURANCE COVERAGE FISCAL 2011**

The University purchases buildings, contents, and business interruption insurance for the System through its participation in the State of Washington Property Insurance program. The System is responsible for 100% of its portion of the premium. Business interruption coverage is provided on earnings and rents from insured property and is included in the policy limits with a \$32,500,000 sub-limit. Other highlights of insurance coverage are as follows:

- Replacement cost coverage for all scheduled buildings for all risk of physical loss or damage, including earthquake and flood.
- The limit is \$100,000,000 per occurrence, with an aggregate of \$100,000,000 for earthquake and flood damage. There is a \$250,000 deductible per occurrence that increases to 3% of value of damaged property with a \$250,000 minimum for earthquake and flood damage.
- Boiler and machinery insurance: private insurance program, \$50,000,000 per accident, \$5,000 deductible on all insured objects and \$50,000 deductible for property damage.
- Bodily injury and property damage liability: State-funded self-insurance program, \$10,000,000 per occurrence, with a commercial excess liability insurance policy above, and zero deductible.

The System's property insurance in effect at June 30, 2011 is summarized as follows:

|                                    | Values Used for<br>Fire and<br>Extended<br>Coverage of<br>Buildings |
|------------------------------------|---|
| Ridgeway Residences and Commons    | \$79,117,000  |
| Fairhaven Residences and Commons   | 51,051,000  |
| Buchanan Towers                    | 38,448,158  |
| Edens Hall and Edens Hall North    | 28,413,000  |
| Viking Union, Addition and Commons | 38,677,000  |
| Birnam Wood Residences             | 34,228,000  |
| Nash Hall                          | 24,112,000  |
| Mathes hall                        | 23,638,000  |
| Higginson hall                     | 15,102,000  |
| Commissary                         | 10,199,000  |
| Highland Hall                      | 7,190,000   |
| Lakewood Recreational Facility     | 1,875,000   |
|                                    | <hr/>   |
| Building Insured Values            | 352,050,158   |
| Insured Contents                   | 14,462,591  |
|                                    | <hr/>   |
| Total                              | <u>\$366,512,749</u>  |

**EXPENDED FOR PLANT FACILITIES FISCAL 2011 and 2010**

Expenditures by the System to maintain and improve its facilities are listed below. Some of these projects are capitalized and increase the value of the System's buildings. Others are costs to maintain the buildings and infrastructure and are expensed.

|   | <b>2011</b>        | <b>2010</b>         |
|---|--------------------|---------------------|
| <b>Capitalized Projects</b>             |                    |                     |
| New Residence Hall                      | \$3,804,956        | \$7,171,685         |
| Buchanan Towers Fire Sprinklers         | \$1,412,159        | 2,157,166           |
| Ridgeway Beta Renovation                | \$1,192,861        | 918                 |
| Dining Capital Investment Projects      | \$318,530          | 423,415             |
| Voice Safety Systems & Network Upgrades | \$55,105           |                     |
| Wireless Data Infrastructure            | \$240,908          |                     |
| Other capitalizable                     | \$3,686            |                     |
| Fairhaven Fire Sprinklers               |                    | 1,198,496           |
| Ridgeway Gamma Fire Sprinklers          |                    | 28,486              |
| Sprinkler Study                         |                    | 11,489              |
| Triple Occupancy Beds                   |                    | 1,494               |
|   | <u>\$7,028,205</u> | <u>\$10,993,149</u> |
| <b>Non-Capitalized Projects</b>         |                    |                     |
| Furniture & Carpet                      | \$371,921          | \$375,239           |
| Other                                   | 126,099            | 188,044             |
| Campus Safety Voice System              | 220,750            |                     |
| Equipment                               | 80,794             | 174,557             |
| Painting                                | 81,466             |                     |
| Asbestos abatement & flooring           | 76,464             |                     |
| Lighting Retrofits & Changes            | 19,331             | 27,226              |
| Plumbing, heating and electrical        | 18,349             | 98,995              |
| Bathroom & Shower renovations           | 15,223             | 69,042              |
| Laundry Room Remodel                    | 9,505              | 17,180              |
| Stairwell and Exit Door Replacements    | 54                 | 17,976              |
| Brick Restoration                       |                    | 117,287             |
| Nash Deck Replacement                   |                    | 93,659              |
| Window Coverings                        |                    | 93,036              |
| Gamma Flood Restoration                 |                    | 30,921              |
| Network Infrastructure and Switches     |                    | 20,782              |
| Roof replacement & Coatings             |                    | 14,977              |
|   | <u>\$1,019,956</u> | <u>\$1,338,921</u>  |

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*WADE KING STUDENT RECREATION CENTER*

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***WADE KING STUDENT RECREATION CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

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

The following discussion and analysis provides an overview of the financial position and activities of the Western Washington University Wade King Student Recreation Center (the Recreation Center) for the fiscal years ended June 30, 2011, 2010 and 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

**Presentation of the Financial Statements**

The Recreation Center's financial reports include the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statements of Cash Flows.

The statements are formatted following the guidelines of the Governmental Accounting Standards Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities.

The Recreation Center's financial statements 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.

**Statements of Net Assets**

The Statements of Net Assets present the financial condition of the Recreation Center at the end of the fiscal year and report all assets and liabilities of the Recreation Center.

The amounts in these statements represent the assets available to continue the operations of the Recreation Center and identify the amount owed to vendors and other parties. The difference between total assets and total liabilities (net assets) is one indicator of the current financial condition of the Recreation Center.

Below is a condensed view of the Statements of Net Assets as of June 30, 2011, 2010 and 2009:

|  | <u>2011</u>         | <u>2010</u>        | <u>2009</u>        |
|--|---------------------|--------------------|--------------------|
| <b>Assets</b>                                  |                     |                    |                    |
| Current assets                                 | \$1,621,525         | \$2,462,325        | \$2,328,127        |
| Noncurrent assets                              | 2,511,300           | 1,567,107          | 1,540,587          |
| Buildings and equipment, net                   | 22,357,204          | 23,067,867         | 23,709,251         |
| Total assets                                   | <u>\$26,490,029</u> | <u>27,097,299</u>  | <u>27,577,965</u>  |
| <b>Liabilities</b>                             |                     |                    |                    |
| Current liabilities                            | 1,183,182           | 1,197,142          | 1,144,252          |
| Noncurrent liabilities                         | 23,294,605          | 23,912,277         | 24,504,476         |
| Total liabilities                              | <u>24,477,787</u>   | <u>25,109,419</u>  | <u>25,648,728</u>  |
| <b>Net Assets</b>                              |                     |                    |                    |
| Invested in capital assets, net                | (1,577,401)         | (1,459,410)        | (1,380,225)        |
| Restricted for system renewal and replacements | 1,485,309           | 1,225,277          | 1,133,510          |
| Unrestricted                                   | 2,104,334           | 2,222,013          | 2,175,952          |
| Total net assets                               | <u>\$2,012,242</u>  | <u>\$1,987,880</u> | <u>\$1,929,237</u> |

***WADE KING STUDENT RECREATION CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

Current and noncurrent assets increased \$103,393 (2.6%) when comparing fiscal 2011 to fiscal 2010 and increased \$160,718 (4.2%) over fiscal 2010. Current assets in cash and cash equivalents decreased in fiscal 2011 from fiscal 2010 while noncurrent investments increased over this same period as the University shifted where it invests funds due to the market conditions.

The receivable from the Western Washington University Foundation decreased in fiscal 2011 from fiscal 2010 by \$57,848 (-55.0%) due to the restructuring of the Wade King Foundation annual donation. The receivable from the Western Washington University Foundation decreased in fiscal 2010 from fiscal 2009 by \$106,057 (-50.2%) as funds were used to purchase capital and non-capital equipment. The buildings and equipment, net balance decreased \$710,663 (-3.1%) when comparing fiscal 2011 to fiscal 2010 and decreased \$641,384 (-2.7%) in fiscal 2010 when comparing to fiscal 2009 as the Recreation Center building continues to be depreciated with no significant capital additions.

Current liabilities decreased \$13,960 (-1.2%) in fiscal 2011 when compared to fiscal 2010 due to the payment of scheduled maintenance activities from fiscal 2010 combined with an increase to the current portion of bonds payable. Current liabilities increased \$52,890 (4.6%) in fiscal 2010 related to the maintenance activities scheduled closer to fiscal-year end. Noncurrent liabilities decreased \$617,672 (-2.6%) in fiscal 2011 and \$592,199 (-2.4%) in fiscal 2010 due to debt payments on the outstanding bonds for the Recreation Center building.

Overall net assets increased \$24,362 (1.2%) in fiscal 2011 and \$58,643 (3.0%) in fiscal 2010. The amount invested in capital assets, net of related debt continues to decrease as the Recreation Center facility is depreciated at a faster rate than the related debt is repaid. Assets restricted for system renewals and replacements increased over the two prior fiscal years as contributions to this fund exceeded expenditures. Funds for renewals and replacements are set aside according to the five-year capital and maintenance plan required by the debt covenants. These funds are classified as restricted net assets on the Statements of Net Assets.

**Statements of Revenues, Expenses, and Changes in Net Assets**

The changes in total net assets, as presented on the Statements of Net Assets, are detailed in the activity presented in the Statements of Revenues, Expenses and Changes in Net Assets. The statements present the Recreation Center's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating or nonoperating.

In general, operating revenues are those received for providing goods and services to the members of the Recreation Center, primarily 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, such as investment income. Nonoperating expenses include interest expense on outstanding debt and amortization of bond costs.

Following is a condensed version of the Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2011, 2010 and 2009:

***WADE KING STUDENT RECREATION CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

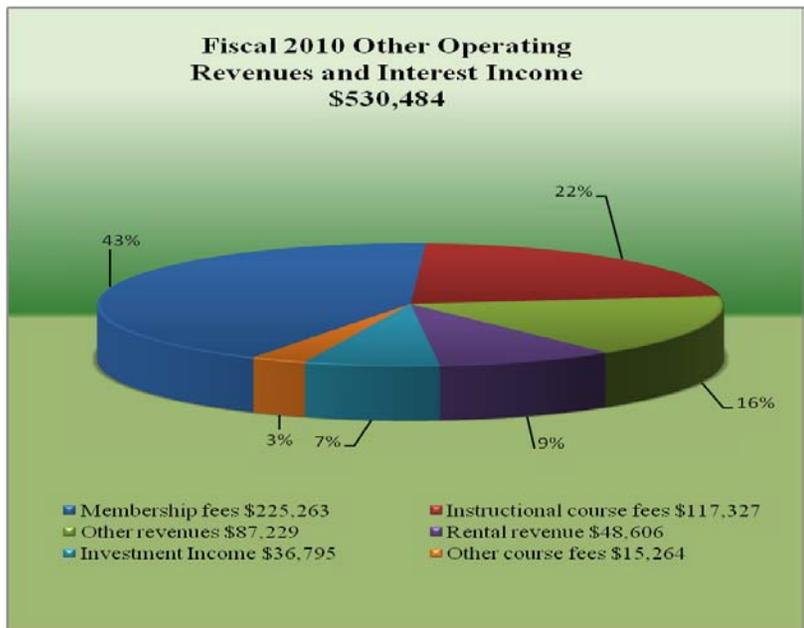
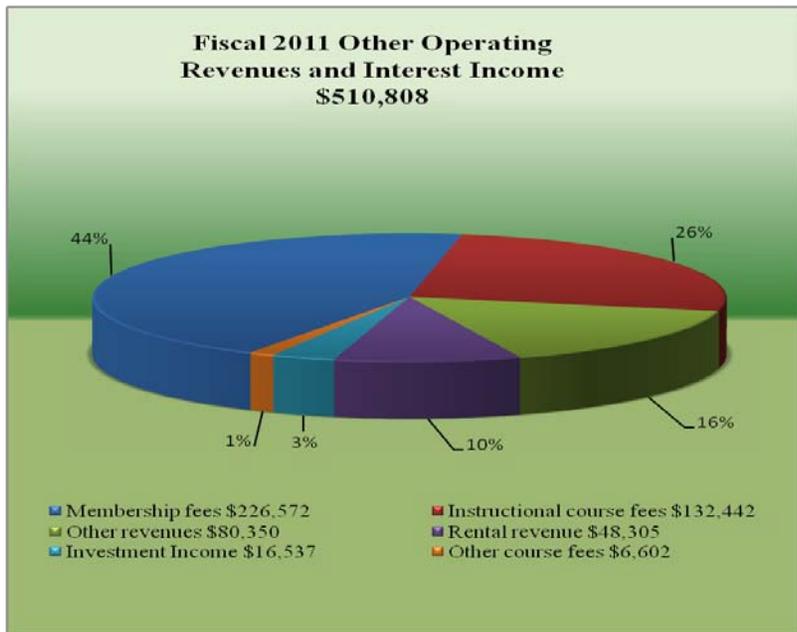
|                               | <u>2011</u>                | <u>2010</u>                | <u>2009</u>                |
|-------------------------------|----------------------------|----------------------------|----------------------------|
| Operating revenues            | \$ 4,340,989               | \$ 4,299,600               | \$ 4,265,131               |
| Operating expenses            | <u>(3,064,402)</u>         | <u>(3,033,441)</u>         | <u>(2,771,341)</u>         |
| Income from operations        | 1,276,587                  | 1,266,159                  | 1,493,790                  |
| Nonoperating revenues         | 16,597                     | 86,845                     | 137,059                    |
| Nonoperating expenses         | <u>(1,268,822)</u>         | <u>(1,294,361)</u>         | <u>(1,331,059)</u>         |
| Increase in net assets        | 24,362                     | 58,643                     | 299,790                    |
| Net assets, beginning of year | <u>1,987,880</u>           | <u>1,929,237</u>           | <u>1,629,447</u>           |
| Net assets, end of year       | <u><u>\$ 2,012,242</u></u> | <u><u>\$ 1,987,880</u></u> | <u><u>\$ 1,929,237</u></u> |

**Revenues**

The Recreation Center's largest source of revenue is a \$95 per quarter mandatory student fee for use of the facility for those students taking six or more credits. Other students, faculty, staff and alumni may pay a membership fee on a voluntary basis to gain access to the facility. The mandatory fee remained unchanged from fiscal 2010. With enrollment just slightly greater than the previous fiscal year, the student fee revenue for fiscal 2011 was \$40,807 (1.1%) higher than fiscal 2010. The increase in student fee revenue in fiscal 2010 was \$34,374 (0.9%) compared to fiscal 2009.

Non-mandatory fee operating revenues and non-operating revenues, excluding gift income, decreased \$19,676 (-3.7%) in fiscal 2011 from \$530,484 in fiscal 2010 and decreased \$50,169 (-8.6%) from \$580,653 in fiscal 2009. The decreases in non-mandatory fee operating revenues and non-operating revenues, excluding gift income, in fiscal 2011 and fiscal 2010 were due to the reduction in investment income as a result of the historically low interest rate environment. Investment income decreased \$20,258 (-55.1%) to \$16,537 in fiscal 2011 from \$36,795 in fiscal 2010, which was a \$50,264 (57.7%) decrease from \$87,059 in fiscal 2009.

Rental revenue for fiscal 2011 was nearly on par with fiscal 2010, decreasing by just \$301 (-0.6%). Rental revenue for fiscal 2010 increased \$6,251 (14.8%) to \$48,606 from \$42,355 in fiscal 2009 due to additional marketing to the community regarding the availability of facility rentals.



