

**WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES**

**SPECIAL MEETING
September 24 & 25, 2009**

I. CALL TO ORDER

Chair Phil Sharpe called the special meeting of the Board of Trustees of Western Washington University to order at 12:45 p.m. at the Semiahmoo Resort, Blaine, WA.

Board of Trustees

Betti Fujikado
Sarah Ishmael
Howard Lincoln
Ralph Munro
Kevin Raymond
Phil Sharpe, Chair
John Warner
Peggy Zoro, Vice Chair

Western Washington University

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

Facilitator

John Moore, Penson & Associates, Inc.

WELCOME

Phil Sharpe, Chair of the Board of Trustees, introduced Dr. John Moore of Penson & Associates, Inc. Moore has been working with the Board during President Morse's evaluation, her transition out of Western's presidency, the presidential search, and President Shepard's transition in to Western's presidency.

Sharpe welcomed two new trustees to Western's Board of Trustees – Ralph Munro and Sarah Ishmael. Sharpe noted that Munro, a Western alum, had been appointed to the Board in 1976, but never served because of a transition in the state's governor's office. Ishmael is Western's Student Trustee for 2009-2010.

The Board will be working on two themes – Retreat and Transition. The Board will be looking at what we do and how we do it, the transition of Western's leadership and the transition within the Board.

RETREAT AND TRANSITION

During the retreat the Board will:

- Assess their own performance and identify opportunities to move to a higher level of performance. Moore noted that Western's Board already is a high performing Board that speaks with one voice and follows best practices.

- Assess the partnership between the Board and the President and look at opportunities to ensure that the partnership continues to be the best that it can be.
- Continue to work with President Shepard on his “transition-in,” (defined as the first 500 days of the presidency), discuss the President’s impressions and priorities and how the Board can help him accomplish his priorities, and emerging issues.

TRANSITION MANAGEMENT

The President - Board Relationship

Following brief introductions, Moore reviewed the basics of the relationship between the President and the Board:

- The President is not the presidency
 - The president is a single individual who is formally appointed to assume certain responsibilities, exercise certain authority, to be held accountable within a formal role
- The President shares the presidency
 - The president relies on other people to lead the institution effectively and to achieve important things for Western. The presidency is a “collective notion” with multiple players
 - The president shares the presidency with the Board, the administrative teams, and the faculty

There are three primary roles of the university president – Educator, CEO, and Political Leader. The president must be an academic, be interested in the educational mission, embrace the values of higher education, be interested in educational policy, and be a mentor and teacher to others. As a CEO the president has to be a good steward of the institution’s resources. As a political leader the president works with stakeholders with different expectations, and must be able to balance his role inside and outside the institution. Because of economics, today’s presidents spend more time outside their institutions lobbying state government and fundraising.

Moore said the President and the Board need to operate in a partnership of mutual respect and interdependence, not a hierarchal relationship. He noted that this is currently being done at Western.

Performance Reviews

On what basis should the Board evaluate the president?

1. Is Western Washington continuing to improve? What metrics should be used to measure?
2. Is the president maintaining the continuing support of the critical stakeholders – faculty, administrators, Board, and other important players?

Moore said we are looking for high performance in both areas – metrics and relationships. The exemplary president deals with tough issues, and leads change with minimal unnecessary alienation. Shepard’s open and transparent leadership style lends to a good relationship with the campus community.

Moore said there are six phases for selection, development and retention of effective leadership: 1) Preparation for Search, 2) Search, 3) Transition-In 4) Development and Retention, 5) Review and Retention, and 6) Transition Out.

There are several things the Board needs to consider in the ongoing development and retention of the president. What should the Board do to ensure that the president continues to grow and performs at a high level? What can the Board do to ensure the partnership between the Board and the president remains solid?

In response to a question about the need for succession planning, Moore said that typically new presidents are hired from outside the institution; most institutions do not have a succession plan nor hire from the inside. It was agreed, as a best practice, that the Board and the president will discuss the president's ambition, aspirations and future plans as part of the annual evaluation process. There should also be discussion on the "transition out" and how the Board can help the president plan for post-presidency. Moore said that a good employment contract also speaks to the exit strategy. Each Board member will receive a copy of President Shepard's contract.

Moore said there are several scenarios for a transition-out: voluntarily (retirement), involuntarily, or the president has accepted a position at another institution. All of these scenarios have special challenges and the Board should have a "best practice" process in place. Moore noted that president's stay with an institution for an average of 6-7 years and often leave institutions because of difficult economic situations or a bad political environment.

At 2:25 p.m. Chair Sharpe announced a 15 minutes break. The meeting resumed at 2:40 p.m.

At 2:40 p.m. Chair Sharpe announced that the Board would go into Executive Session to discuss personnel as authorized under RCW 42.30.110 for approximately 2 hours. No action will be taken. The meeting reconvened in Open Session at 4:40 p.m.

PERFORMANCE REVIEWS

Board of Trustees Self-Assessment

A Board of Trustees Assessment Survey was completed by each member of WWU's Board. The purpose of the self-assessment and development process is to engage the Board in reflection for the purpose of assisting the Board in meeting its responsibilities, and sustaining a mutually supportive relationship between the Board and the President.

In reviewing the survey, there was discussion about the respective roles and responsibilities of the Board and the university administration. Especially with new trustees coming on to the Board it is important to discuss the division of policy-making between the administration and the Board.

Higher Education has changed over the last several years and Western's Board of Trustees is no longer a rubber-stamp Board. In addition to having fiduciary responsibility, the Board needs to look at how their role has changed. Open communication is essential between the Board and the president on issues such as personnel, budget, restructuring, or program elimination. At the same time, the Board needs to be careful not to micro-manage the president. It was

noted that the president makes university personnel decisions, but the Board has a role in the decision of major budget expenditures.

Following small group discussion, the Trustees answered the following questions:

1. What suggestions do you have for enhancing the relationship between the Board and the President?

- The Board and the President:
 - need further conversation regarding the “division of labor” (i.e. roles and responsibilities) to achieve increased specificity
 - Continue to maintain open dialog with individual and all trustees on key issues
 - Be forthcoming and candid on issues that come before the Board
 - Create opportunities for informal casual time together, as a group and one-on-one
 - Commit to not allowing cell phones, Blackberries, tablet computers to become perceived or real distractions during Board meetings
 - If willing, the President and his wife should continue hosting dinners in their home
 - The Board should serve as a sounding board for the President
 - The Board should share intelligence with the President

Trustee Munro offered to help the President with connections in Olympia. Munro said that Western needs to raise its level of exposure and no longer compare itself with the other regional universities.

2. What suggestions do you have for enhancing the performance of the Board?

- Revisit model policies and practices that ensure public trust
- Use best practices in overseeing the affairs of the institution and in meeting fiduciary responsibilities
- Minimize standing committees, except for the Audit Committee
- The Board chair should continue having meetings with the President and others as he deems appropriate. That is good practice. The Board chair should provide the full board with brief summaries of those meetings so that we are all up-to-date
- Keep striving to make our Board meetings meaningful and productive by continuing to avoid inconsequential agenda items
- Given the natural turnover in board membership, high priority should be given to orienting new board members not only in general terms but including specific emerging issues
- The expanded two-day format should be continued
- Efforts should be made to encourage the full participation of all board members so to ensure that their voices are heard and that we have the benefit of their respective talents and experiences
- Engage the Board in strategic issue discussions.
- Engage the expertise of Board members
- Strategic issues to be set on Board annual agenda & specific meeting agenda

Munro suggested that President Shepard develop five creative ideas to present to the legislature that would not cost money but make Western, e.g. give students a tuition reduction if they attend classes in the evening.

3. What institutional issues should the Board give priority to in the future?

- **Strategic Thinking:**
 - Understand and develop effective strategies around how to approach higher education in Washington in the changed economic and policy environment.
 - How can Western be “cutting edge” to lead nationally and internationally.
- **Management:**
 - Assess the impact of budget cuts on performance as an institution and quality of education. Quantify the impact.
 - Focus on cost-effective delivery of services through continuous process improvements
 - Private fundraising (moving from a state supported institution to a state-assisted institution)
 - Develop a different business model (ask the State to take steps to eliminate state law/policy constraints on higher education business model).

Shepard said that at the October Board meeting there will be discussion on what it means to be a “publicly purposed” university. We can begin thinking about what it takes to be a leading, transforming institution and Western’s aspirations to be the best in the nation.

Moore asked what does Western do better than anybody else? Trustee Ishmael said that Leadership is Western’s distinguishing feature. WWU provides leadership training programs but also the leadership provided from the faculty. Both the students and the faculty at Western are engaged in conversation, and care about learning and making a difference.

At 6:00 p.m. the meeting adjourned for the day.

At 8:00 a.m. on September 25, the meeting reconvened for continuation of discussion. Trustee Ralph Munro was unable to participate.

President’s Performance Review

Dr. John Moore, Penson & Associates, completed a 360 performance review of President Shepard’s first year in office. His final report will be completed and shared with President Shepard, Chair Sharpe, and Trustee Warner.

A confidential self assessment was completed by President Shepard and will be shared with the Trustees only.

The results of the Faculty Senate survey of the President’s performance are confidential and will be shared with President Shepard and Chair Sharpe only. This survey process will be applied to other administrator’s evaluations and distribution is restricted to the person being reviewed and their supervisor.

It was agreed that the Board and the President will issue a public statement to the university stakeholders on the evaluation process and what they have learned from the process.

Chair Sharpe reported that the Board is extremely satisfied with President Shepard's performance during his first year in office. He is a transformational leader and has exceeded every expectation of the Board.

Western is still in the Transition In Phase of the Six Phases of the Presidency. Moore noted that the Provost and some of the Deans are in the transition in phase and all need attention to help make their transition is successful. The Board of Trustees is also in transition and needs continued strong effective leadership, continue to be unified and have a strong partnership with the president.

Emerging Presidential Priorities

President Shepard said that his white paper on the Future of the University and his Convocation remarks addressed his ideas for the future. He noted that Western is a very successful, traditional liberal arts university who knows what it is and has a sense of where it is going. Even though Western's core strengths were protected through last round of budget cuts, change is necessary because of today's environment.

President Shepard's priorities for the coming year are:

1. Continue to help the university achieve its strategic vision to "Be the Best in the Nation"
 - o How:
 - 100 Conversations: conversations around the state about the future of higher education and Western's role.
 - Branding: How is WWU are going to distinguish itself?
 - Continue current initiatives: e.g. white papers on areas identified by the campus as important opportunities for advancement
 - Points 2 and 3 above are means to the end expressed here.
2. Help the campus build a political base:
 - 100 Conversations
 - o Vice Presidents and Deans also leading conversations.
 - o Results/feedback of 100 conversations become information data
 - Western's Leadership among publics
 - Partnership with Two-year Community and Technical Colleges
 - Maintain momentum on the Waterfront as "stewards of place" – i.e., driven by benefits for Bellingham, Whatcom county foremost.
 - Compass 2 Campus Mentoring program
 - Strengthen relationship with Unions
 - Strengthen relationship with key legislators
3. Continue to build an environment where the best can do their very best. (remove barriers for change)
 - Culture of Transparency. Develop process and criteria openly. How and why decisions are made
 - Transparent Operating budget process
 - Transparent Capital budget process

- Information Systems, i.e. Dashboard Instruments
- Budget support systems – activity-based costing
- Break down silos
- Complete Leadership Team
 - Solidify role of Deans as core academic leaders
- Continue examination of business practices
 - Create systems of gathering better information
- Fundraising/Capital Campaign

Additional Presidential & Board priorities:

- Continuous improvement (i.e. do things differently and better)
- Develop Federal Relations (strengthen political base; funding resources)
- Rounding out Senior Administrative Team
- Develop **Dashboard Metrics** to measure impacts on changes in funding on both capacity and quality. Need to be relevant and easily accessible. Limited number of KPI's based on strategic agenda. Discuss one or more at each Board meeting.
- New Business Model
 - What will it look like?
 - Board's role vis a vis private fund raising
 - How will education be delivered?
 - Meet the expanding needs of the market
 - Distance education

At 9:40 a.m. Chair Sharpe announced a 15 minute break. The meeting reconvened at 9:55 a.m.

Emerging Issues

- 1033 Initiative

Moore observed that the president's priorities reinforce the observations and findings in the review process. The stakeholders and the president are reaching consensus around a strategic agenda for Western.

Board Development

Moore said that Western's Board of Trustees is a successful board that shares a common culture and uses best practices. With the transition of Board leadership and new trustees coming onto the Board we need to make sure the Board continues to be a high performing board.

- New Trustee Orientation
 - Robust
 - Socialize into culture of the Board
 - "Best Practices" for Trustees
 - Roles and Responsibilities for Trustees
 - Assign a Trustee Mentor to the new Trustee
- Board Leadership/Trustee Transition
 - Chair & Vice Chair work as a team/partners

- Stay informed and keep Board up-to-date
- Eliminate seniority system for Board Officer positions
- Board Secretary partner with Board Chair next year
- Possible Future issue
 - Western Foundation Board liaison position
 - Bellingham resident on Board (logistics)
- Board Meetings
 - Productive, relevant
 - Discuss strategic issues
 - Indepth discussion around Dashboard Indicators
- Board Culture
 - No surprises
 - Listen and learn
 - Authority only as a group
- External Engagement
 - Clarify expectations
 - Understand role
 - Board supports & endorses the role of the WWU Foundation as the fund raising arm of the institution
 - Coordinate efforts in Olympia

After brief discussion of recruitment of Student Trustees, Trustee Ishmael will meet with the Associated Students and the President to discuss ways of improving the recruitment process.

Trustee Sharpe said the governor has requested that the Presidents and Board chairs of the state higher education institutions coordinate their efforts and speak with a “unified voice” in Olympia. Chair Sharpe said there is a group of Trustee/Regents Chairs that exists under the Council of Presidents (COP). Sharpe said that there will be a conversation with EVSC, UW, WWU and COP, but at this time it does not include EWU, CWU or WSU. He hopes that all the institutions will be ready to speak “with a single voice” by the next biennium. At the end of the 2-year biennium, they will evaluate as to whether or not it has been effective and if it should continue.

Future Performance Review

Moore said The Board Rules of Operation must say that Presidential Reviews is the sole responsibility of the Board and that they are treated as confidential personnel processes.

There are two types of reviews:

- The 360 Comprehensive Review facilitated by an external facilitator
- Annual Review where the president lays out his objectives, goals and priorities for the coming year. At the end of the year, the president reports on progress and meets with the Board.

The WWU Board of Trustees Rules of Operation includes a policy that the Board will conduct a 360 Comprehensive Review of the President, facilitated by an external facilitator, every 4 or 5 years.

It was also agreed that the President and Board Chair will develop a process for the Annual Review which will include a self-assessment and a 360 component. This component may include input from the president's direct reports, the AS President and the Faculty Senate President.

At 11:45 a.m. Chair Sharpe announced that the Board will meet in Executive Session for approximately 10 minutes to discuss personnel issues as authorized in RCW 42.30.110. At 12:00 p.m. the Board reconvened in Open Session. No action was taken.

The meeting adjourned at 12:00 p.m.

**WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES**

**REGULAR MEETING
October 8, 2009**

1. CALL TO ORDER

Chair Phil Sharpe called the regular meeting of the Board of Trustees of Western Washington University to order at 3:04 p.m., October 8, 2009 in Old Main 340, Western Washington University, Bellingham, WA.

Chair Sharpe welcomed new Student Trustee Sarah Ishmael and Trustee Ralph Munro.

Board of Trustees

Betti Fujikado
Sarah Ishmael
Howard Lincoln
Dennis Madsen
Ralph Munro
Phil Sharpe, Chair
John Warner
Peggy Zoro

Western Washington University

Bruce Shepard, President
Wendy Bohlke, Assistant Attorney General
Stephanie Bowers, Vice President for University Advancement
Sherry Burkey, Associate Vice President for University Relations
Paul Cocks, Director, University Communications
Eileen Coughlin, Vice President for Student Affairs & Academic Support Services
Matt Jarrell, President, Associated Students
Paula Gilman, Executive Director for University Planning and Budgeting
Catherine Riordan, Provost and Vice President for Academic Affairs
Barbara Stoneberg, Administrative Assistant to the President
Steve Swan, Vice President for University Relations
Kathy Wetherell, Interim Vice President for Business & Financial Affairs

2. SPECIAL REPORT ON THE BUDGET

a. What It Means to be a “Publicly-Purposed” University

President Bruce Shepard began the discussion on “What it Means to be a Publicly-Purposed University”. A copy of *Washington’s Now and Future Premier Comprehensive University: Thoughts for a Discussion*, was included in the meeting packet. Shepard said that because of the severe cuts to the State Budget, Western needs to reassess how we strengthen our political base. What do we do when state support drops from 60% to 43% of the operating

budget? How do we respond to the diminishing support for public higher education when Western aspires to be the “premier public comprehensive university in the nation?”

Trustee Sharpe reported that the Governor has directed the Trustees and Regents of the state institutions to coordinate their efforts and speak with a “unified voice” to the legislature to bolster the efforts to enhance funding reform and support for higher education in the state. A Council of Trustees & Regents will be re-formed under the Council of Presidents and will meet to discuss common issues among the state 4-year institutions. COP needs to sign-off on the process and each institution will appoint two trustees/regents to serve on the council and work with the COP to develop an agenda for the next legislative session. Sharpe said that we need to be careful not to create a “Super Board” that will undermine the leadership of the institutions’ presidents.

Trustee Warner asked who will meet to create the needed political strategy, since at the August BOT meeting it was clear that the legislators do not see the value of the 4-year education vs. the two-year degree. Shepard said Western will continue to play a prominent role to ensure there are a variety of political strategies. We need to emphasize that a baccalaureate education is important. The data shows that Washington imports people with 4 year degrees from out-of-state to take the better paying jobs in our state. Western is already making itself relevant in the immediate region with the Compass 2 Campus Program, technology innovation at the waterfront, collaboration with the two-year institutions in the area, and “100 Community Conversations” to engage people to care about higher education across the state.

Sherry Burkey, Associate Vice President for University Relations, said that we are collaborating closely with our employee unions, the United Faculty of Washington State, Washington Student Association, Council of Faculty Representatives, and League of Education Voters, and WWU alumni groups. Burkey said the state higher education institutions are trying to develop a coordinated agenda and a general message on the economic impact on our institutions. Burkey said it is critical that we work closely with and use the regents and trustees strategically as we prepare for the legislative session. We need to move higher education up higher on the legislative priority list.

Trustee Madsen said that the state is economically challenged right now and it is not going to get better. What do we do to prepare ourselves for the shortfall to continue for several more years? Shepard said we need to fight or we will get cut even more. The premise for the “publicly-purposed” university is based on the fact that the economic situation will not change for some time. The “100 Community Conversations” discussion is also based on the low level of state support and planning for the future of our university.

Trustee Ishmael asked if we had an outreach effort to involve students’ parents in our political strategy? Shepard said in the past we have had quite a few parents get involved in the process but legislators are still not getting the message. A lot of people don’t think things are as bad in higher education as they are in K-12, but parents and grandparents of Western students are a key part of an advocacy group.

Trustee Munro said it is important for President Shepard to spend time in Olympia connecting with the freshman legislators, as well as working with local legislators Kelli Linville and Dale Brandland. Munro suggested we bring legislators to campus to show them the university and/or present seminars, etc.; work with TVW to broadcast happenings at Western; and work with Western alumni who are staffers in Olympia. It’s also important to work with lobbyists at the Federal Level, including Senator Murray and Congressman Dicks.

Trustee Ishmael suggested we need to show Western's "publicly-purposed university" faculty and students at a grassroots level. Shepard said the "100 Community Conversations" allows us an opportunity to do this and tell people about our university and what it has to offer.

Trustee Sharpe asked how can we change the legislator's opinion that the four-year institutions in the state are "elitists?"

Bill Lyne, Faculty Assistant to the President and Provost, and President of the United Faculty of Washington State, said that they are working on an initiative to start communication with WWU alumni who are teachers in Washington State and WWU alumni who are education-oriented voters to encourage them to contact legislators in their districts. Lyne said a meeting will be scheduled in December with the four regional university presidents, faculty union presidents, and student body presidents to meet as a unified group with the legislators before the legislative session.

Lyne said that a past poll of the Washington Education Association (WEA) regarding higher education in the state indicated that the citizens think highly of the state universities, but they also think they are well funded, which is not true. Lyne said that Washington has the best university system in the country in terms of "bang for the buck." We produce very high quality degrees for less dollars per degree and less dollars per student FTE than any other state. However Washington is 5th in the country in participation rates in two-year colleges and 48th in country in participation rates in 4-year colleges. Washington also ranks 3rd in the country for percentage of the population that has a 4-year degree or better; the state has outsourced the education of the best jobs. In the last legislative session, the budget cut for four-year institutions was 4X as that for two-year institutions. By do so, Washington is encouraging its college-age citizens to not set their sights higher than the type of job requiring an Associates' degree. Those who have the best jobs in Washington are either imported or are from among those who can afford a four-year education. Lyne recommends that Western's message emphasize this issue.

b. Higher Education Coordination Board

i. Tuition Policy Report

Catherine Riordan, Provost and Vice President for Academic Affairs reported that Trustee Ishmael, Paula Gilman, Executive Director for Planning & Budgeting, and Karen Copetas, Director of Admissions have been involved with the "tuition flexibility study." Riordan said the initiative to study tuitions happens on an annual basis. The group was asked to review the options for setting tuition, to make recommendations on tuition policy at the state level, and to evaluate the impacts of those policies on administration and financial aid. They were asked to recommend a tuition policy that will allow for flexibility, accessibility and differentiation among the four baccalaureate institutions and also be supportive of the 2008 HECB Strategic Master Plan.

The study made the following recommendations: 1) establish a cost sharing of undergraduate instruction costs at 45% tuition and 55% state support, and 2) authorize institutions to set undergraduate resident tuition based on role and mission. Riordan said that Western argued against #1 because of the unpredictability at the state level and the fluctuation of state support. She said that Western is supportive of #2, to allow each institution set their own tuition based on their role and mission.

The study had a third recommendation to the Governor and Legislature that a comparative based approach be used in determining an appropriate level of undergraduate instructional cost. Burkey said that it is more appropriate to compare Western to the Global Challenge State Peer Institutions established by the Office of Planning and Budgeting than an in-state comparison group.

In response to a question as to what costs were covered in the costing sharing recommendation, Shepard said that there are many studies on bench mark costs and we will use good national models to bench mark against. He said Western's position is to have maximum local tuition flexibility. Chair Sharpe said the Board is looking at the university's cost side and will have a discussion on how cost is talked about in higher education.

Lyne observed that two-year institutions received better budget support because there is a community college in every legislative district. Shepard noted that Western has students, parents, and alumni in every legislative district. The six four-year institutions work collaboratively with the two-year institutions with "two plus two" programs and are providing services in the areas. Burkey noted that there are efforts in 34 cities across the state and to address the large state unemployment levels with "work force" training.

ii. System Design Study

Catherine Riordan, Provost and Vice President for Academic Affairs, said that the legislature has initiated a System Design Study, as part of the goal of the 2008 HECB Strategic Master Plan -- to educate more people to higher levels. The legislature in Substitute House Bill 1244 asked for a system design planning project that defines *"how the current higher education delivery system can be shaped and expanded over the next ten years to best meet the needs of Washington citizens and businesses for high quality and accessible post-secondary education."*

Riordan said some of the things the study group will be discussing are new campuses, branch campuses, online courses and programs, the right mix of 2 and 4 year and research institutions, growing Latino population, new kinds of degrees, etc. They will be considering many recommendations such as expanding the pipeline, i.e., the Compass 2 Campus program, fully utilizing existing capacity at the comprehensive institutions, expand applied baccalaureate degrees, etc. There are also recommendations being considered around the graduate programs including encouraging collaboration among the institutions.

Shepard said Western will be in discussion on how we can best serve educational needs off of our campus and meet the demand of the legislature. Burkey said the legislative will be looking for recommendations and criteria from this study as to how and where higher education will grow in the state as part of the agenda in the next legislative session.

c. Capital Planning & Budgeting Process

Postponed until a future meeting.

At 4:34 Chair Sharpe announced that the Board would go into Executive Session for 30 minutes to discuss personnel and legal issues as authorized under RCW 40.32.110. No action will be taken.

Meeting adjourned at 5:05 p.m.

**WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES**

**REGULAR MEETING
October 9, 2009**

I. CALL TO ORDER

Chair Phil Sharpe called the regular meeting of the Board of Trustees of Western Washington University to order at 8:03 a.m. in OM 340, Western Washington University, Bellingham, WA.

Board of Trustees

Betti Fujikado
Sarah Ishmael
Howard Lincoln
Dennis Madsen
Ralph Munro
Phil Sharpe, Chair
John Warner
Peggy Zoro, Vice Chair

Western Washington University

Bruce Shepard, President
Wendy Bohlke, Assistant Attorney General
Stephanie Bowers, Vice President for University Advancement
Sherry Burkey, Associate Vice President for University Relations
Paul Cocke, Director, University Communications
Eileen Coughlin, Vice President for Student Affairs & Academic Support Services
Paula Gilman, Exec. Director of University Planning & Budgeting
Sue Guenter-Schlesinger, Vice Provost for Equal Opportunity & Employment Diversity
Matt Jarrell, President, Associated Students
Dan Lerner, President, Faculty Senate
Catherine Riordan, Provost & Vice President for Academic Affairs
Elizabeth Sipes, Secretary to the Board of Trustees
Barbara Stoneberg, Administrative Assistant to the President
Steve Swan, Vice President for University Relations
Kathy Wetherell, Interim Vice President for Business & Financial Affairs

2. APPROVAL OF MINUTES

MOTION 10-1-09

Dennis Madsen moved that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the following as amended:

- Minutes of the Board of Trustees Meeting, August 13 & 14, 2009

Motion passed unanimously.

3. RECOGNITIONS AND INTRODUCTIONS

2009-2010 Associated Students Board of Directors

Eileen Coughlin, Vice President for Student Affairs and Academic Support Services, introduced the 2009-2010 Associated Students Board of Directors: Matt Jarrell, President, Virgilio Cintron, Vice President for Business & Operations, Ramon Rinonoss-Diaz, Vice President for Academics, Colin Watrin, Vice President for Activities, Bernard Ikegwuoha, Vice President for Diversity, Morgan Holmgren, Vice President for Government Affairs, and Mike Pond, Vice President for Student Life.

Faculty Award Recipients

Catherine Riordan, Provost and Vice President for Academic Affairs introduced the 2008-2009 Faculty Award Recipients: Wendy Walker, Excellence in Teaching Award; Michael Medler, Faculty Outstanding Service Award; Jackie Caplan-Auerbach, Peter J. Elich Excellence in Teaching Award; Lorraine Kasprisin, Diversity Achievement Award; Merrill Peterson, Paul J. Olscamp Research Award, and Carmen Werder, Carl H. Simpson Bridging Award.

Team Recognition Award

The new award, implemented Fall 2009, was awarded to the Early Registration Team for exemplary teamwork that provides vital support for the academic enterprise. Susanna Yunker, Registrar introduced the team members.

4. BOARD CHAIR

- a. Trustee Dennis Madsen read Resolution No. 2009-13.

WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES

RESOLUTION NO. 2009-13
WELCOMING TRUSTEE RALPH MUNRO

WHEREAS, on October 1, 2009, Governor Christine Gregoire appointed Ralph Munro of Olympia, Washington, to serve a term on the Western Washington University Board of Trustees through September 30, 2015; and

WHEREAS, Ralph Munro brings to his appointment as a trustee a long and distinguished record of public service in Washington and the nation, including 21 years of service as Washington's Secretary of State, a job to which he was elected five times; and

WHEREAS, Ralph Munro brings to his appointment as a trustee his role as a sponsor of the Munro Institute for Civic Education which carries out programs that promote civic education training for the public and especially social studies and civics teachers; and

WHEREAS, Ralph Munro brings to his appointment the Ralph Munro Distinguished Professorship in Civic Education that was established and named in his honor by Western Washington University and the Higher Education Coordinating Board; and

WHEREAS, Ralph Munro earned his bachelor's degree in Education and Political Science from Western in 1966 and was recognized by Western as a Distinguished Alumnus in 1989; and

WHEREAS, Ralph Munro brings to his appointment as a trustee his experience of service on numerous local, national and international boards and commissions including the Board of Directors of several domestic corporations, such as Prepared Response, Sunstream Boat Lifts, The Squaxin Island Tribal Museum and History Link; and

WHEREAS, Ralph Munro has declared his commitment to serve as a member of the Western Washington University Board of Trustees;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Western Washington University officially extends hearty congratulations and a warm welcome to Ralph Munro as he begins his term on the Board.

PASSED AND APPROVED by the Board of Trustees of Western Washington University at its regular meeting on October 9, 2009.

b. Trustee Peggy Zoro read Resolution No. 2009-14.

WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES

RESOLUTION NO. 2009-14
WELCOMING TRUSTEE SARAH ISHMAEL

WHEREAS, on September 8, 2009, Governor Christine Gregoire appointed Sarah Ishmael of Gig Harbor, Washington, to serve a one-year term on the Western Washington University Board of Trustees; and

WHEREAS, Sarah Ishmael is a senior in good standing at Western Washington University and is working towards a Bachelor of Arts Degree with a concentration in Law Diversity and Justice: Advocacy for Equal Access to Higher Education; and

WHEREAS, Sarah Ishmael brings to her appointment as a trustee leadership qualities developed as Vice President for Legislative and Governmental Affairs of the Western Washington University Associated Students; and

WHEREAS, Sarah Ishmael brings to her appointment as a trustee dedication to the campus community through her service chairing the Legislative Affairs Council, the ASWWU representation to the Washington Student Lobby, and other Bellingham city and Whatcom County organizations including the Mayor's Neighborhood Advisory Commission; and

WHEREAS, Sarah Ishmael was nominated by an Associated Students committee to serve as a student member of the Western Washington University's Board of Trustees; and

WHEREAS, Sarah Ishmael has declared her commitment to serve as a member of the Western Washington University Board of Trustees;

NOW, THEREFORE BE IT RESOLVED, that the Board of Trustees of Western Washington University officially extends a warm welcome to Sarah Ishmael as she begins her term on the Board.

PASSED AND APPROVED by the Board of Trustees of Western Washington University at its regular meeting on October 9, 2009.

c. Summary of Board of Trustees Retreat

Chair Sharpe reported on the Board of Trustees Retreat, September 24 & 25 at the Semiahmoo Resort in Blaine, WA. The Board discussed the transition in review of President Shepard and the transition of members on the Board of Trustees. The president's review was facilitated by Dr. John Moore of Penson & Associates, Inc. Moore met with a number of diverse stakeholders within and outside the university. He provided his preliminary report to the Board at the retreat. The Board will issue a public statement summarizing the performance review to the campus community shortly.

The Board of Trustees also conducted a self-assessment of their performance as a Board, providing an opportunity to reflect and assess what they have accomplished and how they can be more effective in the future.

President Shepard reported that Western's Board of Trustees is a high achieving and very effective Board. The retreat acknowledged that he and the Board share many priorities and strategies for Western.

5. PRESIDENT'S REPORT

a. September/October Report to the Legislature on 2009-11 Operating Budget Implementation

Shepard reported on the September/October Report to the Legislature on 2009-11 Operating Budget Implementation. Shepard thanked Paula Gilman, Executive Director for Planning and Budgeting and her staff, for preparing a detailed response to the legislative requests. His testimony to the legislature is available to the campus community on his website. Shepard said that data shows that Washington has the most efficient baccalaureate institutions in the nation and there are few activities that can be cut. Western took a leadership role and all six state-institution presidents are united in their concerns regarding the negative consequences further budget reductions would have on higher education in the state.

b. Campaign Planning and "100 Conversations"

Shepard said the "100 Conversations" came out of the idea of a "publicly-purposed" university. We need to ask the public to help us identify what the public purposes are and to help guide us on how we can more effectively serve the state. Stephanie Bowers, Vice President for University Advancement, said the "100 Conversations" have become a university initiative with the involvement of faculty and students through the Teaching/Learning Academy (TLA).

Bowers reported that the vice presidents and deans will establish their own conversations with parents, advisory boards, etc. The “100 conversations” with state and regional leaders may keep them engaged with Western and also help us identify resources to become a ‘publicly purposed” university. It was suggested that we offer the “100 Conversations” online. Trustee Madsen said this is an opportunity to help Western “transform ourselves” and get to the next level. Western makes a difference to the public and broader community and Washington State. Bowers said that two conversations have been completed and the remaining should be completed in a few months.

In response to a question, Bowers said that each conversation has a host, a convener, a Foundation staff person and a TLA student taking notes. The students from the TLA have volunteered to be both a participant and a scribe at each of the conversations. We will be able to synthesize the information collected for analysis and follow-up and report back on the discussions.

Trustee Munro said that we need to identify ways to get the word out that WWU is the best resource in the state for the most talented and brightest people for jobs. Trustee Fujikado suggested that a conversation be held with some of the major employers in the area who employ Western graduates.

A publication with the findings of the 100 Conversations will be produced and widely disseminated. It will also be useful in Western’s Capital Campaign, and for testimony to the legislature.

Bowers updated the Board on the status of the university’s Comprehensive Campaign. The campaign committee met with the Deans and Vice Presidents in a planning retreat and established several underlying themes. The Bellingham and campus community is involved in prioritizing the themes from an internal and external perspective. Bowers distributed a copy of the “Guiding Principles of the Campaign.”

6. ASSOCIATED STUDENTS

Matt Jarrell, AS President updated the Board on recent activities of the Associated Students. The AS would like to clarify the AS role within the university, maintain oversight of the student fees, and collaborate with University Relations to rebrand the university when talking to legislators. Jarrell is conducting “Talk Times with the AS President” around the campus to meet with students and listen to what they have to say. The AS Board approved a Resolution in Consideration of Initiative 1033 and a copy was distributed. The AS Board also approved the Triennial Assessment Program (TAP), an assessment tool for the different programs run by the Associated Students.

7. FACULTY SENATE

Dan Lerner, Faculty Senate President, reported that the UFWW, the Faculty Senate, and the university administration have a very harmonious relationship. The Faculty Handbook, Constitution, Bylaws were revised to comply with the current structure. The Faculty Senate is creating ways of open communication between the Senate and university stakeholders. They are addressing larger university issues and making sure the faculty voice is integrated with the overall efforts of the university.

At 9:30 a.m. Chair Sharpe announced a 10 minute break. The meeting reconvened at 9:40 a.m.

ACTION ITEMS

8. Approval of WWU and UFWW Contract Agreement

President Shepard said the WWU contract agreement with the United Faculty of Western Washington (UFWW) connects with and supports the university's vision to become the premier public comprehensive university in the country through engaged excellence.

Shepard said because of the current budget situation Western does not have the resources to provide the competitive salaries to any university employees. There are no faculty salary increases in this biennium in the WWU and UFWW contract agreement. However, it was agreed that merit dollars in the previous contract will be awarded to faculty who receive a superior post-tenure review. 90.3% of the faculty voted to accept the contract, and 42 faculty members will receive a salary adjustment following a post-tenure review. 692 of 734 faculty members will not receive a salary adjustment.

Steve Garfinkle, President of UFWW and Susan Costanzo, Chair of the UFWW Bargaining Team, concurred that the contract supports the mission of the university. The contract reflects the cooperation between the UFWW and the university administration and rewards a small group of faculty who have contributed long-term successful service to the university. The contract makes a statement that the university supports faculty who are loyal to and serve the institution well. It does exactly what it ought to be doing in these difficult budget times. Costanzo thanked everyone on the university's bargaining team. Both the UFWW and the university administration recognized the short term difficulty faced by the institution and mutually solved problems. Good precedents were set for future contract negotiations. Steve Swan, Vice President for University Relations, and a member of the University Administration Bargaining Team, concurred that it truly was a partnership approach and everyone recognized the current difficult times and the long range view of what is going to be best for WWU now and in the future.

Because her husband is a member of Western's faculty, Trustee Zoro recused herself from discussion and voting on this matter.

Trustee Lincoln appreciates that the faculty union and the university administration are working closely together and the agreement focuses on merit increases as opposed to "across-the-board" increases. However, Lincoln stated that it is not appropriate during these difficult economic times when many people are unemployed and with no job prospects, for any state employee to receive a salary increase. He also noted that state employees have job security and receive health and retirement benefits not available to many in the public sector. Trustee Lincoln said he will vote against acceptance of the contract.

Trustee John Warner said that approximately 10 years ago the Board had the objective of improving Western faculty salaries to be more competitive with our peer institutions. Because of state funding they were not able to bring it to fruition. Although this contract is contrary to the current economic situation, it is a step in the right direction. Warner said his priorities are to make sure we have adequate financial aid for the students and to support the faculty who teach the students. Trustee Warner said he will vote to accept the contract and agrees with using the merit system to recognize excellence.

Trustee Betti Fujikado said that because of the economy she understands both sides of this issue. She noted however, that for Western to fulfill its mission to become the premier comprehensive institution in the country, it is important that we remain competitive. Because the contract is merit-based she will vote to accept it.

Trustees Madsen, Ishmael, and Sharpe agreed that because the contract supports the university's mission and is merit-based, they would vote to accept it.

MOTION 10-2-09 Dennis Madsen moved that the Board of Trustees of Western Washington University, on the recommendation of the President, approve the contract amendment that was negotiated between the bargaining teams of WWU and the UFWW and which has been approved by the membership of the UFWW.

Motion passed. Yes – 5, No – 1

9. Consent Items

MOTION 10-3-09 Sarah Ishmael moved that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the following consent items:

- Consultant contract for Design of Network Infrastructure Switches (PW 605)
- 2010 Supplemental Operating Budget

Motion passed unanimously.

10. Approval of the Articles of Incorporation of “Western Crossing Development Corporation”

President Shepard said the Western Crossing Development is a continuation of Western's involvement with the city and county in the development of Bellingham's waterfront. The established entity known as the *Viking Development* has been renamed the *Western Crossing Development*. With the establishment of a corporation and through the Board ratification of the Articles of Incorporation it allows us, in partnership with the Port and the City, to take the next steps towards making Western a reality on the waterfront. Swan noted that Western is already on the waterfront in the form of the Technology Development Center and Innovation Partnership Zone.

MOTION 10-4-09 Ralph Munro moved that the Board of Trustees of Western Washington University, upon the recommendation of the President, ratify the Articles of Incorporation, establishing the Western Crossing Development Corporation.

Motion passed unanimously.

DISCUSSION ITEMS

11. Operating Budget Planning Process

Shepard said Western's budgeting process is open and transparent, but also accountable and justifiable. The draft schedule of the Operating Budget Activities for 2009-10 and 2010-2011 was included in the packet. Paula Gilman, Executive Director of University Planning and Budgeting, said the schedule was reviewed by and input received from the President's Cabinet, the Vice Presidents, the Deans and the Senate's UPRC. They anticipate having to reformulate the 2010-2011 Annual Operating Budget for the Board of Trustees' consideration based on the outcomes of the 2010 Supplemental Budget enacted during the upcoming legislative session.

Gilman said they are already engaged in the initial planning for the 2011-2013 Biennial Operating Budget. The 16 planning units created on campus last year are updating their SCOT analysis and providing a list of strategic initiatives that they would like to see occur in 2011-2013. This list will be updated as the budget planning progresses. The 2011-2013 Biennial Operating Budget will be submitted to the governor on September 1, 2010.

12. Best Practices: Recruiting and Retaining Faculty & Staff of Color

Sue Guenter-Schlesinger, Vice Provost for Equal Opportunity and Employment Diversity, and Kunle Ojikutu, Assistant Vice President, and Special Assistant to the President for Diversity presented an overview on the recruiting and retaining a diverse work force at Western. A PowerPoint presentation titled "Best Practices: Recruiting & Retaining Faculty and Staff of Color," outlined the workforce trends, hiring trends and the challenges facing Western. Guenter-Schlesinger and Ojikutu researched the best practices used at other institutions that could be implemented at Western, such as bridge funding, fundraising campaign to support faculty and staff diversity, partnering with historically black universities (HBCU), providing leadership opportunities for minority faculty and mentoring programs, etc. Following input from the Minority Employee Council (MEC), Provost's Council and President's Cabinet, Guenter-Schlesinger and Ojikutu will develop a proposal for the next steps and future directions to make Western a campus that reflects the changing demographics in the country.

Trustee Ishmael suggested that Western build partnerships with minority groups in the Bellingham community to provide a supportive community connection for retention of faculty and staff of color.

13. H1N1 Flu Update

Eileen Coughlin, Vice President for Student Affairs and Academic Support Services, updated the Board on the status of the H1N1 flu on Western's campus. A list of the different communications and preventative approaches was included in the packet. Coughlin said there has been a 10% increase of students using the Student Health Center. They have provided immunization to high risk students, faculty and staff and will provide it to the broader university community when available. Coughlin said the university is well prepared for any possible H1N1 outbreak.

14. Fall Opening

Eileen Coughlin, Vice President for Student Affairs and Academic Support Services provided an update on Fall Enrollment, Early Registration, Campus Housing, Opening Week, and First-Year Programs. Statistics are available on the University Dashboard accessible on the web.

Coughlin reported that in Admissions, students who are interested in attending Western submit a video on why they are interested in attending Western, as a part of their application for admission. The top videos will receive some scholarship dollars. Those videos are also accessible to other students via UTube.

REPORTS

15. Audit Committee Report

Trustee Howard Lincoln, Chair of the Audit Committee reported that the committee:

- Approved the minutes of the August meeting
- Heard an update on new and current audits from the Internal Auditor
- Discussed the need to update Internal Audits Charter to recognize changes in Internal Audit Professional Standards
- Received a copy of recently issued State Auditor's Whistleblower Report
- Met separately with the Internal Auditor and the President.

Trustee Lincoln is stepping down as chair of the committee. Trustee Fujikado will serve on the committee with Trustees Zoro and Madsen. The Audit Committee will decide upon who will chair.

16. INFORMATION ITEMS

- **Alumni Association Report**

Vice President Bowers provided a written report on the activities of the Office of Alumni Relations.

- **Development Report**

Vice President Bowers provided a written update on WWU Foundation activities.

- **Quarterly and Fiscal Year Report on Grants & Contracts**

Provost Riordan provided information on grant awards/totals for fiscal year 2008-09.

- **Capital Projects Status Report**

Interim Vice President Wetherell provided a written update on the major capital projects. The Miller Hall renovation project is part of the out state capital appropriation for 2009-2011. The Buchanan Towers addition project is a bond funded project. Construction started in July 2009 and occupancy is projected for Fall 2010. Wetherell reported there are several of Minor Capital projects in the works that will be finished by the end of 2011.

- **Draft Climate Action Plan**

Interim Vice President Wetherell said the draft plan is a precursor to the final Climate Action Plan which will be presented to the Board at the December meeting.

- **University Relations Report**

Steve Swan, Vice President for University Relations provided a written update on the recent activities of University Relations. Swan said that Paul Cocke, Director of University Communications has given **Western Today**, a new look and is an excellent resource as to what is happening at Western.

- **HECB Master Plan**

Catherine Riordan, Provost and Vice President for Academic Affairs, said the Western will continue to pursue the goals of the HECB Master Plan. Western will take a leadership role and will be influential through our education programs, Compass 2 Campus, etc.

- **Leadership Portfolio**

Eileen Coughlin, Vice President for Student Affairs and Academic Support Services reported that students are providing an interactive portfolio that includes resume, videos, artwork, university experiences, etc. that graduating students can put online and send to prospective employers. We are infusing it with students in their first-year so by the time they graduate they can use the E-Portfolio to their advantage

17. MEETING EVALUATION & FUTURE AGENDA TOPICS

18. ADJOURNMENT

Meeting adjourned at 11:50 a.m.

19 DATES FOR NEXT REGULAR MEETING: December 10 & 11, 2009

20. LUNCH PRESENTATION

The Board was introduced to the newly promoted and tenured faculty at lunch in the Solarium.