**Expenses**

The largest category of expenses for the Recreation Center is student and staff salaries and benefits, with depreciation being the second largest expense. Salaries and benefits comprised 42.3% of the total operating expenses in fiscal 2011 compared to 40.7% and 41.8% in fiscal 2010 and fiscal 2009, respectively. The increase

***WADE KING STUDENT RECREATION CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

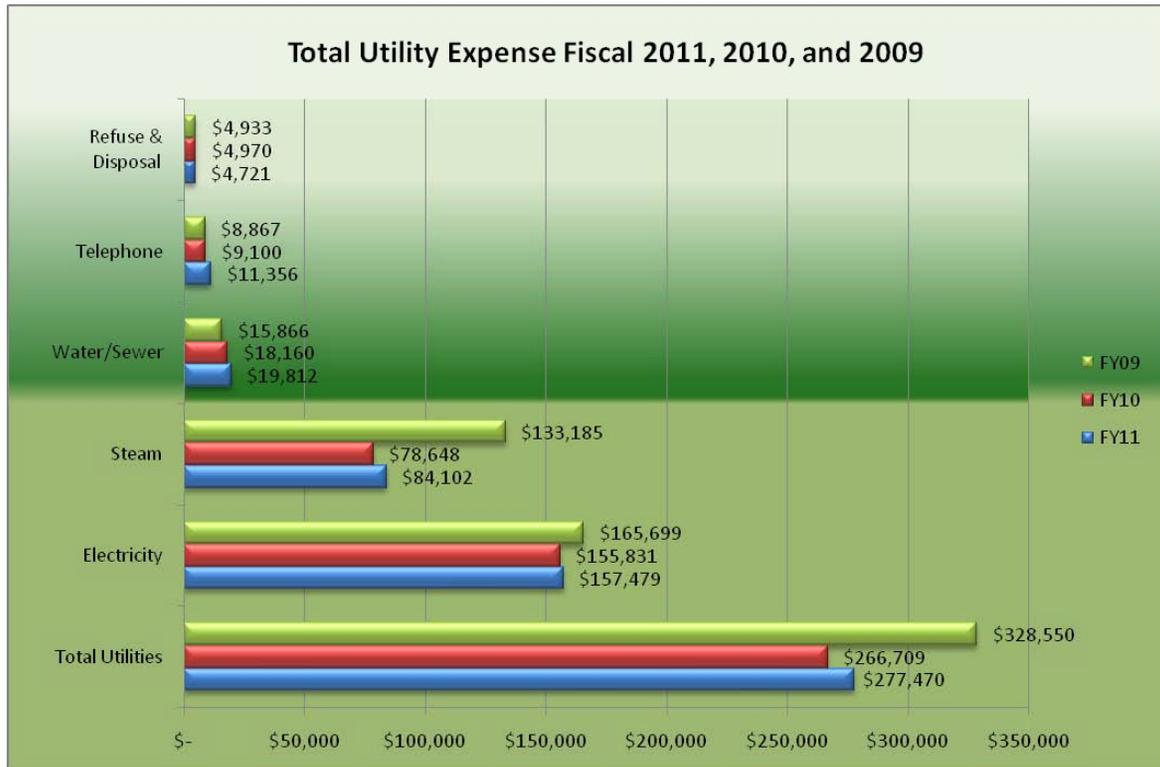
in salaries and benefits expense of \$62,348 in fiscal 2011 over 2010 is attributable to the addition of a maintenance position, increased student paraprofessional employment to assist in the opening and closing of the Recreation Center, and an increase in administrative salary allocations from the Division of Student Affairs..

The University's administrative services assessment fee was raised and increased expenses by \$40,275 (29.0%) to \$178,988 in fiscal 2011 and increased by \$14,922 (12.1%) to \$138,713 in fiscal 2010 from \$123,791 in fiscal 2009.

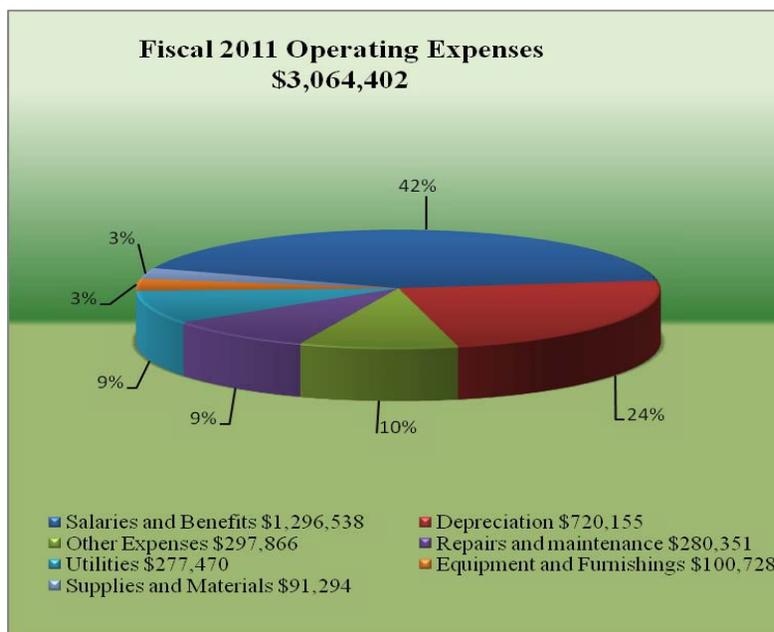
The University imposed an equipment freeze for state and tuition funds in fiscal 2011, fiscal 2010 and fiscal 2009 to achieve savings in anticipation of state-wide budget reductions. Student Affairs auxiliary operations, including the Recreation Center, voluntarily restricted equipment expenditures from operating funds, but utilized \$57,908 from its Wade King Foundation Fund in fiscal 2011 and \$82,278 in fiscal 2010 to purchase equipment and furnishings. This fund was not utilized during fiscal 2009.

Supplies and materials expense increased slightly by \$1,777 (2.0%) to \$91,294 in fiscal 2011 from \$89,517 in fiscal 2010. When comparing fiscal 2010 to fiscal 2009 there was an increase of \$18,627 (26.3%) from \$70,890 in fiscal 2009. The fiscal 2010 increase was due to purchases to equip the new climbing wall floor and rock bouldering areas, including new ropes, carabineers and tie downs in order to meet new industry standards.

Repairs and maintenance expenses decreased by \$94,623 (-25.2%) to \$280,351 in fiscal 2011 due to a shift in the funding for the maintenance position. Previously the Recreation Center paid Facilities Management for this position plus supervision overhead. Repairs and maintenance expenses increased significantly by \$171,100 (83.9%) to \$374,974 in fiscal 2010 compared with fiscal 2009. A major component of the increase can be attributed to roof recoating, tennis court lights, a sound board for the indoor track, replacement of the climbing wall floor, a software upgrade, and higher costs of aquatic maintenance to bring the pool into compliance with the Virginia Graeme Baker Pool Safety Act. The Virginia Graeme Baker Pool Safety Act is a federal law requiring all public swimming pools have anti-entrapment drains and/or devices installed. These expenditures did not meet the University's capitalization policy of extending the useful life of the asset.

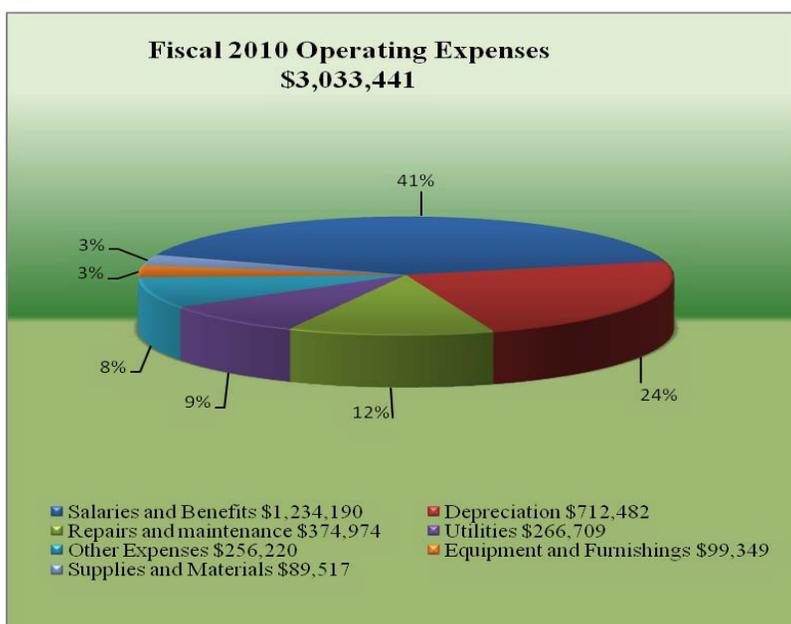


Total utility expense for fiscal 2011 was \$277,470, an increase of \$10,761 (4.0%) from fiscal 2010. This rise in utility expense was primarily due to increased steam costs attributable to a colder and longer than average winter and spring. Telephone and electricity had only minor increases. Total utility expense for fiscal 2010 was \$266,709, a considerable decrease of \$61,841 (-18.8%) from fiscal 2009. This is a result of a recalculation of the Recreation Center's percentage share of steam to the south end of campus with the addition of the new Academic Instructional Center building and an overall decrease in campus utility costs.



***WADE KING STUDENT RECREATION CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*



**Reserve Funds**

Bond Covenants require an annual addition to the renewal and replacement (R&R) reserve based on management's assessment of the funding level necessary to maintain the facility over the long term. The initial five-year requirement was for fund transfers of \$100,000 in 2004, \$150,000 in each of 2005 and 2006, and \$200,000 in 2007 and 2008. All of the transfers were made as planned including an additional \$190,000 (unrestricted) amount in fiscal 2004 as a result of bond defeasance. Management reaffirmed the Facilities Management lifecycle maintenance plan for major maintenance and building repair and increased the annual contribution to \$250,000 for the five-year period beginning in fiscal 2009 to meet anticipated building maintenance and repairs expenses. As planned, \$250,000 was placed into the R&R reserve for fiscal 2011, 2010 and 2009. A roof recoating project scheduled over the summer of 2010 reduced the reserve amount by approximately \$164,000 at June 30, 2010. At June 30, 2011, the R&R balance was \$1,716,429. The funds must be used to improve or maintain the Recreation Center facility.

Management established an Operating Reserve in fiscal 2005 for unforeseen or extraordinary expenses. This reserve was used in fiscal 2007 for increased equipment replacement costs resulting from higher student utilization than initially projected. Campus Recreation has since increased equipment replacement in its annual operating budget. The reserve now acts as an emergency fund for unplanned repairs, changes in insurance deductibles, and as an operating cushion to cover unforeseen decreases in revenue. Reserve funds can also be designated for facility improvements beyond basic maintenance (such as the funding of repairs and additions to the tennis courts for the Recreation Center's summer camps program, as well as the new sound board installation on the indoor track). Contributions to this fund in the past three years include \$100,000 in fiscal 2011 and \$125,000 each in fiscal 2010 and fiscal 2009. During fiscal 2011, \$29,917 was spent to create two new offices to accommodate additional staff members housed in the Recreation Center. At June 30, 2011, the operating reserve totaled \$1,646,841. These assets are reported as unrestricted on the Statements of Net Assets.

The King family made an annual donation of \$50,000 over the first seven years, totaling \$350,000. As of fiscal 2011, their annual contribution to the Recreation Center has been restructured. This Foundation reserve fund is dedicated to maintaining the quality of the facility and its programs, and supported students directly as well.

***WADE KING STUDENT RECREATION CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

During fiscal 2011, \$57,908 was spent on non-capital equipment to improve the weight and fitness areas. During fiscal 2010, \$149,711 was spent on improving and replacing cardiovascular equipment. Of this amount, \$67,433 was used to purchase capital equipment while \$82,278 was used to purchase non-capital equipment. Portions of the donations have been used for youth programming scholarships and certain equipment upgrades. The available balance maintained by the Foundation at June 30, 2011 was \$47,410. These assets are reported as unrestricted on the Statements of Net Assets.

**Ratio Analysis**

Ratios can be helpful in evaluating the Recreation Center's financial health and performance. The debt service coverage ratios for fiscals 2011, 2010, and fiscal 2009 were 2.37, 2.37 and 2.35, respectively. The increase in the ratio between fiscal 2009 and fiscal 2010 indicates a higher net revenue stream to meet debt obligations in fiscal 2010. This ratio is calculated by dividing total operating revenues and investment income by the annual debt service on the outstanding revenue bonds.

**Utilization Rates**

Student utilization rates were slightly lower with 12,167 (90.0%) of the 13,521 enrolled students using the facility during the course of fiscal 2011. This information is recorded in the Recreation Center's system when students present their membership cards upon entry to the facility. Fiscal 2010 had a utilization rate of 12,076 (90.8%) of 13,300 eligible students compared to 11,997 (90.6%) of 13,240 eligible students in fiscal 2009. Visits by members and non-members totaled 427,951 during fiscal 2011, compared with 426,010 during fiscal 2010 and 435,987 in fiscal 2009. The highest number of visits in a given day exceeded 3,000 in fiscal 2011 compared to 3,400 per day in fiscal 2010 and fiscal 2009.



**Washington State Auditor  
Brian Sonntag**

November 8, 2011

Board of Trustees  
Western Washington University  
Bellingham, Washington

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Western Washington University Wade King Recreation Center are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the University that is attributable to the transactions of the Recreation Center. They do not purport to, and do not, present fairly the financial position of Western Washington University as

## INDEPENDENT AUDITOR'S REPORT

of June 30, 2011, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis on pages 3 through 10, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sincerely,

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

**WADE KING STUDENT RECREATION CENTER**  
**STATEMENTS OF NET ASSETS**

*June 30, 2011 and 2010*

| <b>Assets</b>   | <b>2011</b>        | <b>2010</b>        |
|---|--------------------|--------------------|
| Current assets  |                    |                    |
| Cash and cash equivalents (Note 2)  | \$1,040,566        | \$1,691,968        |
| Investments (Note 2)  | 464,800            | 596,534            |
| Accounts receivable, net of allowance of \$4,643 in 2011<br>and \$5,417 in 2010 | 64,808             | 64,712             |
| Receivable from Western Washington University<br>Foundation                     | 47,410             | 105,258            |
| Prepaid Expenses  | 45                 | 250                |
| Inventory   | 3,896              | 3,603              |
| Total current assets  | <u>1,621,525</u>   | <u>2,462,325</u>   |
| Noncurrent assets   |                    |                    |
| Investments (Note 2)  | 708,267            | -                  |
| Restricted cash and cash equivalents (Note 2)                                   | 1,098,089          | 905,847            |
| Restricted investments (Note 2)   | 387,220            | 319,430            |
| Other assets (Note 1)   | 317,724            | 341,830            |
| Building and equipment, net (Note 3)  | 22,357,204         | 23,067,867         |
| Total noncurrent assets   | <u>24,868,504</u>  | <u>24,634,974</u>  |
| Total assets  | <u>26,490,029</u>  | <u>27,097,299</u>  |
| <b>Liabilities</b>  |                    |                    |
| Current liabilities   |                    |                    |
| Accounts payable and accrued expenses   | 12,097             | 63,180             |
| Accrued wages and benefits  | 125,441            | 123,031            |
| Deferred revenue  | 205,686            | 191,616            |
| Interest payable  | 199,958            | 204,315            |
| Current portion of bonds payable (Note 4)                                       | 640,000            | 615,000            |
| Total current liabilities   | <u>1,183,182</u>   | <u>1,197,142</u>   |
| Noncurrent liabilities  |                    |                    |
| Bonds payable, less current portion (Note 4)                                    | 23,294,605         | 23,912,277         |
| Total liabilities   | <u>24,477,787</u>  | <u>25,109,419</u>  |
| <b>Net Assets</b>   |                    |                    |
| Invested in building and equipment, net of related debt                         | (1,577,401)        | (1,459,410)        |
| Restricted for system renewals and replacements                                 | 1,485,309          | 1,225,277          |
| Unrestricted  | 2,104,334          | 2,222,013          |
| Total net assets  | <u>\$2,012,242</u> | <u>\$1,987,880</u> |

*WADE KING STUDENT RECREATION CENTER*  
*STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET ASSETS June 30, 2011 and 2010*

|  | <u>2011</u>               | <u>2010</u>               |
|--|---------------------------|---------------------------|
| <b>Operating Revenues</b>                            |                           |                           |
| Service and activity fees, net of mandatory transfer | \$3,846,718               | \$3,805,911               |
| Staff, faculty and alumni membership fees            | 226,572                   | 225,263                   |
| Instructional course fees                            | 132,442                   | 117,327                   |
| Other course fees                                    | 6,602                     | 15,264                    |
| Rental revenue                                       | 48,305                    | 48,606                    |
| Other revenues                                       | 80,350                    | 87,229                    |
| Total operating revenues                             | <u>4,340,989</u>          | <u>4,299,600</u>          |
| <b>Operating Expenses</b>                            |                           |                           |
| Salaries and benefits                                | 1,296,538                 | 1,234,190                 |
| Depreciation   | 720,155                   | 712,482                   |
| Utilities  | 277,470                   | 266,709                   |
| Repairs and maintenance                              | 280,351                   | 374,974                   |
| Equipment and furnishings                            | 100,728                   | 99,349                    |
| Supplies and materials                               | 91,294                    | 89,517                    |
| Administrative assessment                            | 178,988                   | 138,713                   |
| Insurance  | 27,204                    | 29,953                    |
| Other  | 91,674                    | 87,554                    |
| Total operating expenses                             | <u>3,064,402</u>          | <u>3,033,441</u>          |
| Income from operations                               | 1,276,587                 | 1,266,159                 |
| <b>Nonoperating Revenues (Expenses)</b>              |                           |                           |
| Investment income                                    | 16,537                    | 36,795                    |
| Gift income  | 60                        | 50,050                    |
| Interest expense                                     | (1,221,531)               | (1,246,606)               |
| Amortization of bond discounts and costs             | (47,291)                  | (47,755)                  |
| Total nonoperating revenues (expenses)               | <u>(1,252,225)</u>        | <u>(1,207,516)</u>        |
| Increase in net assets                               | 24,362                    | 58,643                    |
| <b>Net Assets, Beginning of Year</b>                 | <u>1,987,880</u>          | <u>1,929,237</u>          |
| <b>Net Assets, End of Year</b>                       | <u><u>\$2,012,242</u></u> | <u><u>\$1,987,880</u></u> |

**WADE KING STUDENT RECREATION CENTER**  
**STATEMENTS OF CASH FLOWS**

*June 30, 2011 and 2010*

|  | <u>2011</u>        | <u>2010</u>        |
|--|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>  |                    |                    |
| Cash received from students and other customers  | \$4,354,963        | \$4,286,034        |
| Payments to employees  | (1,294,128)        | (1,231,112)        |
| Payments to suppliers  | (1,098,880)        | (1,040,653)        |
| Net cash flows provided by operating activities  | <u>1,961,955</u>   | <u>2,014,269</u>   |
| <b>Cash Flows from Noncapital Financing Activities</b>                                 |                    |                    |
| Gift income  | 57,908             | 156,107            |
| Net cash flows provided by(used in) noncapital financing activities                    | <u>57,908</u>      | <u>156,107</u>     |
| <b>Cash Flows from Investing Activities</b>  |                    |                    |
| Net purchases of investments in internal investment pool                               | (644,323)          | 601,764            |
| Investment income received   | 16,537             | 36,795             |
| Net cash flows provided by investing activities activities                             | <u>(627,786)</u>   | <u>638,559</u>     |
| <b>Cash Flows from Capital and Related Financing Activities</b>                        |                    |                    |
| Purchases of equipment   | (9,492)            | (71,098)           |
| Interest paid on capital debt  | (1,226,745)        | (1,251,106)        |
| Principal paid on capital debt   | (615,000)          | (585,000)          |
| Net cash used in capital and related financing   | <u>(1,851,237)</u> | <u>(1,907,204)</u> |
| Net increase in cash and cash equivalents  | (459,160)          | 901,731            |
| Cash and cash equivalents, beginning of year   | <u>2,597,815</u>   | <u>1,696,084</u>   |
| Cash and cash equivalents, end of year   | <u>\$2,138,655</u> | <u>\$2,597,815</u> |
| <b>Reconciliation of Operating Income to Net Cash Provided to Operating Activities</b> |                    |                    |
| Income from operations   | \$1,276,587        | \$1,266,159        |
| Adjustments to reconcile operating income to net cash flows from operating activities  |                    |                    |
| Depreciation   | 720,155            | 712,482            |
| Change in operating assets and liabilities   |                    |                    |
| Accounts receivable  | (96)               | 9,744              |
| Accounts payable, accrued expenses, salaries and benefits                              | (48,673)           | 50,343             |
| Prepaid Expense  | 205                | (250)              |
| Deferred revenue   | 14,070             | (23,310)           |
| Inventory  | (293)              | (899)              |
| Net cash flows provided by operating activities  | <u>\$1,961,955</u> | <u>\$2,014,269</u> |

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***WADE KING STUDENT RECREATION CENTER  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Western Washington University Wade King Student Recreation Center (the Recreation Center) is a self-supporting, auxiliary enterprise of Western Washington University (the University). The Recreation Center is an open recreation fitness and wellness facility for the benefit of eligible students and associated members of the University. The facility includes a lap/leisure pool and a whirlpool, a three-court gym with elevated running track, a multi-activity court, a rock climbing wall, weight and cardio areas, two group exercise/aerobic rooms, locker rooms, a wellness resource room, therapeutic massage room, a retail food service and lounge area, a conference room, and administrative offices for the Department of Campus Recreation. The Recreation Center is located on the University campus and is supported by a service and activity fee assessed to students quarterly. In addition, memberships are available for purchase by faculty/staff, alumni, and others closely associated with The University.

The facility was named in memory of Wade King, a 10-year old who died in 1999 in a pipeline explosion in Bellingham. Prior to fiscal 2011, Wade King's parents, Frank and Mary King, pledged a lifetime gift of \$50,000 per year to the Western Washington University Foundation, a related party, restricted for support to ensure continued quality facilities and programs at the Recreation Center. The Recreation Center requests funds from the Western Washington University Foundation when expenditures are incurred. During fiscal 2011, the Recreation Center did not receive \$50,000 due a restructure of the pledged gift.

**Financial Statement Presentation**

The financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by the Governmental Accounting Standards Board (GASB). These statements are special purpose reports reflecting the net assets, results of operations and cash flows of the Recreation Center. These statements present only a selected portion of the activities of the University. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net assets of the University.

**Basis of Accounting**

The Recreational Center's financial statements have been 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. The Recreation Center has elected not to apply any FASB pronouncements after November 30, 1989.

**Cash, Cash Equivalents and Investments**

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

**Inventory**

Inventory consists primarily of athletic and other supplies. Inventory is stated at the lower of cost (first-in, first-out method) or market.

***WADE KING STUDENT RECREATION CENTER  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

Accounts Receivable

Receivables are recorded at their principal balances and are due primarily from the University students. The Recreation Center considers all accounts greater than 30 days old to be past due and uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is written off against the allowance. Management determined that an allowance of \$4,643 and \$5,417 at June 30, 2011 and 2010 respectively, is adequate.

Building and Equipment, Net

The building used for the Recreation Center's operations is located on the University's property. Building and equipment are stated at cost, net of accumulated depreciation. The Recreation Center capitalizes any expenditure for buildings, improvements, and equipment that have a cost of at least \$5,000 and an estimated useful life of more than one year. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, forty years for buildings and five to seven years for equipment.

Deferred Revenue

Summer quarter, which is the first quarter of the University's fiscal year, begins shortly before June 30. The majority of cash received for service and activity fees related to summer session in fiscal 2011 are deferred until the following fiscal year.

Net Assets

The Recreation Center's net assets are classified as follows:

*Invested in building and equipment, net of related debt.* This represents the Recreation Center's total investment in capital assets, net of outstanding debt obligations related to those capital assets as well as unamortized bond issue costs. The deficit in net assets relates to depreciation expense exceeding the principal reduction on the outstanding bonds.

*Restricted for system renewals and replacements.* Restricted net assets represent resources restricted in accordance with bond covenants for system renewals and replacements. Restricted assets are used in accordance with their requirements and where both unrestricted and restricted resources are available for use, unrestricted resources are used first and restricted resources only when the specific use arises.

*Unrestricted net assets.* Unrestricted net assets represent resources derived from operations and investing activities along with operating reserves established for future replacement of assets.

Classification of Revenues and Expenses

The Recreation Center has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenue includes activities that have the characteristics of exchange transactions, such as service and activity fees charged to students, staff, faculty, and alumni membership fees, and instructional course fees. Operating expenses are those costs incurred in daily operations, such as salaries, utilities, and depreciation.

Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as investment and gift income. Nonoperating expenses include costs related to financing or investing activities such as interest on indebtedness.

***WADE KING STUDENT RECREATION CENTER  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

*Student Recreation Center Fee, net of mandatory transfer*

Per Revised Code of Washington Section 28B.15.820, the University is required to transfer a minimum of 3.5% of revenues collected from tuition and services and activities fees in an institutional financial aid fund.

This fund is only to be used to fund short- or long-term loans and grants to students in need. Service and activity fee revenue is reported net of this transfer.

Bond Discounts and Issuance Costs

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest method. The remaining balances of bond discounts are presented as a reduction of the face amount of bonds payable. The unamortized bond issuance costs are shown as other assets on the Statements of Net Assets.

Administrative Assessment

The University provides support to the Recreation Center through cash management, accounting, purchasing and disbursing services, risk management, and other support services. The effects of these transactions are included as operating expenditures in these financial statements. The amount paid was \$178,988 and \$138,713 for fiscal years ended June 30, 2011 and 2010, respectively.

Tax Exemptions

the University, and the Recreation Center as an auxiliary enterprise, is a tax-exempt instrumentality of the State of Washington under Section 115(a) of the Internal Revenue Code and is exempt from federal taxes on related income.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) 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.

**NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Interest Rate and Credit Risk

The University investment pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP) and U.S. Treasury and Agency securities. The LGIP is considered a cash equivalent. The University's pooled investment with the LGIP is invested in high-quality, short-term investments. Investments in the LGIP are restricted to securities that mature in 397 days or less, and the portfolio maintains a weighted average maturity of 90 days or less. The Recreation Center's investment in the University's pool includes \$1,485,309 restricted for renewals and replacements.

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

**WADE KING STUDENT RECREATION CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**

*June 30, 2011 and 2010*

|                           | June 30,<br>2011    | Weighted<br>Average<br>Maturity<br>(in years) | June 30,<br>2010    | Weighted<br>Average<br>Maturity<br>(in years) |
|---------------------------|---------------------|---|---------------------|---|
| Cash and Cash Equivalents | \$ 2,138,655        | n/a   | \$ 2,597,815        | n/a   |
| Investments               |                     |   |                     |   |
| Certificates of deposit   | 228,270             | 0.046   | 915,964             | 0.003   |
| U.S. Treasury             | 1,141,662           | 5.500   |                     |   |
| U.S. Agencies             | 190,355             | 4.000   |                     |   |
|                           | <u>\$ 3,698,942</u> |   | <u>\$ 3,513,779</u> |   |

**NOTE 3. BUILDING AND EQUIPMENT, NET**

The depreciation expense for the fiscal years ended June 30, 2011 and 2010 was \$720,155 and \$712,482, respectively.

Following are the changes in building and equipment for the years ended June 30, 2011 and 2010:

|                                  | June 30, 2010        | Additions           | Retirements       | June 30, 2011        |
|----------------------------------|----------------------|---------------------|-------------------|----------------------|
| Building                         | \$ 27,687,761        | \$ -                | \$ -              | \$ 27,687,761        |
| Equipment                        | 272,941              | 6,079               | (16,906)          | 262,114              |
| Construction in Progress         | 3,665                | 5,313               | (1,900)           | 7,078                |
|                                  | <u>27,964,367</u>    | <u>11,392</u>       | <u>(18,806)</u>   | <u>27,956,953</u>    |
| Less accumulated<br>depreciation | (4,896,500)          | (720,155)           | 16,906            | (5,599,749)          |
| Building and equipment, net      | <u>\$ 23,067,867</u> | <u>\$ (708,763)</u> | <u>\$ (1,900)</u> | <u>\$ 22,357,204</u> |
|                                  |                      |                     |                   |                      |
|                                  | June 30, 2009        | Additions           | Retirements       | June 30, 2010        |
| Building                         | \$ 27,687,761        | \$ -                | \$ -              | \$ 27,687,761        |
| Equipment                        | 212,901              | 67,433              | (7,393)           | 272,941              |
| Construction in Progress         | -                    | 3,665               | -                 | 3,665                |
|                                  | <u>27,900,662</u>    | <u>71,098</u>       | <u>(7,393)</u>    | <u>27,964,367</u>    |
| Less accumulated<br>depreciation | (4,191,411)          | (712,482)           | 7,393             | (4,896,500)          |
| Building and equipment, net      | <u>\$ 23,709,251</u> | <u>\$ (641,384)</u> | <u>\$ -</u>       | <u>\$ 23,067,867</u> |

***WADE KING STUDENT RECREATION CENTER  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

**NOTE 4. BONDS PAYABLE**

The Recreation Center issued the Revenue Bonds Series 2002 in February 2002. The bonds bear interest at rates of 4% to 5% and mature annually until 2033. The bonds have an aggregate face amount of \$24,235,000 and \$24,850,000 at June 30, 2011 and 2010, which is reported net of the unamortized original issue discount and a loss on defeasance of \$300,395 and \$322,723, respectively.

On May 1, 2004, the Recreation Center defeased \$1,190,000 of the 2002 Revenue Bonds that were uncommitted due to lower than anticipated construction costs. Of these funds, \$191,000 was used toward the May 1, 2004 interest payment with the remaining \$999,000 placed in an escrow account to purchase United States Treasury securities used to defease \$945,000 of the bonds and pay related costs of \$54,000. Management expects the defeasance will provide a savings of approximately \$2.3 million in debt service over the life of the bonds. The University incurred an accounting loss of \$74,795 as a result of the defeasance. This loss is being amortized over the remaining life of the bonds.