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

TO: Members of the Board of Trustees

FROM: President Bruce Shepard

DATE: December 11, 2009

SUBJECT: Recognition & Introductions

Tina Storer, Center for Canadian-American Studies

Tina Storer, education and curriculum specialist for the Center for Canadian-American Studies at Western Washington University, is the 2009 recipient of the International Education Award.

Storer, hired at WWU in 2000, specializes in developing curriculum resources on Canada for use by American K-12 teachers. She also coordinates the nationally acclaimed Annual ***K-12 STUDY CANADA*** Summer Institute for K-12 Educators. Storer has built a national profile for Canadian Studies through her outreach work with the National Council of the Social Studies, where she has served as co-chair of the International Visitors Task Force and spearheaded a major outreach effort that showcased Canada at the annual conference in Houston in 2008.

“Storer has excelled at reaching out to the community outside the university as well as to other academic institutions. Her contributions are far-ranging and have crossed many academic disciplines. This award acknowledges Storer’s innovative and unassuming spirit and recognizes the diverse positive ways she has touched many programs and inspired many significant events during her years of service to Western.” - *Doug Nord, executive director of WWU’s Center for International Studies.*

Carmen Werder, Teaching - Learning Academy

Carmen Werder, Director of the Teaching-Learning Academy, and her students were formally recognized by the Carnegie Academy for the Scholarship of Teaching and Learning (CASTL) as “national leaders in the engagement of students.”

Werder and Megan Otis co-edited, ***Engaging Student Voices in the Study of Teaching and Learning.*** The book was introduced at the International Society of Scholarship of Teaching & Learning Conference in October 2009. Practicing what it advocates, a faculty-student team co-edited this book, and faculty-student (or former student) teams co-authored eight of its eleven chapters.

This book “illustrates the pedagogical power of extending the teaching and learning relationship to form an engaged and interactive partnership inside and outside the classroom. Not only does this book ground the practices of engaging students in developing and implementing the learning process theoretically, it illustrates the successes and challenges of establishing a shared responsibility for conceptualizing and constructing knowledge and ways of knowing. A must read for those teachers seeking to increase student engagement and to enhance each student’s self-authorship in the learning process.” -- *Academic Vice President, Viterbo University.*

Werder hired at WWU in 1984, is the recipient of various awards including the Carnegie Scholar Certificate of Excellence from the Carnegie Foundation for the Advancement of Teaching; the WWU Teaching-Learning Academic Student Choice Award; the WWU Service-Learning Faculty Fellowship; and the first WWU Presidential Scholarship of Teaching Award.

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

TO: Members of the Board of Trustees
FROM: Phil Sharpe, Chair, Board of Trustees
DATE: December 11, 2009
SUBJECT: **Board Chair Report**
PURPOSE: Information Item

Purpose of Submittal:

Board Chair Phil Sharpe will report to members of the Board, and the university president and his staff, topics related to the Board of Trustees.

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

TO: Members of the Board of Trustees

FROM: Bruce Shepard, President

DATE: December 11, 2009

SUBJECT: **President's Report**

PURPOSE: Information Item

Purpose of Submittal:

President Shepard will discuss:

- Vice President for Business & Financial Affairs Search

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 V. Coughlin

DATE: December 11, 2009

SUBJECT: Vice President for Business and Financial Affairs Search

PURPOSE: Report

Purpose of Submittal:

To provide an overview to the Board on the status of the search for the Vice President for Business and Financial Affairs.

Supporting Information:

Search Firm

The executive search firm of Greenwood/Asher & Associates has been hired to conduct the search for the Vice President for Business and Financial Affairs. Betty Asher will be the lead for the search, and met with various constituent groups on campus at the end of November.

Search Committee

The search committee is comprised of:

- Eileen Coughlin, Vice President for Student Affairs and Academic Support Services, Chair
- Linda Beckman, Student Affairs Division Director of Budget and Administration
- Brent Carbajal, Dean of the College of Humanities and Social Sciences
- Virgilio Cintron, Associated Students Vice President for Business and Operations
- Mary Gallagher, Communications Consultant, Office of University Communications
- Matthew Liao-Troth, Associate Professor and Department Chair, Department of Management
- LeaAnne Martin, Professor, PEHR
- Chyerl Wolfe-Lee, Director of Human Resources
- Liz Sipes, Search Committee Coordinator

Tentative Search Plan/Schedule

- Conversations and Search Committee Start-up Meeting: November 23, 2009
- Advertising/Recruiting Conversations Conducted
- Prospect Review Meeting: January 26, 2010
- Preliminary Referencing Conducted
- Preliminary Reference Feedback Shared and Selection of Semi-finalists for Round One to be Recommended to the President: February 2, 2010
- Round One of Interviews off Campus: February 8-9, 2010
- Reference Feedback Meeting and Recommendations Made to the President: February 22, 2010
- Round Two of Interviews on Campus: March 1-5, 2010
- Vice President Appointed: TBD
- Start Date: TBD



Position Description
October 2009
VICE PRESIDENT FOR BUSINESS AND FINANCIAL AFFAIRS
WESTERN WASHINGTON UNIVERSITY
BELLINGHAM, WA

GENERAL DESCRIPTION:

The Vice President for Business and Financial Affairs at Western Washington University provides leadership in the development of an outcome-oriented strategic plan that addresses the business and financial needs of the University community. The Vice President is the chief financial and business officer of the University and reports directly to the President. The Vice President will be joining an executive team with a shared vision toward positioning the University as the premier public comprehensive university in the country.

PRIMARY FUNCTIONS AND RESPONSIBILITIES:

The Vice President is primarily responsible for the leadership of Financial and Business Services; Capital Planning & Development; Capital Budget & Management Office; Environmental Health and Safety; Facilities Management; Human Resources Department; and the Public Safety Department. Operating within a culture of transparency and teamwork, the Vice President is expected to provide analysis of national trends and best practices in all aspects of the unit's responsibilities. Maximizing human resources and creating opportunity for the best ideas to be identified and nurtured are valued and encouraged throughout the organization. The primary function of the division is to provide the range of human, fiscal, and capital services critical to the successful advancement of the University's mission and strategic direction of engaged excellence. The division has a talented group of professionals who will benefit from the skills brought by the new Vice President. The division responsibilities include:

- Ensuring the financial integrity of the University;
- Acquiring maximum levels of state capital appropriations to address institutional needs, including engaging in long-range physical planning for land acquisitions, new facilities and renovations;
- Ensuring occupational and environmental health and safety for faculty, staff, students and guests, including provision of emergency management services;
- Providing public safety to faculty, staff, students and visitors, and safeguards for University property and assets, assuring a safe and secure educational environment;
- Giving full accountability to the public on the utilization of public resources;
- Exercising professional and sustainable stewardship of the University's infrastructure;
- Providing oversight of human resource development;
- Promoting positive interactions with community agencies and organizations; and,
- Ensuring coordination with local, State and Federal agencies and regulatory compliance.

The Vice President provides strategic direction for these functions and responsibilities.

Capital Planning & Development - supports the University's mission through oversight of the Capital Program and the physical development of campus to assure that development is consistent with planning policies, the Institutional Master Plan, campus character and local zoning.

Capital Budget & Management Office – supports the University’s mission through development and coordination of University-level capital budget policies and procedures, individual project proposals, the biennial budget request and 10 Year Capital Plan, and allocation and administrative processes. The professional personnel in the office represent the University to State executive and legislative staff on the wide range of processes and policy issues related to the University. The office interprets State policies and legislation related to the budget, and develops or coordinates the responses made by the University to inquiries from State legislative, advisory and executive offices. The Vice President for Business and Financial Affairs and the Capital Budget Director serve on all University capital project steering committees and work together to manage the State capital appropriations and projects on behalf of the institution.

Environmental Health and Safety – seeks to advance the health, safety and environmental protection of the University in support of the University's mission. Environmental Health and Safety works to protect the University's resources, with particular interest in its human, environmental and financial resources. This department effectively manages Environmental Health and Safety programs, including occupational and environmental health and safety, risk management and insurance, and workers compensation and return-to-work program. It provides oversight of environmental management for the University including chemical, biological, radioactive materials waste management and incident response. It provides leadership for emergency planning and training for the University, as well as health and safety training and related university-wide policy development. Additional responsibilities include central record-keeping and reporting for related regulatory compliance related to environmental health and safety.

Facilities Management – supports the University’s academic mission through the, development, maintenance and operation of Western's facilities and grounds. Facilities Management is responsible for facilities design and construction. This includes construction and renovation services on minor capital construction projects; construction, renovation and maintenance services to auxiliary departments; development of the Backlog of Maintenance and Repair Reduction Plan; maintenance and repair of State-owned facilities and grounds; management of Western's energy and building control systems; management of Western's utilities; motor pool rentals and vehicle maintenance; project management of major and minor capital construction projects; responsibility for assuring compliance with federal, state and municipal laws, and custodial cleaning of state-owned facilities. The Vice President for Business and Financial Affairs works closely with the facilities management director in the implementation of policies and procedures related to the above functions.

Financial and Business Services – oversees the financial reporting and business support services for the University. This includes management and oversight of student billing and accounts receivable, loans and collections, cashier services, financial reporting and general ledger accounting services, box office administration, accounts payable, contract administration, purchasing, financial systems support, treasury services, central stores, mail and transport services and equipment inventory. The Assistant Vice President for Financial Services also provides oversight of the University’s financial internal controls and provides advice on financial strategy and policy.

Human Resources (HR) – supports the University’s academic mission through the systematic approach to attracting, retaining and developing the University’s human capital. HR strives to help make the whole University greater than the sum of its parts and to implement practices that support University strategies and help shape the institution’s image. HR services include classified staff labor and employee relations; classified staff and professional staff classification and compensation management; professional staff employee relations, and faculty and staff

training and development. In addition, HR oversees temporary staff management, payroll services for all employees, retirement and insurance, and disability and leave services for all employees. Finally, HR manages recruitment and new hire series and human resources information systems.

Public Safety– The Director of Public Safety/Chief of Police ensures campus safety and oversees four units. The University Police Department provides law enforcement, traffic control, event security, crime prevention programs and other safety programs for the campus community 24 hours-a-day, seven days-a-week. Parking Services manages all phases of parking including the sale and distribution of parking passes, enforcement of parking regulations, collection of fees and fines, and maintenance of parking lots. The University Lock Shop maintains and services the locks and keyless entry systems on all campus facilities. The shop orders and cuts keys, distributes them and maintains records of keys and cards issued to students, staff and faculty. The Office of Sustainable Transportation coordinates the bus pass program with Whatcom Transportation Authority for students and staff. Sustainable Transportation also oversees the "Late-Night Shuttle," the placement and usage of bicycle racks, and advocates for bicyclists, pedestrians and transit riders. This office is also very engaged in working with the campus community to creatively seek additional alternatives to single-occupant vehicle commuting.

VICE PRESIDENT'S DUTIES AND RESPONSIBILITIES – GENERAL

- Work closely and collaboratively with other vice presidents as part of the University's leadership team to fulfill the University's mission and strategic plan.
- Operate with and model a transparent and collaborative approach to management of all elements of the division.
- Provide strong leadership for the core purpose of the division.
- To support and advance the viability of Western Washington University in fulfillment of its academic mission; to protect the financial, property, environmental and human resources of the university; to promote a healthy, safe, secure, accessible and sustainable environment for all individuals associated with the university; and to steward the physical structures, transportation needs, grounds, and the surrounding environment.
- Seek alternative resources — state, federal, and grants — to support strategic objectives within the unit.
- Review and evaluate the role, effectiveness, and contribution to the University mission and goals by the Business and Financial Affairs (BFA) division. Collaborate with campus constituencies to provide university support and services.
- Prioritize the allocation of resources within BFA to support university strategic goals.
- Demonstrate a commitment to cultural plurality and diversity in the Western community in collaboration with other areas, particularly the Equal Opportunity Office.
- Be actively engaged with the University's commitment to sustainable operations.
- Work effectively and collaboratively with partners in the community and region on matters of mutual importance.
- Be effective in representing Western Washington University at the state level in activities including committees of the Council of Presidents, the Higher Education Coordinating Board, and other organizations of importance to the University and higher education.

REQUIRED QUALIFICATIONS

- Bachelor's degree and a minimum 10 years of directly related experience in a progressively responsible financial/administrative management position in a comparable complex multi-unit organization.
- Demonstrated understanding of the mission and goals of higher education and the fiscal processes utilized across a full range of issues addressed by an administration and finance executive in the higher education setting as described above.
- Demonstrated skills in financial, capital and budget planning and management with an understanding of the nature of state and university system budget environments, including understanding and implementing a state's financial regulations.
- Strong collaborative, interpersonal, written and oral communication skills, especially the ability to build positive and effective relationships across the campus with faculty, staff and students and the external community and work in a transparent and collaborative decision-making environment.
- Demonstrated ability to lead, supervise and collaboratively work as part of a team consisting of staff from diverse backgrounds, providing energetic, proactive, creative, and highly ethical leadership.
- Ability to comprehend and synthesize large amounts of information, and flexibility to adjust to competing priorities in work schedule.
- Demonstrated commitment to diversity and the ability to thrive in a diverse university community.
- Successful record of organizational leadership including assessment, strategic planning, program development and change management.

PREFERRED QUALIFICATIONS

- Master's degree in business administration or closely allied field or active enrollment leading to an advanced degree in business administration or closely allied field.
- Minimum 10 years of relevant experience in an institution of higher education.

The Search Committee will accept confidential applications and nominations until the position is filled. For best consideration, materials should be received by January 15, 2010. Candidate screening will begin immediately. An application should include a letter describing relevant experiences and interest in the position; a resume; and the names of five references with titles, addresses, business and home telephone numbers and e-mail addresses. Electronic submission is preferred. Individuals who wish to nominate a candidate should submit a letter of nomination, including the name, position, address and telephone number and email address of the nominee. Greenwood/Asher & Associates, an executive search firm, is assisting the University in the search.

Applications and letters of nominations should be submitted to:

Jan Greenwood or Betty Turner Asher
Greenwood/Asher & Associates
42 Business Center Drive, Suite 206
Miramar Beach, FL 32550
Phone: 850.650.2277
Fax: 850.650.2272

E-mail: jangreenwood@greenwoodsearch.com

E-mail: bettyasher@greenwoodsearch.com

Western Washington University is an affirmative action, equal opportunity employer. For more information about WWU, please visit our web site <http://www.wvu.edu>

Greenwood/Asher & Associates, Inc.

EXECUTIVE SEARCH, CONSULTING, AND TRAINING

**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 11, 2009
SUBJECT: **Associated Students**
PURPOSE: Associated Students Report

Purpose of Submittal:

Matt Jarrell will update the Board of Trustees regarding the Associated Students' recent activities.