Aggregate maturities or payments required for principal and interest under bond obligations for each of the succeeding five fiscal years and thereafter are as follows:

|                                     | <u>Principal</u>     | <u>Interest</u>      | <u>Payment</u>       |
|-------------------------------------|----------------------|----------------------|----------------------|
| 2012                                | 640,000              | 1,199,750            | 1,839,750            |
| 2013                                | 670,000              | 1,172,230            | 1,842,230            |
| 2014                                | 700,000              | 1,142,750            | 1,842,750            |
| 2015                                | 725,000              | 1,111,250            | 1,836,250            |
| 2016                                | 765,000              | 1,075,000            | 1,840,000            |
| 2017-2021                           | 4,440,000            | 4,761,000            | 9,201,000            |
| 2022-2026                           | 5,655,000            | 3,536,250            | 9,191,250            |
| 2027-2031                           | 7,225,000            | 1,972,750            | 9,197,750            |
| 2032-2033                           | 3,415,000            | 258,250              | 3,673,250            |
|                                     | <u>\$ 24,235,000</u> | <u>\$ 16,229,230</u> | <u>\$ 40,464,230</u> |
| Less unamortized discount           | (249,902)            |                      |                      |
| Less unamortized loss on defeasance | (50,493)             |                      |                      |
| Total                               | <u>\$ 23,934,605</u> |                      |                      |

***WADE KING STUDENT RECREATION CENTER  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

Following are the changes in bonds payable:

|  | Beginning<br>Balance | Amortization of<br>Bond Discount<br>and Loss | Retirements        | Ending<br>Balance   | Current<br>Portion |
|--|----------------------|--|--------------------|---------------------|--------------------|
| As of June 30, 2011  |                      |  |                    |                     |                    |
| Series 2002 Revenue Bonds,<br>net of unamortized original<br>issue discount and loss on<br>defeasance of \$302,142 and<br>\$322,723 at June 30, 2011<br>and 2010, respectively | <u>\$24,527,277</u>  | <u>\$22,328</u>                              | <u>(\$615,000)</u> | <u>\$23,934,605</u> | <u>\$640,000</u>   |
| As of June 30, 2010  |                      |  |                    |                     |                    |
| Series 2002 Revenue Bonds,<br>net of unamortized original<br>issue discount and loss on<br>defeasance of \$322,723 and<br>\$345,524 at June 30, 2010<br>and 2009, respectively | <u>\$25,089,476</u>  | <u>\$22,801</u>                              | <u>(\$585,000)</u> | <u>\$24,527,277</u> | <u>\$615,000</u>   |

In accordance with resolutions of the Board of Trustees, the University sold the Recreation Center Bonds to investors who have a first lien on, and are to be paid solely from the gross revenue from the operation of the Recreation Center.

The amounts and limitations of this pledge are set forth in the resolutions of the Board of Trustees. Pursuant to the 2002 Series Resolution, the Recreation Center purchased a surety bond as a substitute for the debt service reserve account requirements. The surety bond guarantees payment of the bonds in the event net revenues from operations are not sufficient to meet required payments. The bond covenants also require that the Recreation Center transfer monies each year to an account held as restricted net assets for renewals and replacements of the facilities.

**NOTE 5. PENSION PLAN**

Recreation Center employees in eligible positions are participants in the State of Washington Public Employees' Retirement System (PERS) and the Western Washington University Retirement Plan (WWURP).

The University contributes to PERS, a cost sharing multiple-employer defined benefit pension plan administered by the State of Washington Retirement System.

PERS I provides retirement and disability benefits, and minimum benefit increases beginning at age 66 to eligible non-academic plan members hired prior to October 1, 1977. PERS II and III provide retirement and disability benefits, and a cost-of-living allowance to non-academic plan members hired on or after October 1, 1977. In addition, PERS III has a defined contribution component, which is fully funded by employee contributions. PERS defined benefit plan benefits are vested after an employee completes five years of service.

The Washington State Legislature establishes or amends benefit provisions for PERS. Additional information concerning plan descriptions and benefit provisions is included in the Comprehensive Annual Financial Report

***WADE KING STUDENT RECREATION CENTER  
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*June 30, 2011 and 2010*

publicly available from the Washington State Department of Retirement System, P. O. Box 48380, Olympia, WA 98504.

WWURP is a defined contribution pension plan with a supplemental payment, when required. The plan covers faculty, professional staff, and certain other employees. It is administered by the University. The University's Board of Trustees is authorized to establish and amend benefit provision.

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. The Recreation Center contributed \$37,273 and \$35,012 to these plans in fiscal 2011 and fiscal 2010, respectively. Actuarial valuations of the plans for the Recreation Center as a stand-alone entity are not available.

**NOTE 6. 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 liability (AAL) is not available for auxiliary entities. The University is responsible for the annual payment; therefore the annual required contribution is not recorded on the Recreation Center's financial statements.



*ASSOCIATED STUDENTS BOOKSTORE*

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**ASSOCIATED STUDENTS BOOKSTORE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2011 and 2010**

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

The following discussion and analysis provides an overview of the financial position and activities of Western Washington University's Associated Students Bookstore (the Bookstore) for the years ended June 30, 2011, 2010 and 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

**Presentation of the Financial Statements**

The Bookstore's financial reports include the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statements of Cash Flows.

The statements are formatted following the guidelines of the Governmental Accounting Standards Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. The Bookstore's financial statements 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.

**Statements of Net Assets**

The Statements of Net Assets present the financial condition of the Bookstore at the end of the fiscal year and report all assets and liabilities of the Bookstore.

The amounts in these statements represent the assets available to continue the operations of the Bookstore and also identify how much the Bookstore owes vendors and all other parties. The difference between total assets and total liabilities, net assets, is one indicator of the current financial condition of the Bookstore. The change in net assets measures whether the overall financial condition has improved or deteriorated during the year.

Below is a condensed view of the Statements of Net Assets as of June 30, 2011, 2010 and 2009:

| <b>ASSETS</b>                      | <u>2011</u>        | <u>2010</u>        | <u>2009</u>        |
|------------------------------------|--------------------|--------------------|--------------------|
| Current Assets                     | \$2,238,423        | \$2,783,788        | \$2,833,736        |
| Noncurrent Assets                  | 518,356            | -                  | 24,134             |
| Capital Assets, net                | <u>1,414,541</u>   | <u>1,463,330</u>   | <u>1,515,718</u>   |
| Total assets                       | <u>4,171,320</u>   | <u>4,247,118</u>   | <u>4,373,588</u>   |
| <b>LIABILITIES</b>                 |                    |                    |                    |
| Current liabilities                | <u>164,866</u>     | <u>300,868</u>     | <u>448,442</u>     |
| Total liabilities                  | <u>164,866</u>     | <u>300,868</u>     | <u>448,442</u>     |
| <b>NET ASSETS</b>                  |                    |                    |                    |
| Invested in capital assets, net    | 1,414,541          | 1,463,330          | 1,515,718          |
| Net assets, unrestricted           | 2,591,913          | 2,482,490          | 2,393,850          |
| Net assets, restricted, expendable | <u>-</u>           | <u>430</u>         | <u>15,578</u>      |
| Total net assets                   | <u>\$4,006,454</u> | <u>\$3,946,250</u> | <u>\$3,925,146</u> |

*ASSOCIATED STUDENTS BOOKSTORE  
MANAGEMENT'S DISCUSSION AND ANALYSIS*

*June 30, 2011 and 2010*

The Bookstore's net assets increased for the third year in a row. At June 30, 2011, total net assets were \$4,006,454, an increase of \$60,204 (1.5%) from fiscal 2010 and \$21,104 (0.5%) when comparing fiscal 2010 to fiscal 2009.

Current assets decreased \$545,365 (-19.6%) from fiscal 2010. The most significant change was the reallocation of cash and cash equivalents to noncurrent investments, offset by an increase in inventories of \$143,691 (20.2%) related to the purchase of additional custom products which are only available new. Current assets decreased \$49,948 (-1.8%) comparing fiscal 2010 to fiscal 2009. The fiscal 2010 decrease was the net result of an increase of \$657,836 (98.6%) in cash, cash equivalents and investments offset by decreases in inventories of \$256,583 (-26.5%) and receivables of \$360,121 (-56.2%). The cash and cash equivalents increase is the result of reallocating funds from investments to cash and equivalents due to low interest earnings in the market. The fiscal 2010 decrease in inventories reflects management's concerted effort to reduce overstock items that were no longer required by faculty. The decrease in receivables was primarily due to using existing publisher credits for new purchases.

Noncurrent investments increased \$518,356 (100.0%) from fiscal 2010 due to the purchase of long-term U.S. Treasury and Agency securities. Noncurrent investments decreased \$24,134 (-100.0%) in fiscal 2010 compared to fiscal 2009 due to a change in the mix of long-term and short-term investments held with the University.

Capital assets decreased by \$48,789 (-3.3%) in fiscal 2011 and decreased \$52,388 (-3.5%) when comparing fiscal 2010 to fiscal 2009 as existing assets continue to be depreciated at a greater rate than new capital assets are added. No new capital assets were added in fiscal 2011. The only capital asset purchased in fiscal 2010 was a Dell server for the Sequoia point of sale system (PC POS) for \$8,587.

Total current liabilities decreased \$136,002 (-45.2%) from fiscal 2010 and decreased \$147,574 (-32.9%) in fiscal 2010 from fiscal 2009. The significant decrease in fiscal 2011 was the result of improvements in the Bookstore's accounts payable processes, offset by an increase of \$35,202 (100.0%) in the transfer to the Associated Students of Western Washington University (ASWWU). The decrease in fiscal 2010 from 2009 is primarily due to no distribution payable to the ASWWU for fiscal 2010 according to the existing revenue sharing agreement. This agreement prioritizes the first \$25,000 in net revenues to be placed in the Bookstore's reserve in order to safeguard the Bookstore as a viable, self-supporting auxiliary. The transfer to ASWWU in fiscal 2009 was \$165,440. The ASWWU maintains a Bookstore Reserve Fund to accommodate these potential fluctuations in shared revenue and to make one-time allocations back to the Bookstore for strategic investments as funds allow.

The Bookstore had restricted assets of \$15,578 in fiscal 2009, representing the remaining cash from the fiscal 2009 contribution of \$30,000 by the ASWWU from the Bookstore Improvement Reserve to fund new equipment and software to supplement the PC POS system. In fiscal 2009, the Bookstore spent \$14,422 of these restricted assets on noncapital equipment for the PC POS system. The Bookstore spent the majority of the remaining funds (\$15,148) during fiscal 2010 to purchase hardware, a Dell server (SCS Server) and software to update the Bookstore's PC POS system to meet Payment Card Industry Data Security Standards (PCI DSS). Of these purchases, \$8,587 was capitalized and the remaining \$6,561 was expensed in accordance with the University's capitalization policy.

In fiscals 2011 and 2010, total net assets increased by \$60,204 (1.5%) and \$21,104 (0.5%), respectively due primarily to the changes in liabilities described above.

***ASSOCIATED STUDENTS BOOKSTORE  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

**Statements of Revenues, Expenses and Changes in Net Assets**

The changes in total net assets, as presented on the Statements of Net Assets, are detailed in the activity shown in the Statements of Revenues, Expenses, and Changes in Net Assets. The statements present the Bookstore's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating or nonoperating.

In general, operating revenues are those earned by providing goods and services to the customers of the Bookstore, primarily sales of textbooks to students. Other operating revenues are primarily commissions earned from used book wholesalers who purchase textbooks from students. Operating expenses are those expenses 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 nonoperating revenue and makes up the majority of nonoperating revenues.

Following is a condensed version of the Statements of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended June 30, 2011, 2010 and 2009:

|                                  | <u>2011</u>               | <u>2010</u>               | <u>2009</u>               |
|----------------------------------|---------------------------|---------------------------|---------------------------|
| Sales, net of discounts          | \$6,399,545               | \$6,323,888               | \$6,321,569               |
| Cost of goods sold               | <u>4,819,995</u>          | <u>4,875,830</u>          | <u>4,710,880</u>          |
| Gross margin                     | 1,579,550                 | 1,448,058                 | 1,610,689                 |
| Other operating revenues         | 61,686                    | 64,827                    | 70,114                    |
| Operating expenses               | <u>1,511,897</u>          | <u>1,470,436</u>          | <u>1,358,671</u>          |
| Income (loss) from operations    | 129,339                   | 42,449                    | 322,132                   |
| Nonoperating (expenses) revenues | <u>(69,135)</u>           | <u>(21,345)</u>           | <u>(131,693)</u>          |
| Changes in net assets            | 60,204                    | 21,104                    | 190,439                   |
| Net assets, beginning of year    | <u>3,946,250</u>          | <u>3,925,146</u>          | <u>3,734,707</u>          |
| Net assets, end of year          | <u><u>\$4,006,454</u></u> | <u><u>\$3,946,250</u></u> | <u><u>\$3,925,146</u></u> |

Sales net of discounts increased \$75,567 (1.2%) from fiscal 2010 and increased \$2,319 (0.4%) in fiscal 2010 from fiscal 2009, reflecting small gains in an increasingly competitive industry. Net sales figures are impacted by ratios of new to used books at different price points, as well as the beginning growth of digital modalities, textbook rentals and commissionable third party course-book sales via the Bookstore's website.

Cost of goods sold decreased \$55,835 (-1.2%) from fiscal 2010 and increased \$164,950 (3.5%) in fiscal 2010 from fiscal 2009. Increases in emblematic merchandise sales (which have higher margins than other product lines and therefore a lower cost) helped to decrease the total cost of goods in 2011. The increase in cost of goods

***ASSOCIATED STUDENTS BOOKSTORE  
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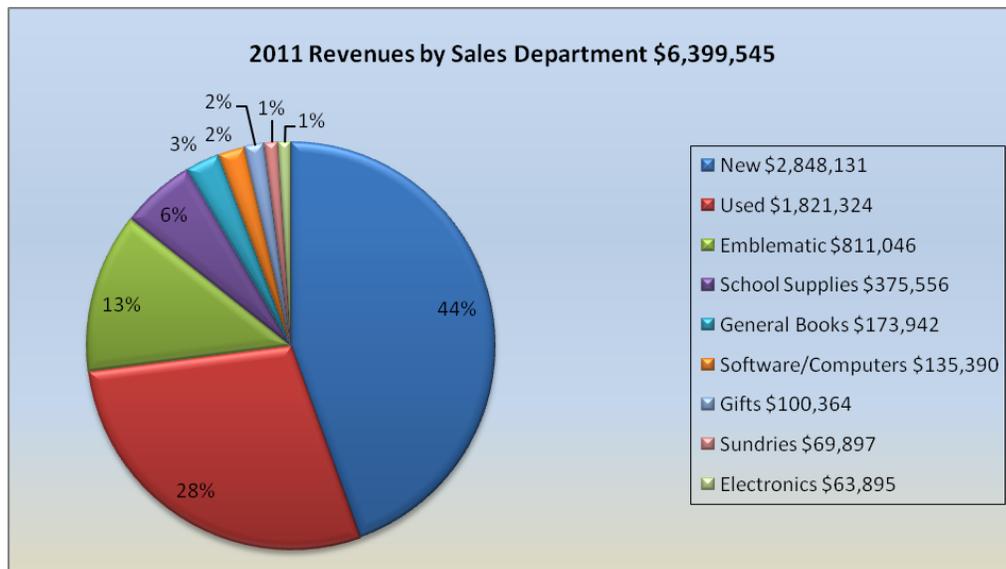
*June 30, 2011 and 2010*

sold in fiscal 2010 was partially attributable to an increase in the ratio of new to used book sales in fiscal year 2010. Used books sell for 75% of the new book price but cost less and carry a higher margin.

The Bookstore's gross margin increased \$131,492 (9.1%) from fiscal 2010 and decreased \$162,631 (-10.1%) in fiscal 2010 from fiscal 2009. The gross margin percentage for the Bookstore for fiscal 2011 was 24.7%, up from the gross margin percentage in fiscal 2010 of 22.9% which decreased from 25.5% in fiscal 2009. The Bookstore's gross margin percentage is lower than the average gross margin for bookstores reporting in the ICBA survey for 2009-2010 of 27.2% because of its discounting policies.

The Bookstore has a strong commitment to student success at the University, which includes providing affordable course materials. In support of this commitment, the Bookstore maintained its 10% discount on textbooks during fiscal 2011 and 2010. This discount represented an approximate reduction of \$518,000 and \$519,000 for fiscal 2011 and 2010, respectively in the cost of textbooks for Western Washington University students who purchased their textbooks on campus. This level of discount is uncommon in the college bookstore industry, and is evident when using the Independent College Bookstore Association (ICBA) survey to benchmark gross margins with the average of other college bookstores.

Other operating revenue decreased \$3,141 (-4.9%) from fiscal 2010 and decreased \$5,287 (-7.5%) in fiscal 2010 from fiscal 2009. This income consists mainly of commissions from wholesalers for books purchased from students that are not retained in the bookstore for resale. With more custom one-time use materials being adopted by faculty, fewer books are available for students to resell.



**Revenues by Sales Department**

Nearly three quarters of Bookstore sales are textbook sales. New and used books sales accounted for 72% of total sales in fiscal 2011. This is a slight decline from 73.9% of total sales in fiscal 2010, which were up slightly from 73.5% in fiscal 2009. The ICBA 2009-2010 survey indicates that among bookstores reporting, textbook sales are on average 59.7 % of total sales.,

***ASSOCIATED STUDENTS BOOKSTORE  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

New book revenue in fiscal 2011 was 61% of total course book revenue, 57.6% in fiscal 2010 and 55.4% in fiscal 2009. Used book revenue in fiscal 2011 was 39% of course book revenue, 42.4% in fiscal 2010 and 44.6% in fiscal 2009. This trend is significant because new book sales have a higher cost of goods and lower margin than used books sales. The Bookstore's used book sales are strong compared to the industry average of 34.2% as reported in the ICBA 2009-2010 Survey.

New book sales in fiscal 2011 were \$2,848,131, an increase of \$156,673 (5.8%) from \$2,691,458 in fiscal 2010, which was an increase of \$115,585 (4.5%) from \$2,575,873 in fiscal 2009. The increases in fiscal 2011 and 2010 can be attributed to a combination of the changes in instructors' choice of class material and new custom textbooks that were not available as used books along with more digital one time use products.

Used book sales in fiscal 2011 were \$1,821,324, down \$161,594 (-8.1%) from \$1,982,918 in fiscal 2010 which were down \$89,739 (-4.3%) from sales of \$2,072,657 in fiscal 2009. Used book sales continue to decline as fewer titles are available, partially because that stock has shifted into the rental market inventory. In fiscal 2011, there were increasing options for student to rent textbooks. Textbook rentals typically cost 40% less than used books, although rentals have no potential buyback value for students. During spring quarter 2011 the Bookstore piloted a program with an on-line text book rental company with good reception from students and parents.

Emblematic sales increased in fiscal 2011 to \$811,046 an increase of \$81,110 (11.1%) from \$729,936 in fiscal 2010 which was an increase of \$41,236 (6.0%) from \$688,700 in fiscal 2009. Sales increased in 2011 as a result of strong tee shirt sales with an increase of \$48,567 (42.0%) over fiscal 2010 tee shirt sales as well as emblematic gift sales increases of \$16,796 (24.0%) over fiscal 2010. Fiscal 2010 sales increases were due in part to a new \$9.95 tee shirt program and in spring 2010 the Bookstore increased its number of promotional events. The increases in emblematic sales have a larger margin than the average sale and help keep cost of goods lower while strengthening the Bookstore's product diversification.

School and office supplies sales were \$375,556 in fiscal 2011, an increase of \$6,103 (1.7 %) from sales of \$369,453 in fiscal 2010 which was a decrease of \$15,389 (-4.0%) from \$384,842 in fiscal 2009. The sales increase in fiscal 2011 was due to the addition of more imprinted folders and binders. Imprinted folders and binders had a decrease in sales during fiscal 2010 when compared to fiscal 2009.

General book sales of \$173,942 decreased by \$1,137 (-0.7%) in fiscal 2011 from sales of \$175,079 in fiscal 2010 which was a decrease of \$23,222 (-11.7%) compared to \$198,301 in fiscal 2009. This is a national trend among college bookstores given the availability of general books through large quick-ship online sources and the availability of information on the internet such as reference and travel books. Electronic reading devices continue to impact the decline in traditional general book sales.

Software/Computer sales were \$135,390 in fiscal 2011, a decrease of \$2,673 (-1.9%) when compared to fiscal 2010 sales of \$138,063 which declined by \$6,321 (-4.4%) compared to sales of \$144,384 in fiscal 2009. This trend is due to a changing marketplace including more open source software and competition from applications created for portable devices.

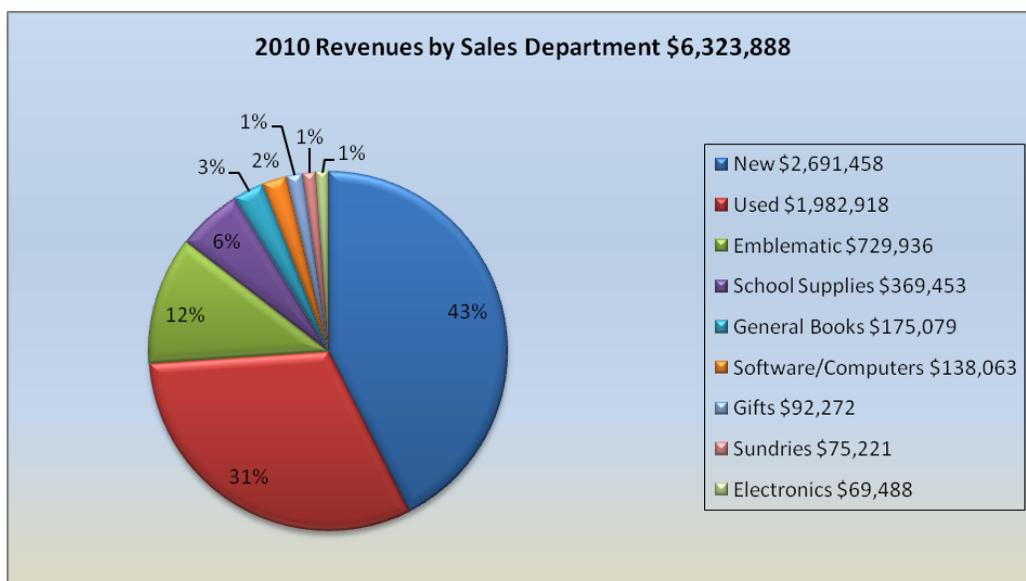
Gift sales were \$100,364 in fiscal 2011, an increase of \$8,092 (8.8%) from \$92,272 in fiscal 2010 which was a decrease of \$16,495 (-15.2%) from sales of \$108,767 in fiscal 2009. The increases in 2011 were a result of more desirable gift inventory available for sales. The decline in 2010 was a result of identifying older inventory items and marking this inventory at clearance prices.

***ASSOCIATED STUDENTS BOOKSTORE  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

Sundries sales in fiscal 2011 were \$69,897, a decrease of \$5,324 (-7.1%) from fiscal 2010 sales of \$75,221 which was an increase of \$4,239 (6.0%) from \$70,982 in fiscal 2009. The sales decline in fiscal 2011 was due in part to the opening of a new food service venue in Wilson Library. The fiscal 2010 increase resulted from a concentrated effort to stock a broader product selection.

Electronic sales for fiscal 2011 were \$63,895, a decrease of \$5,593 (-8.0 %) from fiscal 2010 sales of \$69,488 which was a decrease of \$7,575 (-9.8%) from \$77,063 in fiscal 2009. Electronic sales, which include calculators and storage devices, continue to decline. Calculator sales decreased 15.1% in fiscal 2011 as more smartphones and other electronic devices have calculator capabilities built into them.



**Expenses by Major Source**

Total operating expenses increased \$41,461 (2.8%) from fiscal 2010 and increased \$111,765 (8.2%) from fiscal 2009 to fiscal 2010. The most significant increases in fiscal 2011 were in benefits paid to employees, which increased \$105 per employee per month and increases in the university's administrative service charges. In fiscal 2010 the most significant factor was an increase in salaries and benefits expense of \$144,655 (16.8%) from fiscal 2009, offset by a decrease in depreciation as the fiscal 2005 purchase of the PC POS system was fully depreciated in the first half of fiscal 2010. The salary increase was due to the filling of positions in fiscal 2010 that were vacant in the prior fiscal year.

General and administrative expenses increased slightly \$2,837 (1.2%) from fiscal 2010 and increased \$24,325 (11.2%) from fiscal 2009 to fiscal 2010. The fiscal 2011 increase was due to an increase of \$16,322 (32.9%) in the university's administrative services charge offset by decreases in other general and administrative expenses. The increase in fiscal 2010 was comprised of \$7,934 in one-time relocation expenses for the new manager and a \$14,014 increase in freight-out charges due to larger returns to publishers as inventory was cleaned up.

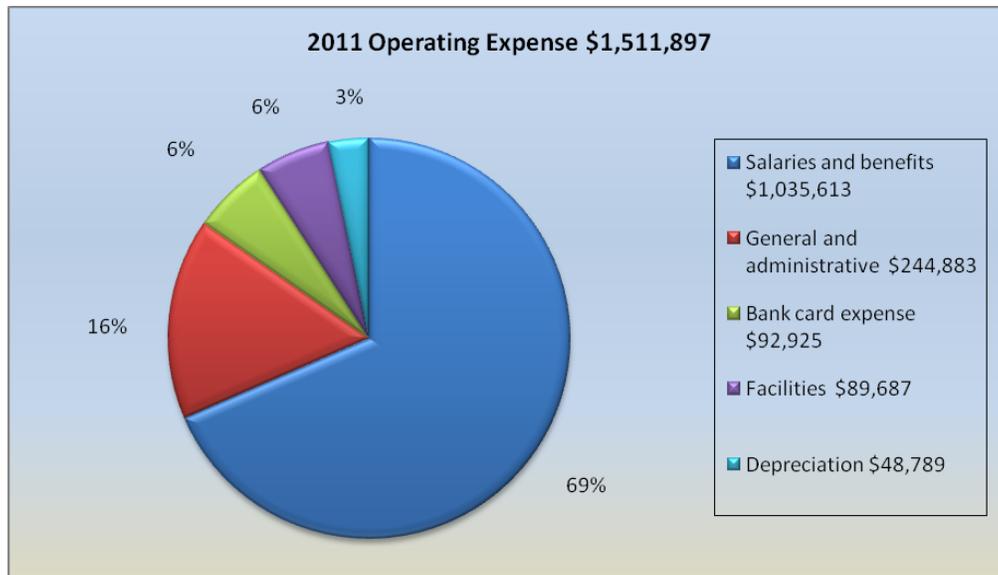
Facilities expenses in fiscal 2011 increased \$20,929 (30.4%) from fiscal 2010 and increased \$3,169 (4.8%) from fiscal 2009 to fiscal 2010. The increase in fiscal 2011 was due to funding the resurfacing of the Bookstore roof.

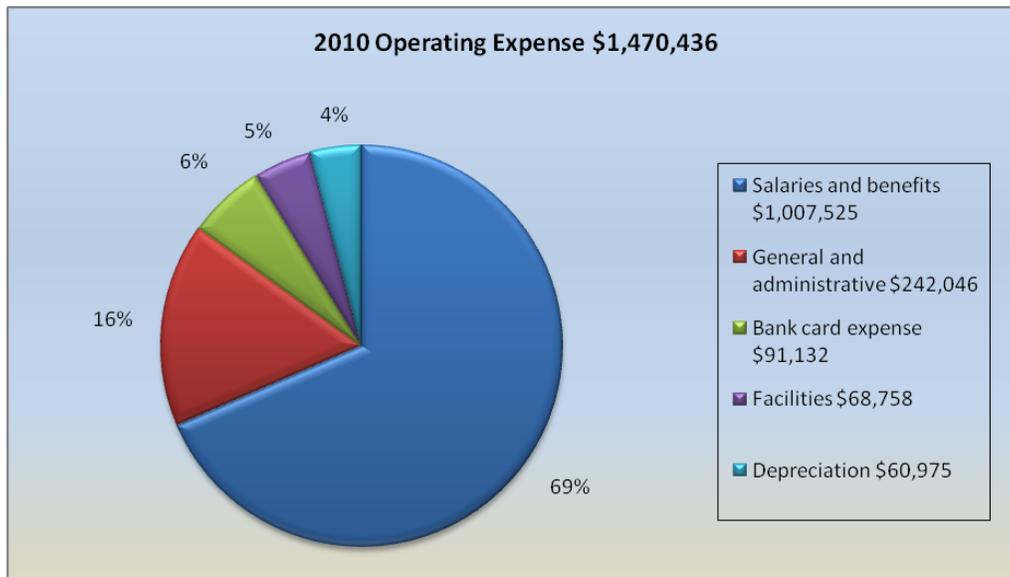
***ASSOCIATED STUDENTS BOOKSTORE  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

Depreciation expense decreased \$12,186 (-20.0%) in fiscal 2011 compared with fiscal 2010. Depreciation in fiscal 2010 decreased \$69,079 (-53.1%) from fiscal 2009, as the 2005 purchase of the PC POS system was fully depreciated in the first half of fiscal 2010.

Total nonoperating expenses increased \$47,790 (223.9%) from fiscal 2010 and decreased \$110,348 (-83.8%) from fiscal 2009 to fiscal 2010. The variances in fiscal 2011 were primarily due to larger distributions to the ASWWU and Athletics. The variances during fiscal 2010 compared with fiscal 2009 resulted from a combination of lower interest earnings reflective of historically low rates combined with no distribution payable to the ASWWU for fiscal 2010 according to the existing revenue sharing agreement. This agreement prioritizes the first \$25,000 in net revenues to be placed in the Bookstore's reserve in order to safeguard the Bookstore as a viable, self-supporting auxiliary. The distribution payable from the Bookstore to the ASWWU was \$35,202 in fiscal 2011. There was no distribution payable to the ASWWU in fiscal 2010, and the distribution payable in 2009 was \$165,440. The distribution payable to Athletics (based on a percent of Emblematic revenues) increased \$4,055 (11.1%) from fiscal 2010 and increased \$2,062 (6.0%) from fiscal 2009 to fiscal 2010.





**Economic Factors and Significant Events**

Fiscal year 2011 expenses were fairly stable with some additional expenses for roof repair and higher administrative charges. There was only one change in full time personnel at the Bookstore as one staff member retired in late May. Sales were stable with an increase of approximately 1.0%. Textbook rentals and custom products such as loose leaf textbooks continue to put pressure on used book sales. The Bookstore acquired a price comparison tool that enables students to shop third party vendors on the store’s website, encouraging loyalty to the Bookstore as well as returning a small commission on such third party sales. Partnerships are becoming more important as the course materials market is changing very rapidly.

The online course reservation system at the bookstore saw large increases in business as our student consumer increasingly prefers to shop on line. On line purchases through the Bookstore’s sales in fiscal 2011 were \$839,637, an increase of \$252,357 (43.0%) from sales in fiscal 2010 of \$587,280. More than 85.0% of these sales are textbook reservations. In fiscal 2011 the Bookstore staff processed orders throughout rush week (the first week of school), whereas in past years the Bookstore stopped accepting these orders the weekend before school started.

During the spring and summer of 2011, substantial progress was made in implementing an internal charge process at the Western Associated Students Bookstore which allows students to place Bookstore charges on their institutional student account. This service enhancement facilitates the Bookstore becoming the vendor of choice for students, and will reduce the Bookstore’s credit card fee expense. Emblematic sportswear sales continue to grow; the Bookstore will assist in the University’s new branding initiative through emblematic sales of the new institutional logo in addition to continued sales of the athletics logos.