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

TO: Members of the Board of Trustees
FROM: President Bruce Shepard behalf of the Faculty Senate
DATE: December 11, 2009
SUBJECT: Faculty Senate
PURPOSE: Information Item

Dan Lerner, President of the Faculty Senate, will present an oral update of recent Faculty Senate activities.

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

TO: Members of the Board of Trustees

FROM: President Bruce Shepard

DATE: December 11, 2009

SUBJECT: **Consent Items**

PURPOSE: Action Items

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 Summer Session 2010 Fees

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 11, 2009
SUBJECT: **Approval of Degrees**
PURPOSE: Action Item

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 2009, effective December 12, 2009.

Supporting Information:

Lists on file with the Registrar and Graduate Dean.

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 11, 2009
SUBJECT: Approval of Summer Session Tuition
PURPOSE: Action Item

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 2010: specifically that tuition be set at \$163.00 per credit for undergraduate courses and that student tuition be charged on a per credit basis. Non-resident students would pay tuition at \$173.00 per credit for Summer Session. Summer Registration Fee will increase to \$70.00 per student.

Graduate tuition for resident and non-resident students will remain at \$202.00 and \$212.00 per credit, respectively, for the summer quarter.

Supporting Information:

In order to prepare for publication of the summer catalog, 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 2010 undergraduate tuition rates represent an increase over Summer 2009 tuition rates and are based on preceding academic year (2009-10) per credit-hour fee increases for part-time undergraduate students. The increase is expected to cover increases in benefits, expenditures related to the state's mandatory waivers for veteran dependents being applied for the first time towards summer session credit classes, and reinvestment in program development for different delivery modalities. The Summer graduate tuition rate for both resident and non-residents remain unchanged from Summer 2009 levels, as there was no corresponding increase in part-time graduate tuition rates from the preceding academic year (2009-10). The increase in the Summer Registration Fee, last changed in 2006, is expected to cover increases in costs associated with the management and administration of summer session.

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: Philip E. Sharpe, Chair
DATE: December 11, 2009
SUBJECT: Amendment to President's Employment Contract
PURPOSE: Action Item

Purpose of Submittal

To approve an amendment to the Employment Contract between the Western Washington University Board of Trustees and President Bruce Shepard.

Proposed Motion

MOVE, that the Board of Trustees hereby approves Amendment No. 1 to the April 28, 2008, Employment Contract between Western Washington University Board of Trustees and Dr. Bruce Shepard by extending the contract term two additional years, but not otherwise changing salary or other terms and conditions.

**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 11, 2009

SUBJECT: **Key Performance Indicators**, Dr. Dennis R. Murphy, Dean Emeritus,
College of Business and Economics

PURPOSE: Informational Item

Purpose of Submittal:

Dr. Murphy will lead a discussion of Key Performance Indicators for Western Washington University.

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 V. Coughlin
DATE: December 11, 2009
SUBJECT: **Positioning WWU Graduates to be Successful in Today's Marketplace**
PURPOSE: Discussion Item

Purpose of Submittal:

Vice President Eileen Coughlin and undergraduate students Stephanie Jones and Janna Cecka will provide an introduction to and demonstration of the WWU Leadership E-folio.

Supporting Information:

- *A leadership portfolio* is a means for a student to track leadership experience.
- An *e-folio* is an electronic method to track and reflect upon leadership knowledge, skills, values, attitudes, and experiences.
- This tool will enable students to document leadership learning and experiences, guide reflection about leadership learning, and make leadership learning more explicit.
- Information entered into the e-folio culminates in a Web site that can be conveyed through a cover letter, resume, or vita to have leadership strengths easily represented.
- Any student at Western can utilize the Optimal Resume E-folio application to create an electronic portfolio representing his or her major/discipline.
- A leadership e-folio can be organized in a variety of ways including:
 - chronological,
 - functional,
 - leadership model,
 - by issues,
 - by setting/industry,
 - or some combination of the above.

WESTERN WASHINGTON UNIVERSITY

Draft Climate Action Plan Status Report Board of Trustees December 11, 2009

In January 2007, Western Washington University President Karen Morse signed the President's Climate Commitment

<http://www.wvu.edu/sustain/climateneutralwestern/WWUsignedACUPCCdocument.pdf>

which committed the University to establishing a plan by which Western would reach carbon neutrality in a self established period. "Carbon neutrality" refers to reaching net zero carbon emissions through reduction of our carbon output to the barest minimum possible and then to balance our remaining carbon production with options such as carbon offsets and University-sponsored carbon removal and sequestration projects.

During the period of September – November 2009, the Draft Climate Action Plan has been reviewed by a significant number of Western staff, faculty, students, and senior leaders in a bottom up process. These reviews have led to recommendations for improvements in the Draft Plan as well as suggestions for integration with the ongoing University budget process. These recommendations and suggestions are currently being incorporated into the Draft Plan and will be released for further review by UPRC and the Vice Presidents before going to the President for adoption.

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

TO: Members of the Board of Trustees

FROM: Bruce Shepard, President for Steve Swan, Vice President for University Relations

DATE: December 11, 2009

SUBJECT: **Legislative Update**

PURPOSE: Information Item

Purpose of Submittal:

Steve Swan, Vice President for University Relations, and Sherry Burkey, Associate Vice President for University Relations will give an update on legislative activities.

WESTERN WASHINGTON UNIVERSITY SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Paula M. Gilman, Executive Director for University Planning and Budgeting

DATE: December 11, 2009

SUBJECT: Planning for 2011-13 – General Themes

On September 1, 2010, less than a year from now, Western will be required to submit its 2011-13 biennial operating budget request to Governor Gregoire. Preliminary planning by the University's Planning Unit Leaders is currently underway.

On November 15, 2009, all planning units submitted updated SCOTs (Strengths, Challenges, Opportunities, Threats) for their respective units, and for posting to the University Planning and Budgeting website. Planning Units also submitted their preliminary thinking on initiatives, priorities, and/or themes for the upcoming biennium.

On November 18, 2009, the President met with the Faculty Senate's University Planning and Resources Council (UPRC), in a forward-looking discussion of the Planning Unit submissions and general themes relevant to Western's future.

At the December 11, 2009, Board of Trustees meeting, President Shepard will report on these first steps in Western's development of its 2011-13 Biennial Operating Budget.

In January 2010, 2010-11 and 2011-13 detailed budget instructions will be provided to all planning units. While progress was made last year on creating open and transparent decision-making, that progress was uneven. Campus expectations continue to be very high for progress on transparency. Continuing development of the budget process is important to the long-term health of our university and planning unit leaders will be asked again to focus their efforts on fully engaging their colleagues (directors, department chairs, faculty and staff) in openly developing Western's next budget from the "bottom-up".

Attachment: List of Planning Unit Leaders
PMG/xx

Western Washington University

PLANNING UNIT LEADERS

- | | |
|---|-------------------|
| 1) Provost/Vice President for Academic Affairs | Catherine Riordan |
| 2) Vice Provost, Undergraduate Education | Steve Vanderstaay |
| 3) Dean, College of Humanities and Social Sciences | Brent Carbajal |
| 4) Dean, College of Sciences and Technology | Arlan Norman |
| 5) Dean, Huxley College of the Environment | Brad Smith |
| 6) Dean, College of Fine and Performing Arts | Daniel Guyette |
| 7) Dean, College of Business and Economics | Brian Burton |
| 8) Dean, Woodring College of Education | Stephanie Salzman |
| 9) Dean, Fairhaven College of Interdisciplinary Studies | Roger Gilman |
| 10) Dean, Libraries | Chris Cox |
| 11) Vice Provost, Information and Telecommunications | John Lawson |
| 12) Vice Provost, Research; and Dean, Graduate School | Moheb Ghali |
| 13) Vice President, Student Affairs/Academic Support Services | Eileen Coughlin |
| 14) President | Bruce Shepard |
| 15) Vice President, University Relations | Steve Swan |
| 16) Vice President, University Advancement | Stephanie Bowers |
| 17) Interim Vice President, Business and Financial Affairs | Kathy Wetherell |

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

TO: Members of the Board of Trustees
FROM: President Bruce Shepard by Vice President Stephanie Bowers
DATE: December 11, 2009
SUBJECT: **Campaign Planning**
PURPOSE: Information Item

Stephanie Bowers, Vice President for University Advancement, will update the Board on the activities related to "100 Conversations" and the WWU Foundation Capital Campaign planning.

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

TO: Members of the Board of Trustees

FROM: Dennis Madsen, Acting Chair, Board Audit Committee

DATE: December 11, 2009

SUBJECT: **Board Audit Committee Report**

PURPOSE: Information Item

Purpose of Submittal:

To report to members of the Board of Trustees and the university president and his staff 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 on behalf of the Associated Students
DATE: December 11, 2009
SUBJECT: **Admissions and Enrollment Planning Report**
PURPOSE: Information Item

Purpose of Submittal:

To provide a general update on enrollment and admissions

Supporting Information:

See attached.

December 2009 Enrollment and Admissions Report

Prepared by Karen Copetas, Director of Admissions and Enrollment Planning
November 2009

Fall 2009 Enrollment Summary (See attached chart for details)

- Western experienced a record headcount and FTE this fall – eight more students and 62 more FTE than in Fall 2008.
- There is a record-high number of students-of-color enrolled — 2,572 students of color comprise 18.2% of overall headcount.
- The average GPA of new freshmen and transfers is similar to previous years.
- Thirty-three percent of incoming freshmen entered Western with college credit earned through Advanced Placement in high school and 14% brought college credit earned through the Running Start program offered at Washington community colleges.
- Washington community college students comprise 75% of new transfer enrollment on campus and 86% of new transfer enrollment in extension programs.
- Nearly 84% of Fall 2008 freshmen returned for their sophomore year. (Fall 2004 at 84.1% and Fall 2005 at 85.9% are the only years with higher freshman retention.)
- 68.7% of the Fall 2003 freshman cohort graduated in six years or less, representing a record six-year graduation rate. This is compared with a national average of 46.4% for public master's degree-granting institutions and 49.1% for all master's degree-granting institutions.

Winter and Spring 2010 Admissions

- New student admission and enrollment targets are the same as in the previous year.

Fall 2010 Sneak Preview

- Current enrollment targets are the same as in Fall 2009.
- Freshman applications are running 2% behind Fall 2009.
- African American, Native American and Hispanic applications are up; Caucasian, Asian American and non-resident applications are slightly down.
- Public universities nationally are intensifying recruitment of out-of-state students to generate additional tuition revenue. This trend may impact WWU out-of-state enrollment as well as in-state applications, as Washington residents may be enticed by out-of-state scholarship offers.
- The University of California system has been hit with a 32% tuition increase, which may spark more interest in WWU as a viable and affordable option.

New Initiatives

- **HANDS (Helping Admit New and Diverse Students)**

Helping Admit New and Diverse Students (HANDS), focuses on supporting prospective students from multicultural backgrounds throughout the admissions process. Based out of the Office of Admissions, HANDS is a taskforce of current students who provide personalized mentoring relationships with prospective students. The HANDS team members use their own student experiences to connect with first-generation and low-income students, and students of color while providing college admissions guidance. From community outreach to on-campus tours to reviewing personal essays, HANDS team members provide an insider's view of Western and college life, and access to resources that many underrepresented students may otherwise not have. The HANDS student managers are:

1. Will Jackson, history/secondary education major and former WWU football player
2. BreAnna Jones, political science major and President of the WWU Black Student Union
3. Fabiola Arivzu, undeclared major and Co-President of WWU MEChA

- **Latino Student Outreach**

With the Latino population the largest growing group of prospective students in Washington, the Office Admissions is developing a variety of pipeline and recruitment efforts to make connections with the greater Latino community. Efforts include providing multiple bilingual presentations throughout Western and Central Washington, developing a series of outreach initiatives in Whatcom and Skagit Counties including a strong partnership effort with Woodring College of Education and Skagit Valley College, and strengthening the bond between WWU Latino student leaders and the Office of Admissions. These efforts dovetail well with the WWU Compass 2 Campus program so successfully begun in Fall 2009.

- **College Bound Scholarship promotion efforts**

More than 48,000 7th through 10th graders have already signed up for the College Bound Scholarship program. These are low-income students who signed a pledge by June 30 of their 8th grade year, promising to graduate from high school, demonstrate good citizenship, and seek admission to a college or university. Family income will be re-checked and college admission confirmed after the student graduates from high school. The amount of the scholarship will be based on tuition rates at Washington public colleges and universities and will cover the amount of tuition and fees (plus \$500 for books) not covered by other state financial aid awards.

The Office of Admissions is working with public baccalaureate peers in Washington to develop a Web site and other initiatives to provide encouragement and to make early connections with these promising young scholars and leaders. The first group of these students will graduate in Spring 2012. This effort will also dovetail well with the WWU Compass 2 Campus program.

Western Washington University Enrollment - December 2009 Board of Trustees Report

Compiled by the Office of Admissions

ENROLLMENT		FALL 2009		FALL 2008	
Headcount		13,785		13,777	
Undergraduate students		12,937		12,880	
Grad and postbac students		848		897	
FTE		12,970		12,908	
NEW FRESHMEN		FALL 2009		FALL 2008	
Applied		9,619		9,519	
Admitted		6,989		6,751	
Enrolled		2,688		2,693	
GPA		<u>AVG</u>	<u>MID 50%</u>	<u>AVG</u>	<u>MID 50%</u>
	Applied	3.41	3.16 - 3.74	3.40	3.13 - 3.73
	Admitted	3.57	3.38 - 3.81	3.57	3.37 - 3.81
SAT (math + verbal total)	Enrolled	3.50	3.31 - 3.73	3.50	3.30 - 3.73
	Applied	1104	1000 - 1210	1097	990 - 1200
	Admitted	1139	1040 - 1240	1132	1040 - 1230
Enrolled		1119		1114	
with 4.0 HS GPA		58		52	
with 3.9 HS GPA or above		270		282	
first in class at time of application		55		42	
# (%) with Advanced Placement credit		887 (33%)		846 (31%)	
# (%) Running Start with credit		385 (14%)		315 (12%)	
# with >45 transfer credits but <AA		123		157	
# with completed AA		73		76	
NEW TRANSFERS		FALL 2009		FALL 2008	
On Campus:		<u>ALL</u>	<u>WA CC</u>	<u>ALL</u>	<u>WA CC</u>
		(Wa CC % of ALL)		(Wa CC % of ALL)	
Applied		2,226	1390 (62%)	1,990	1,247 (63%)
Admitted		1,290	887 (69%)	1,380	900 (65%)
Enrolled		791	590 (75%)	887	619 (70%)
GPA - On-campus applicants		<u>AVG</u>	<u>MID 50%</u>	<u>AVG</u>	<u>MID 50%</u>
	Applied	3.05	2.67 - 3.48	3.06	2.65 - 3.43
	Admitted	3.26	2.99 - 3.58	3.19	2.89 - 3.52
Enrolled		3.23		3.18	
Extension:	Applied	193	141 (73%)	150	116 (77%)
	Admitted	125	106 (85%)	108	93 (86%)
	Enrolled	103	89 (86%)	88	77 (88%)
Fall 2008 Headcount - self-reported race/ethnicity		FALL 2009		FALL 2008	
Students of Color - total		2,572	18.66%	2,482	18.02%
African American		382	2.77%	387	2.81%
Native American		337	2.44%	326	2.37%
Hispanic		645	4.68%	590	4.28%
Asian American		1,208	8.76%	1,179	8.56%
Caucasian		10,445	75.77%	10,546	76.55%
Other/not reported		768	5.57%	749	5.44%
RETENTION and GRADUATION		FALL 2009		FALL 2008	
% freshmen returning for 2nd year		83.90%		83.40%	
% freshmen of color returning for 2nd year		80.30%		78.80%	
		2003 freshman cohort		2002 freshman cohort	
freshmen graduating in 4 years		39.80%		35.10%	
freshmen graduating in 5 years		63.40%		63.30%	
freshmen graduating in 6 years		68.70%		68.60%	
% of graduates who graduated within 4 years		51.00%		50.00%	
WWU student-athlete 6-year graduation rate		n/a		68%	
NCAA Division II average 6- year graduation rate		n/a		55%	
GNAC average 6-year graduation rate		n/a		51%	

**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 11, 2009

SUBJECT: **Alumni Association Report**

PURPOSE: Information Item

Purpose of Submittal:

Provide an update to the Board on Alumni Relations activities.