**Washington State Auditor  
Brian Sonntag**

November 8, 2011

Board of Trustees  
Western Washington University  
Bellingham, Washington

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Western Washington University Associated Students Bookstore are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the University that is attributable to the transactions of the Associated Students Bookstore. They do not purport to, and do not, present fairly the financial position of Western Washington University as of June 30, 2011, the changes in its financial position or its cash flows for the year

## INDEPENDENT AUDITOR'S REPORT

then ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis on pages 3 through 11, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying information identified in the table of contents as the Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

**ASSOCIATED STUDENTS BOOKSTORE**  
**STATEMENTS OF NET ASSETS**

*June 30, 2011 and 2010*

| <b>Assets</b>                                      | <b>2011</b>        | <b>2010</b>        |
|--|--------------------|--------------------|
| Current assets                                     |                    |                    |
| Cash and cash equivalents, unrestricted (Note 2)   | \$766,334          | \$1,324,781        |
| Cash and cash equivalents, restricted              | -                  | 430                |
| Investments (Note 2)                               | 340,171            | 465,491            |
| Receivables (Note 3)                               | 270,879            | 280,142            |
| Inventory  | 854,084            | 710,393            |
| Prepaid expense                                    | 6,955              | 2,551              |
| Total current assets                               | <u>2,238,423</u>   | <u>2,783,788</u>   |
| Noncurrent assets                                  |                    |                    |
| Investments (Note 2)                               | 518,356            | -                  |
| Building improvements and equipment, net (Note 5)  | 1,414,541          | 1,463,330          |
| Total noncurrent assets                            | <u>1,932,897</u>   | <u>1,463,330</u>   |
| Total assets                                       | <u>4,171,320</u>   | <u>4,247,118</u>   |
| <br><b>Liabilities</b>                             |                    |                    |
| Current liabilities                                |                    |                    |
| Accounts payable and accrued expenses              | 89,112             | 264,371            |
| Distribution payable to Associated Students of WWU | 35,202             | -                  |
| Distribution payable to WWU Athletics Department   | 40,552             | 36,497             |
| Total current liabilities                          | <u>164,866</u>     | <u>300,868</u>     |
| <br><b>Net Assets</b>                              |                    |                    |
| Invested in capital assets                         | 1,414,541          | 1,463,330          |
| Unrestricted                                       | 2,591,913          | 2,482,490          |
| Restricted, expendable                             | -                  | 430                |
| Total net assets                                   | <u>\$4,006,454</u> | <u>\$3,946,250</u> |

*ASSOCIATED STUDENTS BOOKSTORE*

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

|  | <u>2011</u>               | <u>2010</u>               |
|--|---------------------------|---------------------------|
| <b>Operating Revenues</b>                  |                           |                           |
| Sales, net of discounts                    | 6,399,545                 | \$6,323,888               |
| Cost of goods sold                         | <u>4,819,995</u>          | <u>4,875,830</u>          |
| Gross margin                               | 1,579,550                 | 1,448,058                 |
| <b>Other Operating Revenues</b>            | 61,686                    | 64,827                    |
| <b>Operating Expenses</b>                  |                           |                           |
| Salaries and benefits                      | 1,035,613                 | 1,007,525                 |
| General and administrative expense         | 244,883                   | 242,046                   |
| Facilities expense                         | 89,687                    | 68,758                    |
| Depreciation                               | 48,789                    | 60,975                    |
| Bank card expense                          | <u>92,925</u>             | <u>91,132</u>             |
| Total operating expenses                   | <u>1,511,897</u>          | <u>1,470,436</u>          |
| Income from operations                     | 129,339                   | 42,449                    |
| <b>Nonoperating Revenues (Expenses)</b>    |                           |                           |
| Investment income                          | 6,619                     | 15,152                    |
| Distribution to Associated Students of WWU | (35,202)                  | -                         |
| Distribution to WWU Athletics Department   | <u>(40,552)</u>           | <u>(36,497)</u>           |
| Total nonoperating revenues (expenses)     | <u>(69,135)</u>           | <u>(21,345)</u>           |
| Increase in net assets                     | 60,204                    | 21,104                    |
| <b>Total Net Assets, Beginning of Year</b> | <u>3,946,250</u>          | <u>3,925,146</u>          |
| <b>Total Net Assets, End of Year</b>       | <u><u>\$4,006,454</u></u> | <u><u>\$3,946,250</u></u> |

**ASSOCIATED STUDENTS BOOKSTORE  
STATEMENTS OF CASH FLOWS**

*June 30, 2011 and 2010*

|   | <u>2011</u>               | <u>2010</u>               |
|---|---------------------------|---------------------------|
| <b>Cash Flows from Operating Activities</b>   |                           |                           |
| Cash received from students and other customers                                       | \$6,470,494               | \$6,748,836               |
| Payments to employees   | (1,056,010)               | (994,562)                 |
| Payments to suppliers   | (5,550,447)               | (5,020,893)               |
| Net cash provided by operating activities   | <u>(135,963)</u>          | <u>733,381</u>            |
| <br><b>Cash Flows from Noncapital Financing Activities</b>                            |                           |                           |
| Distribution to WWU Athletics Department  | (36,497)                  | (34,435)                  |
| Distribution to Associated Students of WWU  | -                         | (165,440)                 |
| Net cash used in noncapital financing activities                                      | <u>(36,497)</u>           | <u>(199,875)</u>          |
| <br><b>Cash Flows from Investing Activities</b>                                       |                           |                           |
| Investment income received  | 6,619                     | 15,152                    |
| Net sales of investments in internal pool   | (393,036)                 | 117,765                   |
| Net cash flows provided by investing activities                                       | <u>(386,417)</u>          | <u>132,917</u>            |
| <br><b>Cash Flows from Capital and Related Financing Activities</b>                   |                           |                           |
| Purchases of equipment  | -                         | (8,587)                   |
| Net cash used in capital and related financing activities                             | <u>-</u>                  | <u>(8,587)</u>            |
| <br>Net increase in cash and cash equivalents   | (558,877)                 | 657,836                   |
| <br>Cash and cash equivalents, beginning of year                                      | <u>1,325,211</u>          | <u>667,375</u>            |
| Cash and cash equivalents, end of year  | <u><u>\$766,334</u></u>   | <u><u>\$1,325,211</u></u> |
| <br><b>Reconciliation of Operating Income to Net Cash Flows</b>                       |                           |                           |
| <b>From Operating Activities</b>  |                           |                           |
| Income from operations  | \$129,339                 | \$42,449                  |
| Adjustments to reconcile operating income to net cash flows from operating activities |                           |                           |
| Depreciation  | 48,789                    | 60,975                    |
| Change in operating assets and liabilities  |                           |                           |
| Receivables   | 9,263                     | 360,121                   |
| Accounts payable and accrued expenses   | (175,259)                 | 15,804                    |
| Prepaid expense   | (4,404)                   | (2,551)                   |
| Inventory   | (143,691)                 | 256,583                   |
| Net cash provided by operating activities   | <u><u>(\$135,963)</u></u> | <u><u>\$733,381</u></u>   |

***ASSOCIATED STUDENTS BOOKSTORE  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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

Organization

Western Washington University Associated Students Bookstore (the Bookstore) is a self supporting, auxiliary enterprise of Western Washington University (the University). The Associated Students of WWU (ASWWU) have an active partnership with the Bookstore administration through involvement in the development and recommendation of general policy guidelines for the Bookstore. The Bookstore is a discount retailer of textbooks, supplies and general merchandise.

Financial Statements Presentation

These financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by the Governmental Accounting Standards Board (GASB). The statements are special purpose reports reflecting the net assets, results of operations, and cash flows of the Bookstore. These financial statements present only a selected portion of the activities of the University. As such, they are not intended to and do not present either the financial position, results of operations or changes in net assets of the University.

Basis of Accounting

The Bookstore's financial statements have been 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. The Bookstore has elected not to apply any FASB pronouncements after November 30, 1989.

Cash, Cash Equivalents and Investments

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

Accounts Receivable

Receivables are recorded at their principal balances. The Bookstore considers all accounts greater than 30 days old to be past due. When an account is deemed uncollectible, it is written off using the direct method and assigned to a collection agency. Credits due from publishers represent amounts due from returned merchandise.

Inventory

Inventory consists of textbooks, supplies, and general merchandise and is stated at the lower of cost (retail method) or market.

Improvements and Equipment

The building used for the Bookstore's operations is located on the University's property. Building improvements and equipment are stated at cost, net of accumulated depreciation. The Bookstore capitalizes any expenditure for buildings, improvements, and equipment that have a cost of at least \$5,000 and an estimated useful life of more than one year. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets; forty years for building improvements and four to seven years for equipment.

*ASSOCIATED STUDENTS BOOKSTORE  
NOTES TO THE FINANCIAL STATEMENTS*

*June 30, 2011 and 2010*

Net Assets

The Bookstore's net assets are classified as follows:

*Invested in capital assets.* This category represents the Bookstore's total investment in capital assets.

*Restricted, expendable net assets.* This category represents net assets restricted by an outside entity for a specific use. Restricted assets are used in accordance with their requirements and where both restricted and unrestricted resources are available for use, unrestricted resources are used first and then restricted resources as the specific use arises.

*Unrestricted net assets.* This category represents resources derived from operations and investing activities.

Classification of Revenues, Expenses, and Transfers

*Operating revenues.* Operating revenues include activities that have the characteristics of exchange transactions, such as sales and services.

*Nonoperating revenues.* Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as investment income.

*Operating expenses.* Operating expenses are those costs incurred in daily operations, such as salaries, general and administrative and depreciation.

*Nonoperating expenses.* Nonoperating expenses include amounts payable to outside entities due to existing revenue sharing agreements.

Tax Exemption

The University, and the Bookstore as an auxiliary enterprise, is a tax-exempt 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 (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Administrative Assessment

The University provides support to the Bookstore through cash management, accounting, purchasing and disbursing services, risk management, and other support services. The effects of these transactions are recorded as operating expenses in these financial statements.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Interest Rate and Credit Risk

The University's investment pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP), and U.S. Treasury and Agency securities. The LGIP is considered a cash equivalent. The University's pooled investment with the LGIP is invested in high-quality, short-term investments. Investments in the LGIP are restricted to securities that mature in 397 days or less, and the portfolio maintains a weighted average maturity of 90 days or less.

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

|                           | 2011                | Weighted<br>Average<br>Maturity<br>(in years) | 2010                | Weighted<br>Average<br>Maturity<br>(in years) |
|---------------------------|---------------------|---|---------------------|---|
| Cash and Cash Equivalents | \$ 766,334          | n/a   | \$ 1,325,211        | n/a   |
| Investments               |                     |   |                     |   |
| Certificates of deposit   | 125,603             | 0.046   | 465,491             | 0.003   |
| U.S. Treasury             | 628,184             | 5.500   |                     |   |
| U.S. Agencies             | 104,740             | 4.000   |                     |   |
|                           | <u>\$ 1,624,861</u> |   | <u>\$ 1,790,702</u> |   |

**NOTE 3. RECEIVABLES**

Receivables at June 30, 2011 and 2010 include:

|                             | 2011              | 2010             |
|-----------------------------|-------------------|------------------|
| Credits due from publishers | \$ 265,442        | \$272,767        |
| Accounts receivable         | 5,437             | 7,375            |
|                             | <u>\$ 270,879</u> | <u>\$280,142</u> |

***ASSOCIATED STUDENTS BOOKSTORE  
NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

**NOTE 4. REVENUE SHARING AGREEMENTS**

The Bookstore and the Associated Students Board (AS Board) entered into a revenue sharing agreement commencing during fiscal year 2007. The agreement states that the Bookstore will retain the first \$25,000 of net income and will split any net income above the first \$25,000 equally with the ASWWU. The agreement is in effect until June 30, 2011 when it will be renegotiated with the AS Board. There was a distribution of \$35,202 in fiscal 2011 and no distribution in fiscal 2010.

Beginning in fiscal 2003, the Bookstore agreed to make an annual distribution to the Western Washington University Athletics Department. The appropriation is based on 5% of emblematic clothing, hat and gift item sales, after discounts. The distribution payable for the years ended June 30, 2011 and 2010 was \$40,552 and \$36,497 respectively.

**NOTE 5. BUILDINGS, IMPROVEMENTS, AND EQUIPMENT**

The depreciation expense for the fiscal years ended June 30, 2011 and 2010 was \$48,789 and \$60,975, respectively.

Following are the changes in building and equipment for the years ended June 30, 2011 and 2010:

|  | June 30,<br>2010   | Additions         | Retirements | June 30,<br>2011   |
|--|--------------------|-------------------|-------------|--------------------|
| Building improvements                    | \$1,867,033        | \$ -              | \$ -        | \$1,867,033        |
| Fixtures and equipment                   | 445,780            | -                 | -           | 445,780            |
|  | <u>2,312,813</u>   | <u>-</u>          | <u>-</u>    | <u>2,312,813</u>   |
| Less accumulated depreciation            | (849,483)          | (48,789)          | -           | (898,272)          |
| Building Improvements and Equipment, net | <u>\$1,463,330</u> | <u>(\$48,789)</u> | <u>\$ -</u> | <u>\$1,414,541</u> |

|  | June 30,<br>2009   | Additions         | Retirements      | June 30,<br>2010   |
|--|--------------------|-------------------|------------------|--------------------|
| Building improvements                    | \$1,867,033        | \$ -              | \$ -             | \$1,867,033        |
| Fixtures and equipment                   | 613,505            | 8,587             | (176,312)        | 445,780            |
|  | <u>2,480,538</u>   | <u>8,587</u>      | <u>(176,312)</u> | <u>2,312,813</u>   |
| Less accumulated depreciation            | (964,820)          | (60,975)          | 176,312          | (849,483)          |
| Building Improvements and Equipment, net | <u>\$1,515,718</u> | <u>(\$52,388)</u> | <u>\$ -</u>      | <u>\$1,463,330</u> |

**NOTE 6. PENSION PLAN**

Bookstore employees in eligible positions are participants in the State of Washington Public Employees' Retirement System (PERS) and the Western Washington University Retirement Plan (WWURP). PERS is a defined benefit pension plan. The University contributes to PERS, a cost sharing multiple-employer defined benefit pension plan administered by the State of Washington Retirement System.

PERS I provides retirement and disability benefits and minimum benefit increases beginning at age 66 to eligible non-academic plan members hired prior to October 1, 1977. PERS II and III provide retirement and disability benefits and a cost-of-living allowance to non-academic plan members hired on or after October 1, 1977. In addition, PERS III has a defined contribution component, which is fully funded by employee contributions. PERS defined benefit plan benefits are vested after an employee completes five years of service. The Washington State Legislature establishes or amends benefit provisions for PERS. Additional information concerning plan descriptions and benefit provisions is included in a Comprehensive Annual Financial Report publicly available from the Washington State Department of Retirement System, P.O. Box 48380, Olympia, WA 98504.

WWURP is a defined contribution pension plan with a supplemental payment, when required. The plan covers faculty, professional staff, and certain other employees. It is administered by the University. The University's Board of Trustees is authorized to establish and amend benefit provisions. Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have a 100% vested interest in their contributions at all times.

The supplemental payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The Bookstore 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.

The Bookstore contributed \$31,111 and \$29,874 to these plans in fiscal 2010 and fiscal 2009, respectively. Actuarial valuations of the plans for the Bookstore as a stand-alone entity are not available.