Supporting Information:

Report attached

OFFICE OF ALUMNI RELATIONS

News

Alumni Association membership has seen a 22.4% growth in membership over the last 12 months, growing to 3,904 members.

To encourage visibility and pride for Western while increasing scholarship dollars for students, a focused effort to increase the number of Western specialty vehicle license plates has resulted in a net growth of 11.6% since August of 2008 providing \$18,284 in scholarship dollars annually.

Continuing collaboration with the seven Colleges to develop, design and distribute an eNewsletter for their alumni in order to better involve them in the story of their college. Of the six college eNewsletters that have been distributed, all have a 0% unsubscribe rate.

Alumni Events

Part of the role of the Alumni Association is to build pride, loyalty and lifelong connections to Western in order to strengthen the University. One way that this is accomplished is through broad based engagement opportunities.

Recent Programs include:

BROAD-BASED ALUMNI PROGRAMS

October 14 - Western Financial Series for Women, Bellevue, WA

November 4 - Western Traveling Professor Series, Pinky Nelson, Bellingham, WA

ALUMNI TRAVEL SERIES 2009

September 25-27 – Western in Wine Country, Yakima, WA

Upcoming Programs:

STUDENT PROGRAMMING

December 10 – Senior Celebration, Campus

December 12 – Commencement

March 18 – Senior Celebration, Campus

March 20 – Commencement

YOUNG ALUMNI PROGRAMS

February 6 - Curling in Canada, Canada

February 25 - Rock & Bowl, Bellevue, WA

BROAD-BASED ALUMNI PROGRAMS

February 13 - Wine Tasting, Issaquah, WA

March – Wine Tasting in Olympia, Olympia, WA

March – Wine Tasting in Portland, Portland, OR

May 13 - Alumni Awards Celebration, Western's Campus

May 14 –16 – All Alumni Reunion: Back to Bellingham Weekend

September 8 – Get Your Blue On BBQ & Blue Grass Concert, Campus

January 29 – Alumni Scholarship Dinner, Campus

GOLDEN VIKING PROGRAMS

July 14-15 - Golden Vikings' Reunion, Campus

July 16 - Grandparents U BBQ, Campus

**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 11, 2009

SUBJECT: **Development Report**

PURPOSE: Information Item

Purpose of Submittal:

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

Supporting Information:

Report attached

OFFICE OF DEVELOPMENT

At the end of November, 25 of the “100 Community Conversations” had occurred. Several more already have firm dates in December and January and many more are in the planning stages. Guests at the conversations have appreciated the outreach by Western and the ability to share their ideas and thoughts. The initiative is being funded through the generosity of Jack and Jo Ann Bowman.

President Shepard and Cyndie will host four holiday open houses in their Bellingham home as well as a holiday open house in Seattle. In all, nearly 500 people are expected to attend.

The Bellingham Business Forum lunch will be held March 18 at the Bellwether Hotel. Bill Ayer, President of Alaska Air, will be our speaker.

Vice presidents and deans, working with their department chairs, faculty and staff, have submitted top campaign funding priorities from their respective areas. Through these priorities, the Foundation will prepare a list of top campaign funding needs. The Vice Presidents and deans will meet in mid-December to review the list.

The Foundation Board will have its quarterly meeting on December 10.

Gifts of Note

A \$10,000 annuity was established with Danny Beatty to support the fly fishing collection held in Special Collections in Wilson Libraries.

A gift of nearly \$60,000 from the estate of Kathleen Digges to support the Ross Ellis Memorial Geology Field Trip Endowment.

A gift of \$62,500 from Frank and Mary King to support athletic scholarships.

A gift of \$10,000 from Dave and Ann Mann.

Upcoming Events

December 1, 2, 4 and 5 – Bellingham Holiday receptions at Bruce and Cyndie Shepard's home.

December 8 – Seattle Holiday reception, Frye Museum of Art.

January 11 – Deans and Vice Presidents Campaign Retreat.

January 23 – Joint Foundation/Alumni Board meeting.

January 27, February 19 and 22, March 2 and 3 – Annual Scholarship Lunches.

March 18 – Bellingham Business Forum, noon, Hotel Bellwether.

**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 11, 2009

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

PURPOSE: Informational Item

Purpose of Submittal:

Information concerning grant awards totaling \$4,643,436 for the period July 1, 2009 to September 30, 2009.

Supporting Information:

- Grant awards/totals for the period
- Grant awards/details for summer quarter 2009

DATE: October 10, 2009

SUBJECT: Grant Awards for the period 7/1/09-6/30/09

Department	7/1/09- 9/30/2009	10/1/09- 12/31/2009	1/1/10- 3/31/2010	4/1/10- 6/30/2010	Fiscal Year 2009-10
Anthropology	\$ 68,055				
Biology	306,738				
Campus Compact	348,343				
Canadian/Am Studies	133,602				
Chemistry	100,000				
Critical Juncture Institute	103,500				
Center for Economic Vitality	330,860				
Center for International Studies	86,000				
Eng/Technology	38,295				
Geology	530,152				
Huxley	332,554				
Physics/Astronomy	100,000				
President's Office	4,500				
Science, Math & Tech Education	574,615				
Shannon Point Marine Center	93,324				
Woodring College of Education	1,492,898				
Total	\$ 4,643,436	-	-	-	-

	GRANT AWARDS FOR THE PERIOD			July, August, September 2009			
		NEW	ADD'L	FUNDING			DEPT.
FUND	DESCRIPTION	FUNDS	FUNDS	AGENCY	P.I.	DEPARTMENT	TOTAL
55073	Add to Biodemographic Postpartum Amenorrhea		36,791	UW	Grimes, Michael	Anthropology	
51134	Lahu Media Project	31,264		NSF	Pine, Judith	Anthropology	68,055
51142	ARRA- PNW Macromoths	146,905		NSF	Peterson, Merrill	Biology	
53015	ARRA-Establishing Drosophila	159,833		NIH	Schulze, Sandra	Biology	306,738
55745	Financial Literacy Training Project	3,000		HECB	Dorr, Jennifer	Campus Compact	
55746	Retention Project '09-10	245,343		WA-CNCS	Dorr, Jennifer	Campus Compact	
56703	College Spark	100,000		College Spark	Dorr, Jennifer	Campus Compact	348,343
55747	National Resource Center '09-10	133,602		UW	Alper, Don	Canadian-American Studies	133,602
52549	Entering Global Community	86,000		US Dept Education	Nord, Doug	Center for International Studies	86,000
51119	RUI: Organic Vapor		100,000	NSF	Patrick, David	Chemistry	100,000
56702	PeaceHealth Charity Care	3,500		St. Joseph Hospital	Friedlob, Allan	Critical Juncture Institute	
56257	Improve Care of Complex Patients	100,000		Whatcom Community Fnd	Massanari, Michael	Critical Juncture Institute	103,500
54565	NW Economic Gardening Program	330,860		US Dept Commerce	Dorr, Tom	Ctr for Economic Vitality	330,860
56258	AAM Hydrofoil Electronics	13,295		All American Marine	Morton, Tod	Eng/Technology	
51139	Transforming Web-based Courseware	25,000		NSF	Newcomer, Jeff	Eng/Technology	38,295
51141	ARRA-Loihi Submarine Volcano	193,543		NSF	Caplan-Auerbach, J	Geology	
51136	ARRA-Ice-core Paleoclimate Records	281,109		NSF	Clark, Doug	Geology	
51576	Mellisa Park Fellowship	40,500		NSF	Clark, Doug	Geology	
55837	Effects of Climate Change	15,000		Whatcom Cty Pub Works	Mitchell, Robert	Geology	530,152
56260	Response of Forest Growth to Climate	24,137		Univ Arizona	Bunn, Andy	Huxley	
54566	Technical Writing Support	13,912		National Parks Service	Dietrich, William	Huxley	
51140	Repeat Disaster Impacts	249,824		NSF	Miles, Scott	Huxley	
51111	Add to Bering Sea Shelf Sediments		44,181	NSF	Shull, David	Huxley	
55076	Assessment of Riparian Conditions	500		WA Fish & Wildlife	Wallin, David	Huxley	332,554
51138	ARRA- Discovery Corps Fellowship	100,000		NSF	Ledger, Janelle	Physics/Astronomy	100,000
55744	Compass 2 Campus	4,500		HECB	Shepard, Cyndie	President's Office	4,500
51558	Add to NCOSP		292,784	NSF	Nelson, George	Science, Math & Technology	

**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 11, 2009
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 UNIVERSITY RELATIONS**

REPORT FROM THE VICE PRESIDENT TO THE BOARD OF TRUSTEES

University Branding Initiative

Research has been completed and the presentation of the research data was made by Lyric, Inc., Western commercial partner, to the Western Branding Leadership Team on November 16th. The Lyric team conveyed it was overwhelmed by the response to its survey work with returns from students and alumni significantly surpassing national averages. Responses from faculty and staff also exceeded national averages. The Lyric Team also felt its 25 one-hour interviews were of an exceptional quality it has seldom experienced. They conveyed their interpretation that the passion for Western is very high with all of its stakeholders.

The data conveyed the consensus reason students, alumni and faculty and staff chose Western as their destination school is location. The other major strength of Western in the eyes of each of the groups is the strong one-on-one relationship that exists between faculty and staff and students.

The next meeting of Lyric and the Western Branding Leadership Team is December 2nd. This meeting will be a four hour workshop at which participants will review and process data while working to arrive at its brand description and identify.

Lyric conducted 25 in-depth personal interviews with students and alumni, faculty and staff, the board of trustees, WWU Foundation and Alumni Association Board of Directors, legislators and non-WWU academic advisors. Lyric also surveyed 400 students and alumni and more than 500 WWU faculty and staff also participated in the branding survey. The students and alumni interviewed were segmented by the college they are affiliated with or by undeclared status.

Waterfront Project

Externally activities with the Port of Bellingham slowed down the past two months because two of the three port commissioners were up for re-election. The election, which took place November 3rd, led to the re-election of Scott Walker and the election of Mike McAuley who defeated incumbent Doug Smith.

Western Crossing Development Corporation, the development entity created between Western and the Port of Bellingham, conducted its second meeting on December 2nd. The agenda centered on the approval of the by-laws and discussion about the fifth person who needs to be added to the board of directors. The existing board members are Bruce Shepard, President of WWU; Peggy Zoro, WWU Board of Trustees appointee; Fred Seeger, Interim Director of the Port of Bellingham; and Scott Walker, President of the Commissioners of the Port of Bellingham.

WWU's internal planning committee continues to meet on a regular basis and is in the early stages of drafting a White Paper which will outline its work to date. That work continues to focus on a long range vision that could see the re-location of Huxley College and/or the College of Business and Economics to the waterfront, or the creation of an institute or similar entity focused on the synergy created between the two in "Green Business." Because of the challenging economic times we are in, discussion currently revolves around a smaller version of that long range vision.

Government Relations

The Government Relations staff has spent the past two months actively engaged in foundation and relationship building to elevate Western's efforts in the Federal Relations field. In recent years WWU has taken a low key approach in attempting to secure federal support for the university, but President Shepard has made clear his desire for Western to be an aggressive entity in Washington, D.C. President Shepard and Vice-President for University Relations Steve Swan met with Senators Cantwell and Murray and Congressmen Larsen and Dicks and with staff members of the Higher Education Committee during a trip to the nation's capital in October. Along with Vice-President Stephanie Bowers, they also met with 12 Western alumni who work in various offices on Capitol Hill at an evening gathering.

President Shepard and VP's Bowers and Swan will be returning to Washington, D.C. January 4th through the 8th to continue building the Federal Relations program while also advocating for Western's new federal agenda.

The Government Relations office is gearing up for the 2010 supplemental legislative session, busily meeting with legislators and strategizing for what looks to be another difficult session with continued declines in revenue.

On October 27 Cyndie Shepard hosted the Compass 2 Campus kick-off on Western's campus. Representative's Kathy Haigh, Dave Quall, Bob Hasegawa, Lt. Governor Brad Owen and senate staff joined over 800 local 5th graders for a day of fun and learning. As a result of such a successful day, Representative Kathy Haigh, Chair of the Education Appropriations Committee, asked Cyndie to present the program to her committee in Olympia on December 3.

2 weeks after the kick-off, we hit the road for a few legislative visits. We met with Senate Ways and Means Ranking Minority member, Senator Joe Zarelli, in Ridgefield, and later in the day with Representative Deb Wallace, Chair of the House Higher Education Committee, in Vancouver. We talked openly about our desire for tuition setting authority, and discussed strategies for the upcoming session. On our way back to Bellingham we stopped in Olympia to meet with Lyset Cadena, the new Senate Democratic Caucus Higher Education Policy Analyst.

On November 12 House Higher Education staff visited us at WWU. Andi Smith, House Higher Education Research Analyst, Cece Clynch, House Higher Education Counsel and Serah Stetson, Education Appropriations Fiscal Analyst, met with Western faculty and staff to discuss the Higher Education Coordinating Board's (HECB) System Design Plan and Tuition Study, as well as other higher education topics relevant to Western and their committees.