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS**

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 AAL is not available for auxiliary entities. The University is responsible for the annual payment; therefore, the annual required contribution (ARC) is not recorded on the Bookstore's financial statements.

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**SUPPLEMENTAL INFORMATION**

**ASSOCIATED STUDENTS BOOKSTORE  
SUPPLEMENTAL INFORMATION**

*June 30, 2011 and 2010*

**FIVE-YEAR CONDENSED VIEW OF STATEMENTS OF NET ASSETS  
Years ended June 30, 2011, 2010, 2009, 2008, and 2007**

| Assets  | <u>2011</u>        | <u>2010</u>        | <u>2009</u>        | <u>2008</u>        | <u>2007</u>        |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Current assets  | \$2,238,423        | \$2,783,788        | \$2,833,736        | \$2,407,585        | \$2,016,320        |
| Non-current assets                                      | 518,356            | 0                  | 24,134             | 59,977             | 103,146            |
| Capital Assets  | <u>1,414,541</u>   | <u>1,463,330</u>   | <u>1,515,718</u>   | <u>1,645,772</u>   | <u>1,776,182</u>   |
| Total assets  | <u>4,171,320</u>   | <u>4,247,118</u>   | <u>4,373,588</u>   | <u>4,113,334</u>   | <u>3,895,648</u>   |
| Liabilities   |                    |                    |                    |                    |                    |
| Accounts payable and accruals                           | 89,112             | 264,371            | 248,567            | 220,947            | 277,058            |
| Due to other WWU departments                            | <u>75,754</u>      | <u>36,497</u>      | <u>199,875</u>     | <u>157,680</u>     | <u>31,993</u>      |
| Total liabilities                                       | <u>164,866</u>     | <u>300,868</u>     | <u>448,442</u>     | <u>378,627</u>     | <u>309,051</u>     |
| Total Net Assets  | <u>\$4,006,454</u> | <u>\$3,946,250</u> | <u>\$3,925,146</u> | <u>\$3,734,707</u> | <u>\$3,586,597</u> |
| Current ratio (current assets/current liabilities)      | 13.58              | 9.25               | 6.32               | 6.36               | 6.52               |
| Return on assets<br>(change in net assets/total assets) | 1.4%               | 0.5%               | 4.4%               | 3.6%               | -5.6%              |

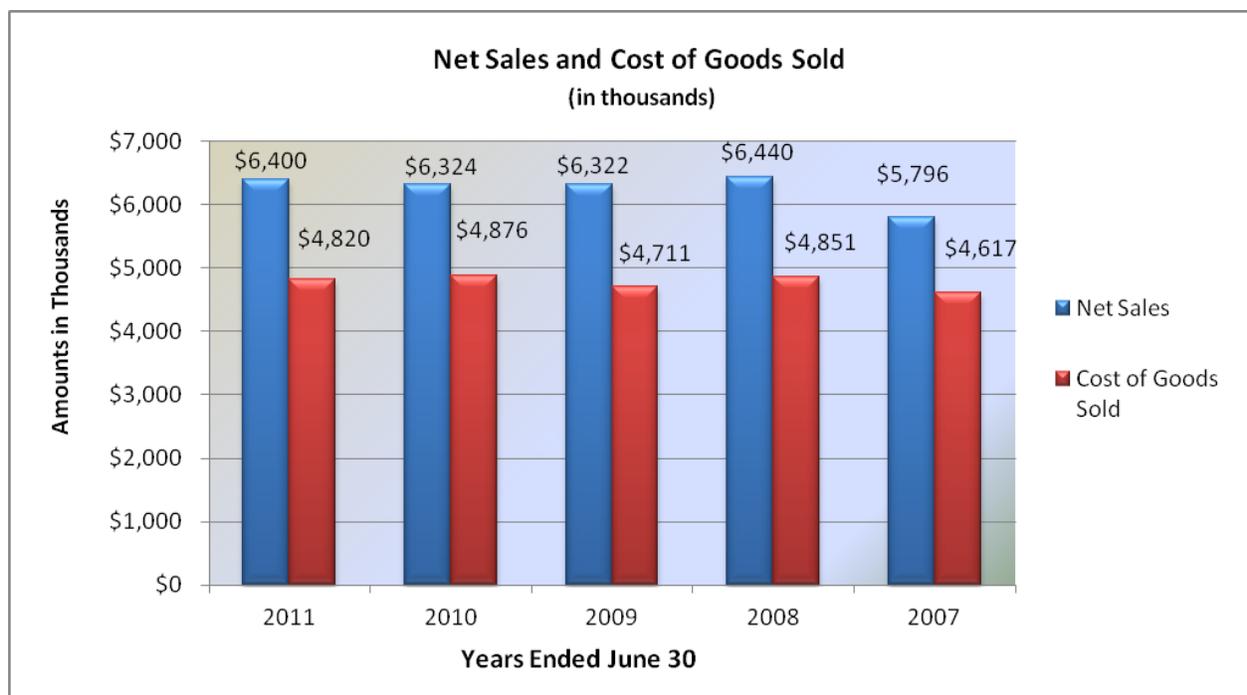
**ASSOCIATED STUDENTS BOOKSTORE  
SUPPLEMENTAL INFORMATION**

*June 30, 2011 and 2010*

**FIVE-YEAR STATEMENTS OF REVENUES AND EXPENSES  
Years ended June 30, 2011, 2010, 2009, 2008, and 2007**

|   | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      | <u>2007</u>        |
|---|------------------|------------------|------------------|------------------|--------------------|
| Net sales   | \$6,399,545      | \$6,323,888      | \$6,321,569      | \$6,439,936      | \$5,796,136        |
| Cost of goods sold                                  | 4,819,995        | 4,875,830        | 4,710,880        | 4,850,535        | 4,617,203          |
| Gross profit  | 1,579,550        | 1,448,058        | 1,610,689        | 1,589,400        | 1,178,933          |
| Other Operating Revenues                            | 61,686           | 64,827           | 70,114           | 118,298          | 121,057            |
| Operating expenses                                  |                  |                  |                  |                  |                    |
| Salaries and benefits                               | 1,035,613        | 1,007,525        | 862,870          | 981,883          | 1,036,578          |
| General and administrative expense                  | 244,883          | 242,046          | 217,721          | 191,924          | 237,107            |
| Facilities expense                                  | 89,687           | 68,758           | 65,589           | 68,615           | 54,757             |
| Depreciation  | 48,789           | 60,975           | 130,054          | 130,410          | 130,723            |
| Bank card expense                                   | 92,925           | 91,132           | 82,437           | 83,982           | 80,784             |
| Total operating expense                             | <u>1,511,897</u> | <u>1,470,436</u> | <u>1,358,671</u> | <u>1,456,814</u> | <u>1,539,949</u>   |
| Income (loss) from operations                       | 129,339          | 42,449           | 322,132          | 250,885          | (239,959)          |
| Nonoperating revenues (expenses)                    |                  |                  |                  |                  |                    |
| Investment income                                   | 6,619            | 15,152           | 38,182           | 54,905           | 39,579             |
| Rental income                                       | -                | -                | -                | -                | 15,500             |
| Distribution from Associated Students of WWU        | -                | -                | 30,000           | -                | -                  |
| Distribution to Associated Students of WWU          | (35,202)         | -                | (165,440)        | (123,110)        | -                  |
| Distribution to WWU Athletics Department            | (40,552)         | (36,497)         | (34,435)         | (34,570)         | (31,993)           |
| Total nonoperating revenues (expenses)              | <u>(69,135)</u>  | <u>(21,345)</u>  | <u>(131,693)</u> | <u>(102,775)</u> | <u>23,086</u>      |
| Increase (decrease) in net assets                   | <u>\$60,204</u>  | <u>\$21,104</u>  | <u>\$190,439</u> | <u>\$148,110</u> | <u>(\$216,873)</u> |
| Gross profit percentage<br>(gross profit/net sales) | 24.7%            | 22.9%            | 25.5%            | 24.7%            | 20.3%              |

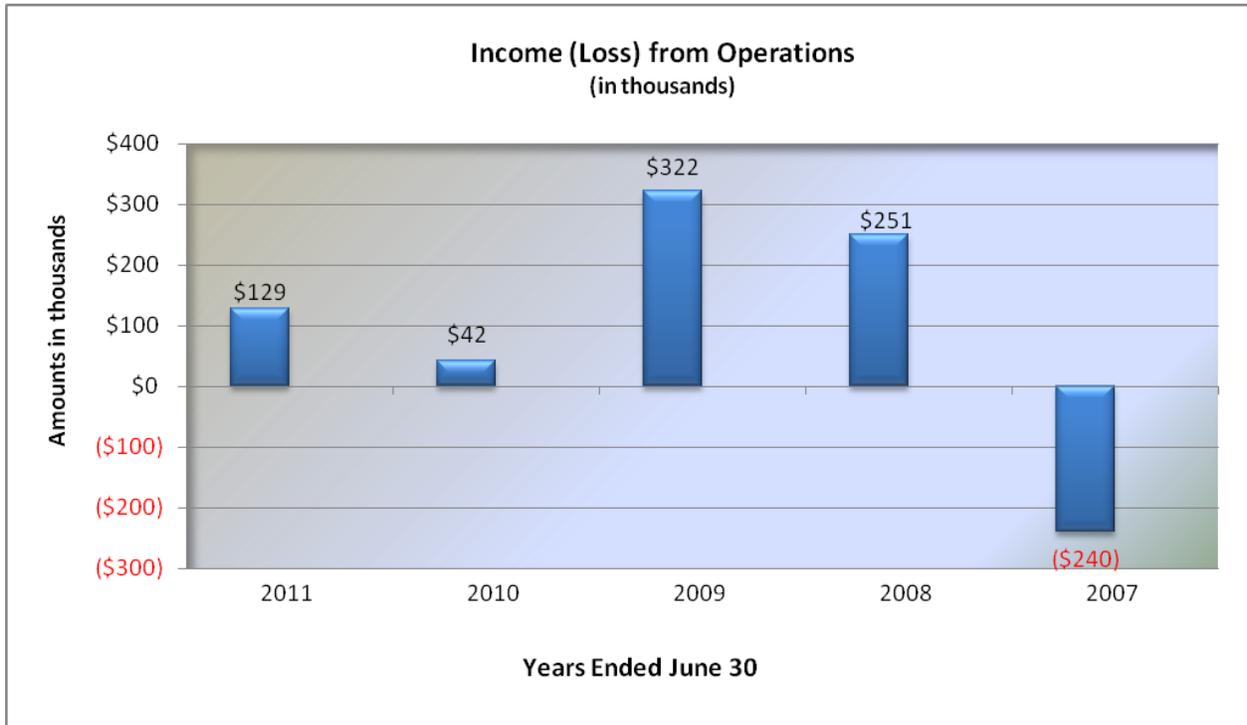
**FIVE-YEAR NET SALES AND COST OF GOODS SOLD**



**FIVE-YEAR TOTAL OPERATING EXPENSES**



**FIVE-YEAR INCOME FROM OPERATIONS AND  
GROSS MARGIN AS PERCENTAGE OF SALES**



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## ***PARKING SERVICES***

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

*June 30, 2011 and 2010*

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

The following discussion and analysis provide an overview of the financial activities and financial position of Western Washington University's Parking Services (Parking Services) for the years ended June 30, 2011, 2010, and 2009. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and accompanying notes.

#### **Presentation of the Financial Statements**

Parking Services financial reports include the Statements of Net Assets, the Statements of Revenue, Expenses, and Changes in Net Assets and the Statements of Cash Flows.

The statements are formatted following the guidelines of the Governmental Accounting Standard Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. Parking Services financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

#### **Statements of Net Assets**

The Statements of Net Assets present the financial condition of Parking Services at the end of the fiscal year and report all assets and liabilities.

The amounts in these statements represent the assets available to continue the operations of Parking Services and identify what is owed to vendors and other parties. The difference between total assets and total liabilities, net assets, is one indicator of the current financial condition of Parking Services. The change in net assets measures whether the overall financial condition has improved or deteriorated during the fiscal year.

Below is a condensed view of the Statements of Net Assets as of June 30, 2011, 2010 and 2009:

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

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

## ***PARKING SERVICES***

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

*June 30, 2011 and 2010*

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

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

Capital assets, net decreased \$47,635 (-5.7%) due to the continued depreciation and amortization offset by the purchase of a new vehicle. Capital assets, net increased in 2010 by \$257,131 (44.8%) compared to fiscal 2009 due to the purchase of new parking pay boxes and capital improvements to parking lots offset by depreciation and amortization. The parking lot project was completed in September 2009. The expenditures for the LCTC project are shown under Improvements Other than Buildings on the Capital Assets schedule in Note 5 to the financial statements for fiscal 2010.

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

Noncurrent liabilities decreased \$142,225 (-6.0%) in fiscal 2011 when compared to fiscal 2010 due to principal payments on long-term notes payable. Noncurrent liabilities increased \$13,358 (0.6%) in fiscal 2010 compared to fiscal 2009 due to the purchase of parking pay boxes through a state financing program over seven years at a cost of \$150,000, offset by long-term debt principal payments.

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

#### **Statements of Revenues, Expenses and Changes in Net Assets**

The changes in total net assets, as presented on the Statements of Net Assets, are detailed in the activity presented in the Statements of Revenues, Expenses and Changes in Net Assets. The statements present Parking Services results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating and non-operating. Also in accordance with GASB Statement 34, fines revenues are recognized when collected.

In general, operating revenues are those received for providing goods and services to the customers of Parking Services, primarily permit sales to staff, faculty and students. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues.

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

## ***PARKING SERVICES***

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

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

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

Following is a condensed version of the Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2011, 2010 and 2009:

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

#### **Revenues**

Permit revenues decreased \$13,423 (-1.2%) in fiscal 2011 when comparing to fiscal 2010 due to an increase in deferral of revenue from summer permit sales in 2011. Permit revenues increased by \$44,659 (4.2%) when comparing fiscal 2010 to fiscal 2009. The fiscal 2010 permit revenue increase is a result of selling more parking permits in the lots at the south end of campus. During fiscal 2009, permits for these lots were sold under a cap while during fiscal 2010 permits were sold on a ratio of spaces available to allow for improved monitoring of the use of the lots.