We began our day with faculty members Bill Lyne, Marsha Riddle Buly and Dan Larner to answer questions about faculty issues and the HECB tuition and system design studies. Following our meeting with the faculty, we met with Paula Gilman, Executive Director of University Planning and Budgeting to talk about WWU's budget. Paula provided our guests with a user-friendly guide to WWU's operating budget. Next, we sat down with Vice Provost for Undergraduate Education, Steve Vanderstaay. He provided a thorough review of Western's accreditation process and highlighted several reporting requirements the state and federal government require of WWU. As a result of these reports, he was able to showcase many impressive achievements and high marks Western has received. In our last hour we met with Provost Riordan to talk more about the HECB's Tuition Study and System Design Plan, two topics their committees will be focused on this session.

On November 19 the Higher Education Coordinating Board met to support final recommendations on both the Tuition Study and System Design Plan. Both initiatives were

mandated through legislation in the 2009 session. The HECB, along with the institutions, have been working on the study and plan throughout the interim. Throughout the Tuition Study the four year institutions have raised numerous concerns regarding its findings and recommendations; including, its 55% state funding goal, and its failure to acknowledge existing statute that outlines the Global Challenge State funding goals. It was not until the study was up for "final recommendation" that the board was made aware of our issues by their staff. In what turned out to be a vigorous discussion, the HECB agreed to "table" the tuition study until their next scheduled meeting in December. The four year baccalaureate institutions have now been tasked with assisting the HECB in offering an alternative proposal. The System Design Plan was passed with little objection and will now be considered by the legislature during the 2010 session.

In early December we were in Olympia for the legislature's quarterly "assembly days." On the morning of December 3, President Shepard, along with the other regional presidents, hosted a breakfast meeting with legislators to discuss the future of higher education. Bill Lyne, President of the United Faculty of Washington State, helped organize the event. Along with the Presidents, Alumni Association Board Chairs, Faculty and Union Presidents and Students were invited to participate.

Following the breakfast, the legislature held two days of committee hearings and work sessions. As noted earlier, Cyndie Shepard presented her Compass 2 Campus program to the House Education Appropriations Committee. Along with hearings and work sessions, Bruce and Cyndie met with several legislators. On Friday, December 4, WWU, along with the other higher education institutions, testified in the House Higher Education Committee on the HECB's findings and recommendations of System Design Plan. Later we met with faculty and students to discuss strategies for working together during the upcoming session.

As the session approaches the economy gets worse every day. The November revenue forecast was down an additional \$2.6 Billion. We are anticipating additional budget cuts to the '09-'11 operating budget as the legislature is required to balance the budget. We expect the Governor's supplemental budget some time the week of December 7th.

We have begun working with our alumni office on an "Alumni Advocacy Network." We have met a number of times to discuss how to mobilize our alumni and supporters and hope to have a strategy ready for the 2010 session. With so many interest groups vying for the same very small piece of pie, we need as much support from our alumni, staff, students, faculty, trustees, and community and business partners as we can get. This is an uncertain time and as much as we can work together the more successful we will be.

OFFICE OF UNIVERSITY COMMUNICATIONS

Website Reconstruction

Preliminary work has begun on the reconstruction of the Western Washington University website. The project is being led by a committee composed of members of the departments of Academic Technology and User Services, Marketing and Communications, and Government Relations. Ultimately, the University Marketing Committee, which is made up of those responsible for college and program marketing efforts, will play a significant role in the development of the website.

The planning and timeline for the project is built around the rollout of Western's branding initiative and the potential introduction of its comprehensive capital campaign. The first phase of the branding initiative, the introduction of the brand definition and related brand identity, is expected to occur in January, 2010. A second phase dealing with graphic elements, if recommended in the results of the first phase, would be completed in May 2010.

The project will address the goal of creating a website that addresses both the internet and intranet needs of Western. A part of that goal is to create a website that maximizes WWU's potential in marketing to its multiple constituent groups while also meeting the various communications needs externally and internally.

The initial phase of planning, which is being conducted without any new funds, is focused on mapping and functionality to develop a website that is as user friendly and functional as is possible. Actual construction will require additional one-time funds as existing staff and resources are inadequate to complete the project.

Online/Publications

Our new news and information Web site, **Western Today** (<http://onlinefast.org/wwutoday>), has been up for two months now, and it continues to get great reviews. People from the community are catching on, too, and new people regularly sign up for the daily e-mails. The e-mail disseminates the news of the day and teases stories on Western Today. The new Western Today Web site features consistently updated news and stories produced by the Office of University Communications. The Web site also gives us the ability to track accurately the site's usage, which in turn allows us to more effectively produce and target the information we send out, thus saving us time while increasing the efficiency of the office.

The fall edition of the university magazine **Window** hit the streets recently, both in print and online. We're proud of our cover stories about golf champion **Bill Wright** and green deconstruction pioneer **Dave Bennink**. It's our third issue and we think each one keeps getting better. An extra bonus: We saved thousands on publishing costs when we put the project out to bid.

Meanwhile, the **Soundings** newsletter recently went online, leading with a story about internships and how families can help their students get them. Most of Soundings, the newsletter for WWU families, is online now. We know the internship story was a big hit. We can analyze the Web site to find out which stories families are most interested in.

The relocation of graphic artists **Chris Baker** and **Shona Fahland** last summer has paid dividends in increased efficiencies across a range of work our office does. We also have heard from multiple campus users that they greatly appreciate having the graphic artists much more conveniently situated in the University Communications office, rather than across campus at the commissary building, where they were previously housed. This fall, both graphic artists have been extremely busy working on projects throughout campus, including with academic departments, the Admissions Office, the Registrar's Office, Athletics, Student Publications and many more.

Our office also continues to perform its outreach function with regional and national media, having already sent out more than 80 press releases to these media outlets in the Fall Quarter, with topics ranging from campus events to faculty research. In addition, the office has repurposed many of these releases in its online, outward facing Web sites such as Western

Today and **Gaia**, the web presence focused on research at Western in the life, earth, and environmental sciences.

Emergency Communications

The Office of University Communications participated along with a number of other university offices in a **campus-wide emergency drill** on Nov. 18, which including sending out thousands of test text messages and e-mails to all students, faculty and staff and sounding of the “Big Ole” steam whistle. To date, 81 percent of WWU students; 51 percent of staff and 39 percent of faculty have listed their cell phone numbers with the university in order to receive emergency cell phone text messages.

University Communications also sent out text messages and e-mails alerting the campus that classes had been suspended the morning of Nov. 16 because of a **power outage on campus caused by a severe wind storm**. The office also sent out emergency text messages and e-mail alerts after a student was robbed in the Sehome Arboretum near campus. The timely alerts led to several people contacting University and Bellingham police and identifying possible suspects. Two WWU students later were arrested and charged in connection with the robbery.

Media Highlights

Note: The previously exhaustive media listing is being replaced, for the sake of brevity, by this summary of major media stories about Western. A more extensive listing of media stories – grouped by category – that reference Western is now available via the [Knowledge Bank](#) at Western Today. More prominent media stories included:

- Psychology Professor **Ira Hyman’s** research showing how few people walking across Red Square and talking on cell phones noticed a student dressed as a clown on a unicycle ran in nearly 200 media outlets both nationally and internationally, including in the *New York Times*, *New Yorker* magazine, *Washington Post*, *MSNBC*, *Fox News*, *CBC*, *Psychology Today*, *Discovery Canada*, *Eureka! Science*, *Science Daily*, *Seattle Times*, *Bellingham Herald* and throughout Washington state, via the *Associated Press* across the country and in media in Canada, Europe, Asia and Australia.
- The visit of hundreds of fifth-graders from Whatcom and Skagit counties to Western as part of the **Compass 2 Campus** program resulted in prominent media play, including extensive front-page stories with color photos in the *Bellingham Herald* and *Skagit Valley Herald*. **Cyndie Shepard**, volunteer director of the program, and a student mentor were interviewed about Compass 2 Campus by *King 5 TV* in Seattle. The story also ran in other state media as well, including an interview with Cyndie Shepard by the *Skagit Valley College radio station*.
- A number of media carried stories about **Ralph Munro** being appointed to Western’s Board of Trustees, including the *Seattle Times*, *Bellingham Herald* and other media in the state. He also was interviewed live by *KGMI Radio*.
- *TVW* carried testimony by WWU President **Bruce Shepard** and other university presidents on Oct. 2 before the Senate Higher Education & Workforce Development Committee.
- *The Chronicle of Higher Education* also ran an audio interview with Bruce Shepard on some of the challenges facing Western and higher education.
- Several op-ed columns by Western faculty and staff ran in newspapers in the state. A column by **Bruce Shepard** providing an update on **Western’s planning at the waterfront** ran Nov. 14 in the *Bellingham Herald*. A column by **Brian Burton**, dean of the College of Business and Economics, on the possible impacts of Initiative 1033, ran Nov. 2 in the *Puget Sound Business Journal*. A Nov. 8 *Bellingham Herald* column by

Stephanie Bowers, vice president for Advancement, discussed Philanthropy Day and a reminder that non-profits need more help in the current economic downturn.

- The research of **Jennifer Purcell**, of WWU's **Shannon Point Marine Center**, on jellyfish and global warming, was featured in articles by numerous media, including Nov. 27 in the *Boston Globe*, Nov. 16 on *CBS News* and Nov. 17 in the *China Daily*.
- The naming of the Puget Sound, Strait of Juan de Fuca and Strait of Georgia under one collective name – **the Salish Sea** – was led by retired Huxley College marine biologist **Bert Webber** and received extensive media coverage, including a glowing editorial Nov. 21 in the *Seattle Times*, Nov. 3 in the *Calgary Herald* and in news reports in newspapers and TV stations across the region.

WESTERN WASHINGTON UNIVERSITY

Capital Program Report

Board of Trustees
December 11, 2009

MAJOR CAPITAL PROJECTS

- **Miller Hall Renovation**

Demolition of all non-structural interior walls and finishes on all levels is complete. Demolition of structural areas is progressing. Floor openings for natural light wells are complete on levels 3 and 4. Floor openings for a new north stairwell are complete. The floor opening for the southwest stair and elevator shaft demolition is scheduled to be complete by the end of December.

Under a General Contractor/Construction Manager (GC/CM) contract, the contractor has released and received bids on approximately 80% of the subcontractor bid packages. New partition framing, duct installation, electrical rough-in and sprinkler piping is in progress. Piling installation for the new courtyard in-fill space is scheduled for December. Unforeseen issues have been minimal and responded to expediently by the construction team. The relationship between the building occupants and the construction team is excellent and there have been no interruptions of construction progress due to noise, fumes, or vibration complaints.

Renovation of Miller Hall is on schedule with work on-going in the 1960's wing and continuing for the next 10 to 12 months. Subsequent renovation of the 1940's wing follows with renovation of the entire building scheduled to be complete by the end of 2011.

- **Buchanan Towers Addition**

The site utility and foundation work is well underway and the building is "coming out of the ground" with the start of the first floor framing. The work is progressing slower than anticipated and appears to be approximately 3 to 6 weeks behind schedule. The University has informed the contractor of our concern and has requested that they provide a plan to ensure that the August 2010, date of substantial completion is met.

OTHER CAPITAL ITEMS AND PROJECTS OF INTEREST

- **Chemistry Building Addition**

The exterior enclosure of the addition is complete, including roofing and exterior sheathing. Select areas of the existing building are being renovated to accommodate new Chemistry and Biology research labs. These areas have substantial portions of

mechanical ductwork/ piping and electrical systems installed. Most interior walls have been framed, and several walls have gypsum wallboard installed.

In the coming weeks, exterior windows and cladding will be installed. Mechanical and electrical installations will continue. Laboratory casework fabrication will commence.

The construction and consulting teams are working well together on this project and there have been no significant construction cost or schedule difficulties to date. The project is anticipated to open Summer Quarter 2010.

- **Wilson Library Special Collections**

Work on the 6th floor is almost complete. Current activities include finishing base trim on the walls; fire alarm final trim, programming, and inspection; and replacing a pair of stair doors. This portion of the work is scheduled to be complete to allow move-in during winter break.

The second part of the project, renovation of the previous Special Collections area (located on the 2nd floor) into a student study area and installation of compact shelving in the basement will start construction in December during Winter Break and is scheduled to be complete in the Spring.

- **Status of Previously Approved Bundled Consultant Contracts**

At the August 2009 Board meeting, the Board approved a delegation of authority to award 25 projects to 11 architectural and engineering firms with a fee range totaling \$1,448,000 - \$1,856,000. Those contracts have all been completed and total \$1,413,804. All of the projects are in design and many are ahead of schedule due to this Board action.

- **2011-13 Capital Planning Process**

The new process was launched in early October. Both Capital Planning & Development and Space Administration have attended numerous meetings with various planning units, including all of the colleges, to explain the new process and forms. We have also offered approx. 20 training sessions. At this point in time, Planning Unit Leaders are evaluating the project requests they have received and will be making their recommendations to the Provost and Vice Presidents in mid-January. Additionally, technical reviews of the proposals are also being made by the offices of Space Administration, Capital Planning, and Facilities Management.

For more information about the major projects please visit our Facilities Management website at <http://www.wvu.edu/depts/fm/Services/FDCA/index.html>.

For more information about the Capital Program and the 2011-13 Capital Planning Process see <http://www.wvu.edu/wvuarchitect/>.

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

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Dr. Eileen V. Coughlin, Vice President for Student Affairs and Academic Support Services

DATE: December 11, 2009

SUBJECT: **Student Right-to-Know and Clery Act**

PURPOSE: Information Item

Purpose of Submittal:

Provide the Board with information regarding Western Washington University's compliance with the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act.

Supporting Information:

Background information (attached) and the 2009-2010 *In Brief* brochure (available at [In Brief 2009-2010](#)).

Western Washington University
Clery Act Update
December 2009

Background: In November 1990, the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (often referred to as the “Clery Act”) was signed into law. As a result, all institutions of postsecondary education participating in federal student aid programs are required to:

- Prepare and distribute – to all members of the campus community – an annual security report which sets forth the law enforcement authority of campus police, includes information on where/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 be considered a threat to the safety and/or welfare of students and employees.

In Brief: All information that must be distributed annually to the campus community under state and/or federal mandates is compiled into one publication, *In Brief*. Published each fall, *In Brief* includes educational materials, policies, and an annual summary of campus crime statistics.

- The Clery Act specifies the crimes and violations that are to be published. These are reflected in the 2009-2010 *In Brief* brochure, on pages 10 and 11.

Campus Security Authorities: University staff members who are deemed to have “significant responsibility for student and campus activities” are required to document any Clery Act crime reported to them for inclusion in the campus crime statistics. Western has identified 52 staff members whose positions fall under the Department of Education’s expanded definition of campus security authorities (CSAs). Incident reports completed by CSAs are forwarded to University Police for follow-up and verification.

Campus Sex Crimes Prevention Act: Effective October 2003, all colleges and universities receiving federal funds are required to issue an annual statement informing members of the campus community where law enforcement agency information about registered sex offenders may be obtained. This information is included in the 2009-2010 *In Brief* brochure, on page 8.