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

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

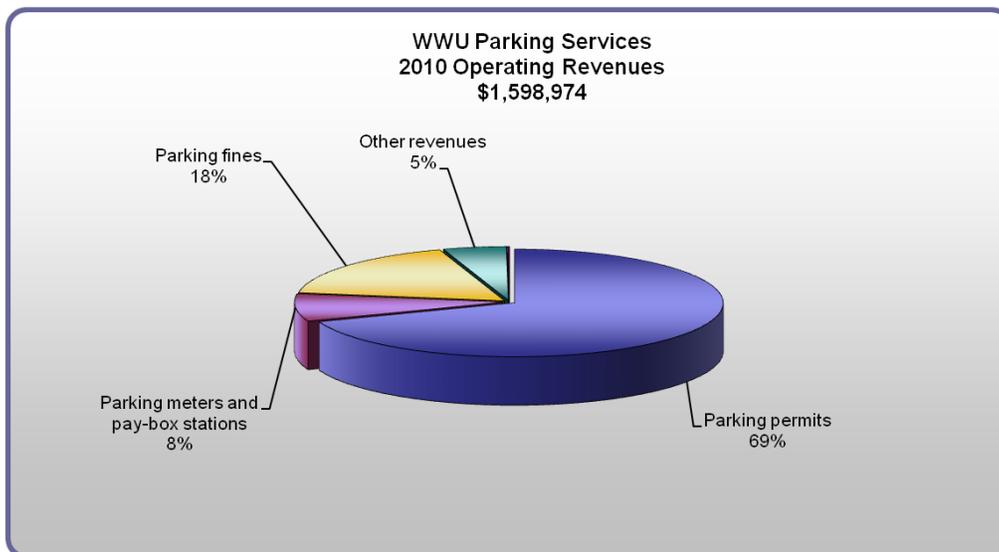
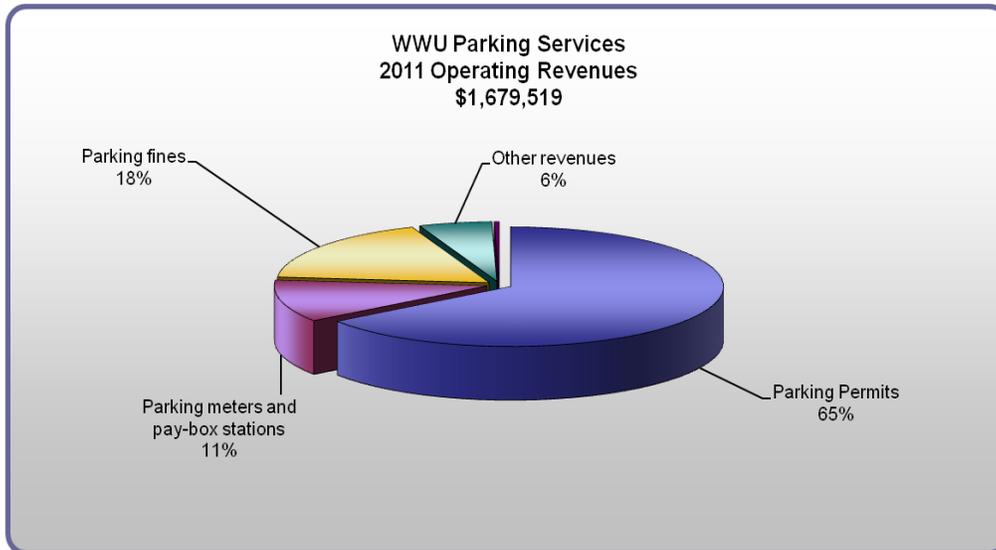
Other revenues increased \$14,766 (18.9%) when comparing fiscal 2011 to fiscal 2010 due to funding received through the Miller Hall capital project to fund a security position. This position was funded for 12 months in fiscal 2011 compared to 9 months in fiscal 2010. The security position monitored traffic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

***PARKING SERVICES***

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

*June 30, 2011 and 2010*

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



**Expenses**

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

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

***PARKING SERVICES***

***MANAGEMENT’S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

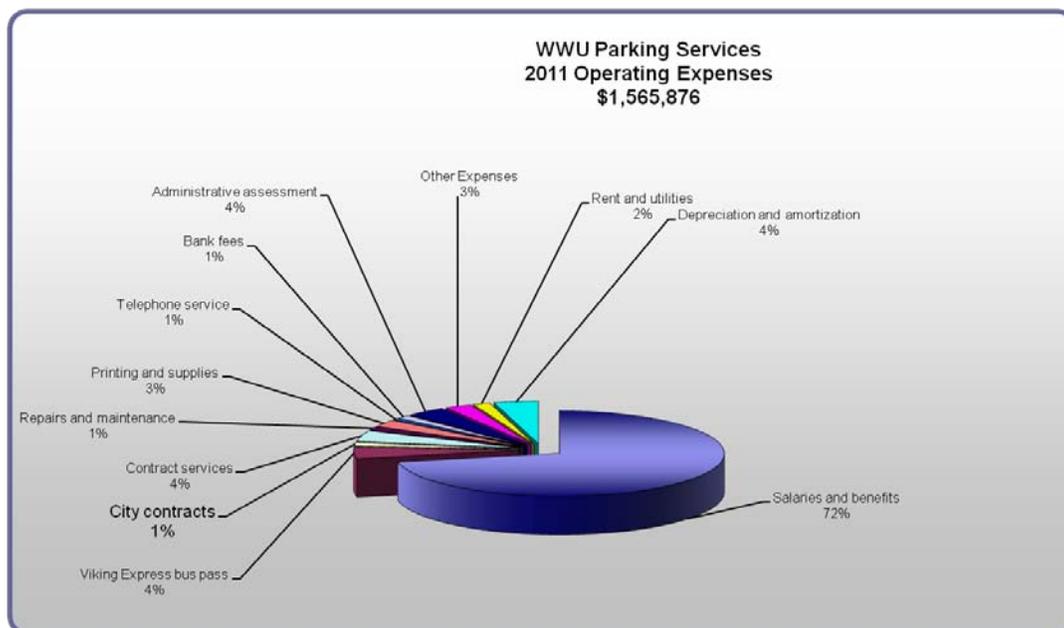
system support and licensing fees. During fiscal 2010, Parking Services was in the process of paying for implementation costs associated with the new software for the pay station system.

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

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

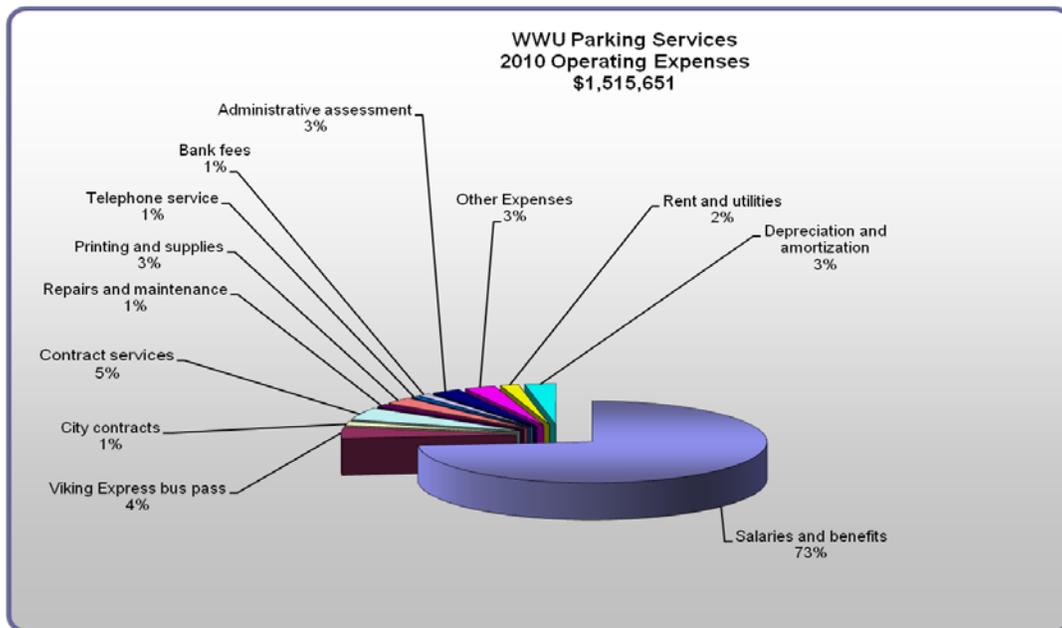
City contracts decreased \$859 (-3.8%) over fiscal 2010 and decreased \$1,443 (6.0%) when comparing fiscal 2010 to fiscal 2009. The changes in this expense category are due to annual adjustments made to the contract with the City of Bellingham. This contract determines the fee the City of Bellingham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

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



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

*June 30, 2011 and 2010*



**Economic Factors and Significant Events**

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

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

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



**Washington State Auditor  
Brian Sonntag**

November 8, 2011

Board of Trustees  
Western Washington University  
Bellingham, Washington

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Western Washington University Parking Services are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the University that is attributable to the transactions of Parking Services. They do not purport to, and do not, present fairly the financial position of Western Washington University as of June 30,

## INDEPENDENT AUDITOR'S REPORT

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

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

The management's discussion and analysis on pages 3 through 8, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sincerely,

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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

*June 30, 2011 and 2010*

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

**PARKING SERVICES**

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

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

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

*June 30, 2011 and 2010*

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

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## ***PARKING SERVICES***

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

*June 30, 2011 and 2010*

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

##### Organization

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

Parking Services facilitates access to the University for over 15,000 students, faculty, staff, vendors and guests. To supplement approximately 3,400 campus parking spaces, the transportation program provides assistance, education and incentives for walking, transit use, bicycling and carpooling.

##### Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by the Governmental Accounting Standards Board (GASB). These statements are special purpose reports reflecting the net assets, results of operations and cash flows of Parking Services. The financial statements present only a selected portion of the activities of the University. They are not intended to and do not present either the financial position, results of operations, or changes in net assets of the University.

##### Basis of Accounting

The financial statements of Parking Services have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Parking Services has elected not to apply any FASB pronouncements issued after November 30, 1989.

##### Cash, Cash Equivalents and Investments

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

##### Accounts Receivable

Accounts receivable are unsecured, recorded at the net balance, and are due from students and employees. Outstanding receivables at June 30, 2011 and 2010 resulted from summer bus pass sales to employees and students on payroll deduction. The next payroll deduction occurred on July 10<sup>th</sup>, paying the outstanding receivable.

##### Capital Assets

Land, vehicles, pay box stations, and improvements other than buildings and equipment are stated at cost. Parking Services capitalizes items with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated on the straight-line basis over the estimated lives of the assets, five to seven years for vehicles, pay box stations, and equipment.

##### Other Assets

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

## PARKING SERVICES

### NOTES TO THE FINANCIAL STATEMENTS

*June 30, 2011 and 2010*

#### Deferred Revenue and Revenue Recognition

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

Parking permit revenues are recognized during the period to which the permits relate. Grant revenues are recognized when the related expenditures are incurred. Citation and pay-box revenues are recognized when earned. Fines revenues are recognized when collected.

#### Net Assets

Parking Services' net assets are classified as follows:

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

*Unrestricted net assets.* This represents resources derived from operations and investing activities.

#### Classification of Revenue, Expenses and Transfers

Operating revenue includes activities that have the characteristics of exchange transactions, such as the sale of parking permits, parking meter, pay box and fine revenue. Operating expenses are those costs incurred in daily operations, such as salaries, repairs and depreciation.

Nonoperating revenue includes items that do not have the characteristics of exchange transactions, such as contributed income and interest income. Nonoperating expenses include costs related to financing or investing activities, such as interest on indebtedness.

#### Administrative Assessment

The University provides support to Parking Services through cash management, accounting, purchasing and accounts payable services, risk management, and other support services. The effects of these transactions are included in these financial statements. The amounts incurred were \$60,385 and \$41,186 for fiscal years ended June 30, 2011 and 2010, respectively.

#### Tax Exemption

The University, and Parking Services as an auxiliary enterprise, is an instrumentality of the State of Washington organized under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from federal income taxes on related income.

#### Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***PARKING SERVICES***

***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Interest Rate and Credit Risk

The University investment pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP), and U.S. Treasury and Agency securities. The LGIP is considered a cash equivalent. The University's pooled investment with the LGIP is invested in high-quality, short-term investments. Investments in the LGIP are restricted to securities that mature in 397 days or less, and the portfolio maintains a weighted average maturity of 90 days or less.

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

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

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

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

Phase I of the project is complete and design plans are finished for installation of storm water retention vaults, which must be in place before any additional permits will be authorized by the City of Bellingham. Most of the project was funded with Federal Transit Administration (FTA) funds, with the University providing funding for the land acquisition (See Note 4). In fiscal 2009, the majority of grant funds were incurred for architectural and engineering design.

***PARKING SERVICES***

***NOTES TO THE FINANCIAL STATEMENTS***

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

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

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

**NOTE 4. NOTES PAYABLE**

Parking Services financed the purchase of the Lincoln Creek property through the issuance of Certificates of Participation by the Washington State Treasurer at an interest rate of 4.42% payable over 20 years. The program offers lease financing to state agencies to purchase capital assets and property. The University will own the property outright after all payments have been made. The long-term debt has a carrying value of \$2,369,572 at June 30, 2011, which is reported net of the unamortized premium of \$1,087. During fiscal 2010, Parking Services financed the purchase of \$150,000 in new pay box stations through this same method at an interest rate of 1.93% repaid over the next four years resulting in the University owning the pay box stations.

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

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

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

***PARKING SERVICES***

***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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

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

**NOTE 5. CAPITAL ASSETS**

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

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

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

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

*June 30, 2011 and 2010*

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

|                                     | June 30, 2009 | Additions | Retirements | Transfers | June 30, 2010 |
|-------------------------------------|---------------|-----------|-------------|-----------|---------------|
| Land                                | \$3,503,223   | \$ -      | \$ -        | \$ -      | \$3,503,223   |
| Capital Assets                      |               |           |             |           |               |
| Pay-box stations                    | 135,717       | 148,650   | (135,717)   | -         | 148,650       |
| Vehicles and equipment              | 197,175       |           | (30,301)    | -         | 166,874       |
| Improvements other than building    | 350,175       | 154,405   | -           | 514,723   | 1,019,303     |
| Construction in progress            | 514,723       |           | -           | (514,723) | -             |
| Total capital assets                | 1,197,790     | 303,055   | (166,018)   | -         | 1,334,827     |
| Accumulated depreciation            | (273,843)     | (43,439)  | 163,533     | -         | (153,749)     |
| Accumulated amortization            | (350,175)     | -         | -           | -         | (350,175)     |
| Total depreciation and amortization | (624,018)     | (43,439)  | 163,533     | -         | (503,924)     |
| Capital assets, net                 | \$573,772     | \$259,616 | \$ (2,485)  | \$ -      | \$830,903     |

**NOTE 6. PENSION PLAN**

Parking employees in eligible positions are participants in the State of Washington Public Employees' Retirement System (PERS) and the Western Washington University Retirement Plan (WWURP). PERS is a defined benefit pension plan. The University contributes to PERS, a cost sharing multiple-employer defined benefit pension plan administered by the State of Washington Retirement System.

PERS I provides retirement and disability benefits, and minimum benefit increases beginning at age 66 to eligible non-academic plan members hired prior to October 1, 1977. PERS II and III provide retirement and disability benefits, and a cost-of-living allowance to non-academic plan members hired on or after October 1, 1977. In addition, PERS III has a defined contribution component, which is fully funded by employee contributions. PERS defined benefit plan benefits are vested after an employee completes five years of service.

The Washington State Legislature establishes or amends benefit provision for PERS. Additional information concerning plan descriptions and benefit provisions is included in a Comprehensive Annual Financial Report publicly available for the Washington State Department of Retirement System, P.O. Box 48380, Olympia, WA 98504.

WWURP is a defined contribution pension plan with a supplemental payment, when required. The plan covers faculty, professional staff, and certain other employees. It is administered by the University. The University's Board of Trustees is authorized to establish and amend benefit provisions.

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

The supplemental payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The University makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

*PARKING SERVICES*

*NOTES TO THE FINANCIAL STATEMENTS*

*June 30, 2011 and 2010*

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

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

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

The university funds OPEB obligations at a university-wide level on a pay-as-you-go basis. Disclosure information, as required under GASB 45, does not exist at department levels, and as a result, the actuarial accrued liabilities (AAL) are not available for auxiliary entities. The University is responsible for the annual payment, the annual required contribution (ARC) is not recorded on Parking Service's financial statements.

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## **DATE FOR NEXT REGULAR MEETING**

- February 9 & 10, 2012

# ADJOURNMENT