Notable Changes in Crime Statistics in 2008: There was one notable change in statistics from 2007 to 2008 that is of note. As per University Police:

- In 2008, arrests for both liquor law and drug-related violations decreased (from 128 to 61, and 58 to 28 respectively). Disciplinary referrals for liquor law violations decreased as well, from 655 in 2007 to 401 in 2008. At the same time, disciplinary referrals for drug-related violations increased, from 98 in 2007 to 268 in 2008. This was due primarily to an increase in marijuana use in campus residence halls – a trend that other institutions in the Pacific Northwest have also experienced.

Arrests and disciplinary referrals tend to fluctuate from year to year and may be dependent not only on actual activity, but also on University Police officers’ availability to spend time on this enforcement, staffing shortages, and overall workload.

FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTAL
INFORMATION

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November 13, 2009

Philip E. Sharpe Jr., Chair
Board of Trustees
Western Washington University
Bellingham, WA 98225

Dear Mr. Sharpe:

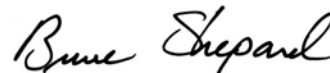
We are pleased to submit the Annual Financial Report of Western Washington University. The accounts of the University are maintained in accordance with policies and regulations established by Washington State and its Office of Financial Management. This report has been prepared in accordance with generally 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.

KPMG LLP, Certified Public Accountants, have issued an unqualified (clean) opinion on the Western Washington University financial statements for the year ended June 30, 2009. 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 2010 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



Kathy Wetherell
Interim Vice President for Business and Financial Affairs

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Stephanie Bowers, Vice President for University Advancement
Teresa Mroczkiewicz, Interim Director, Financial Services
Shonda L. Shipman, Director, Accounting Services

* as of Independent Auditors' report date

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, 2009 and 2008. 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

Western Washington 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 14,000 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, 2009, 2008 and 2007, follows:

	2009	2008	2007
Assets			
		<i>(Dollars in thousands)</i>	
Current assets	\$81,559	\$75,239	\$61,857
Noncurrent assets	36,292	26,568	29,808
Capital assets, net	<u>384,343</u>	<u>370,392</u>	<u>330,751</u>
Total assets	<u>502,194</u>	<u>472,199</u>	<u>422,416</u>
Liabilities			
Current liabilities	29,881	33,189	28,911
Noncurrent liabilities	<u>86,016</u>	<u>73,648</u>	<u>75,875</u>
Total liabilities	<u>115,897</u>	<u>106,837</u>	<u>104,786</u>
Total net assets	<u>\$386,297</u>	<u>\$365,362</u>	<u>\$317,630</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. Total current assets increased by \$6.3 million over fiscal 2008 due to larger holdings of cash and cash equivalents resulting from a decrease in accounts receivable and changes in short term investments. The short term portion of the University's investment portfolio can fluctuate based upon changes in the investment mix and the expected short term needs for University funds. Total current assets increased by \$13.4 million comparing fiscal 2008 to fiscal 2007 due to larger current investments in certificates of deposit, additional balances held by the State Treasurer, and an increase in receivables from students.

Noncurrent assets increased \$9.7 million over fiscal 2008 with the increase primarily attributable to the June 2009 issuance of \$14.3 million in Housing and Dining System revenue bonds to renovate the Buchanan Towers residence facility. Balances in both long term investments and amounts due from the State Treasurer decreased as fewer capital projects were in progress at fiscal year end. Noncurrent assets decreased \$3.2 million comparing fiscal 2008 to fiscal 2007 due to the spending of the 2006 Housing and Dining System bond issue proceeds related to the Higginson Hall remodel.

Land and capital assets increased \$14.0 million over fiscal 2008 due to the completion of the Academic Instructional Center (AIC) which opened for classes in January 2009. These asset balances grew \$39.6 million comparing fiscal 2008 to fiscal 2007, due to the significant construction of the AIC building and the completion of the Higginson Hall remodeling project.

Liabilities

The excess of current assets over current liabilities of \$51.7 million in 2009 and \$42.1 million in 2008 reflects the continuing ability of the University to meet its short term obligations with liquid or easily liquidated assets. Current liabilities decreased \$3.3 million from fiscal 2008 as outstanding accounts payable invoices declined at fiscal year end. Current liabilities increased \$4.3 million comparing fiscal 2008 to fiscal 2007 as a result of higher construction related liabilities for the AIC building, an increase in the compensated absences balance resulting from less paid leave taken by employees and the recording of executive leave not previously recorded.

Long term liabilities increased \$12.4 million over fiscal 2008 due to the issuance of \$14.3 million in revenue bonds by the Housing and Dining System to remodel the Buchanan Towers residence facility and a \$963 thousand increase in the net pension obligation due to an updated State actuarial valuation. These increases are partially offset by principal payments on outstanding debt. Comparing fiscal 2008 to fiscal 2007, long term liabilities decreased \$2.2 million due to principal payments on outstanding debt of \$2.7 million, partially offset by a net pension obligation increase of \$478 thousand.

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, 2009, 2008 and 2007 are summarized as follows:

	2009	2008	2007
	<i>(Dollars in thousands)</i>		
Net Assets			
Invested in capital assets, net of related debt	\$312,263	\$295,702	\$256,832
Restricted:			
Nonexpendable	4,160	4,254	4,685
Expendable	24,728	23,794	20,329
Unrestricted	45,146	41,612	35,784
Total net assets	<u>\$386,297</u>	<u>\$365,362</u>	<u>\$317,630</u>

Net investment in capital assets increased \$16.5 million over fiscal 2008 primarily due to the final costs incurred to complete the AIC building and the Ridgeway Gamma residence facility renovation. In fiscal 2008, this net asset classification increased \$38.9 million over fiscal 2007 as a result of the University's investment in its buildings and educational facilities. Major projects during fiscal 2008 were the completion of the Higginson Hall residence facility remodel and the construction of the AIC building.

Restricted nonexpendable net assets include donations and matching State contributions for the purpose of establishing distinguished professorships and graduate fellowships. During fiscal 2009, the University received total funding of \$550 thousand dollars; \$275 was provided by donors and \$275 thousand matched by the State. When combined with investment losses, the net decrease in restricted nonexpendable net assets was \$94 thousand. The decrease comparing fiscal 2008 to fiscal 2007 was \$431 thousand, primarily due to investment losses.

Restricted expendable net assets increased \$935 thousand over fiscal 2008, compared to an increase of \$3.5 million for the prior fiscal year as earnings on the State Permanent Fund outpaced expenditures. 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 \$3.6 million in fiscal 2009 and \$5.8 million in fiscal 2008 as a result of strong performance by the University's auxiliary enterprises which added to their reserves, and support for new programs from the State. The increase in both years was driven by tuition increases and higher enrollment figures.

Capital Improvements and Related Debt

In fiscal 2009, \$21.7 million (excluding library materials and equipment) was expended on capital improvements compared to \$48.7 million in fiscal 2008. Of the \$21.7 million in capital improvements, \$5.4 million was expended on the completion of the AIC building, \$5.7 million on projects by the Housing and Dining System and \$4.2 million on the Miller Hall building remodel.

Specific projects completed or underway in fiscal 2009 include:

Academic Instructional Center. The AIC, a \$60.7 million building, was completed during the fiscal year, opening for classes in January 2009. The departmental wing houses the Communication Sciences and Disorders Department and the Psychology Department. The academic wing includes lecture halls, classrooms, computer labs and a collaborative learning center.

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 scheduled for April 2010.

Parks Hall Ground Floor Renovation. This renovation will provide growth space for the College of Business and Economics (CBE) which occupy the top four floors of the building. The remodel will provide a computer lab, three seminar/classrooms, and faculty offices which will allow CBE to consolidate into one location on campus. Construction began in late April 2009 and was completed in September 2009.

In 2009, total long term debt for financing capital assets increased by \$11.6 million to \$87.2 million. The increase includes a \$14.3 million dollar revenue bond issue by the Housing and Dining System in June 2009. The bond issue will fund a remodel of the Buchanan Towers residence facility on campus and the addition of 105 beds. Long term debt decreased in fiscal 2008 a total of \$2.7 million due to payments made on outstanding debt.

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, 2009, 2008 and 2007 follows:

	2009	2008	2007
	Dollars in thousands		
Operating revenues	\$151,475	\$145,988	\$138,107
Operating expenses	<u>232,561</u>	<u>226,464</u>	<u>215,169</u>
Operating loss	(81,086)	(80,476)	(77,062)
State appropriations revenue	78,535	75,418	64,482
Other nonoperating revenues	12,567	12,787	13,114
Nonoperating expenses	<u>(4,470)</u>	<u>(4,276)</u>	<u>(3,677)</u>
Income (loss) before other revenues	5,546	3,453	(3,143)
Other revenues	<u>15,389</u>	<u>44,279</u>	<u>16,627</u>
Increase in net assets	20,935	47,732	13,484
Net assets, beginning of year	<u>365,362</u>	<u>317,630</u>	<u>304,146</u>
Net assets, end of year	<u>\$386,297</u>	<u>\$365,362</u>	<u>\$317,630</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 \$4.6 million and \$3.5 million in fiscal 2009 and fiscal 2008, respectively.

The Washington State Legislature provides the Board of Trustees with tuition setting authority for all student categories at Western: 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; the Legislature retains the authority to cap undergraduate resident tuition increases. Tuition increased 5% during both fiscal 2009 and 2008 with enrollment increasing to an average annual headcount of 13,240 students in fiscal 2009, compared to 13,006 in fiscal 2008 and 12,608 in fiscal 2007.

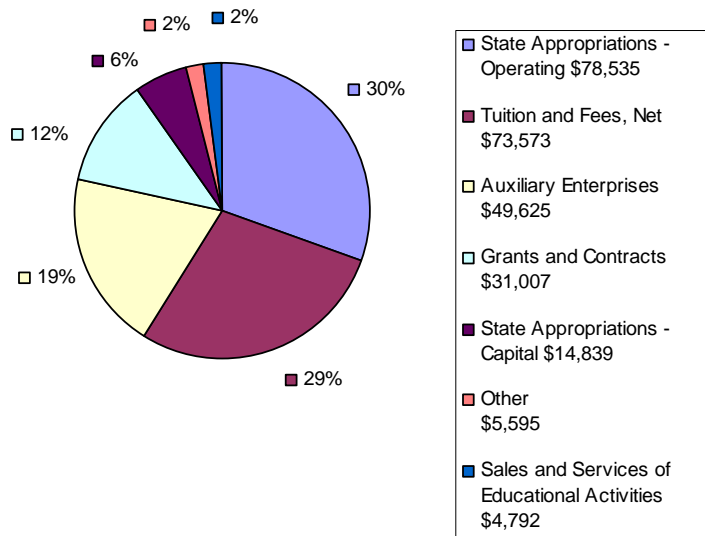
In fiscal 2009, state appropriations used for operations increased \$3.1 million to a total of \$78.5 million compared to \$75.4 million in fiscal 2008. Comparing fiscal 2008 to fiscal 2007, there was an increase of \$10.9 million over the prior year appropriation of \$64.5 million. The appropriation increases include State support for an additional 153 full-time equivalent (FTE) student enrollments in fiscal 2009 and 293 FTE in fiscal 2008. Western's state supported enrollments

(FTE) are 12,175 for fiscal 2009; actual average FTE was 12,408, therefore the additional FTE are not supported by State dollars.

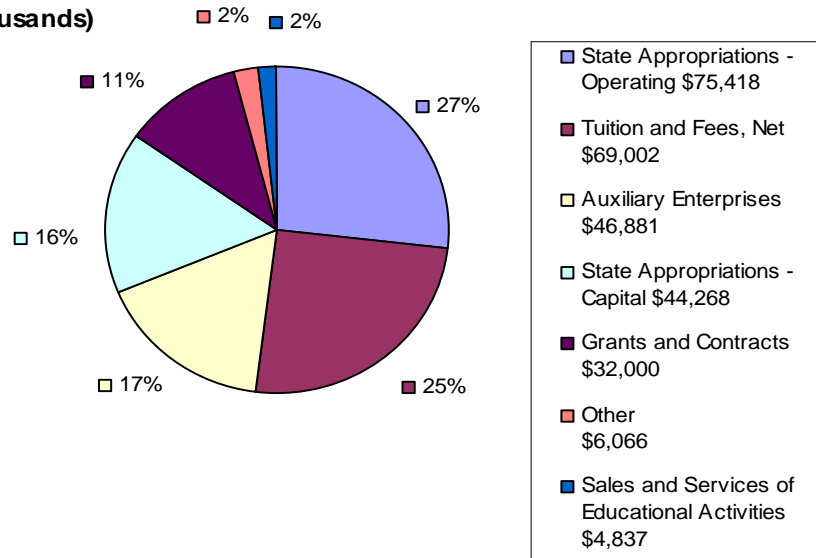
Capital appropriations are recognized as revenue when expenditures are incurred on capital projects and the University is entitled to receive the cash. This revenue source decreased \$29.4 million in fiscal 2009 due to the completion of the AIC building. No significant new projects were started during the fiscal year. In fiscal 2008, capital appropriation revenues increased over \$27.7 million, primarily due to increased expenditures relating to the final construction phase of the AIC building.

The following graphs illustrate revenues by source for the years ended June 30, 2009 and 2008:

**Total Revenues by Source For the
 Year Ended June 30, 2009
 \$257,966 (in thousands)**



**Total Revenues by Source For the
Year Ended June 30, 2008
\$278,472 (in thousands)**



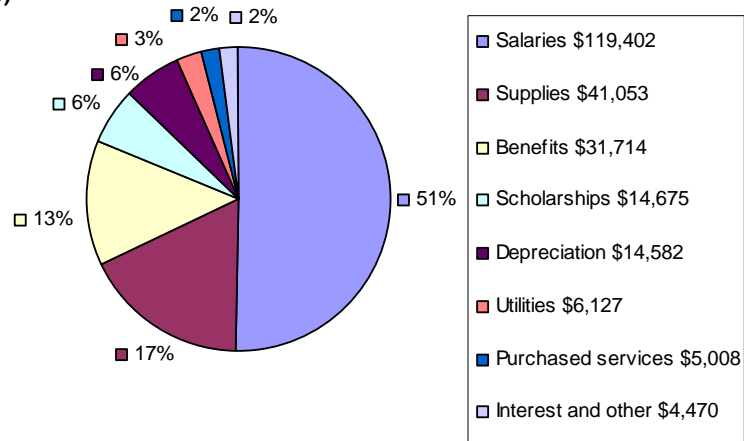
The University's operating expenses increased \$6.1 million in fiscal 2009 and \$11.3 million comparing fiscal 2008 to fiscal 2007. The majority of the increase in both fiscal years is related to salaries and wages which increased approximately 4.3% in fiscal 2009 and 8.1% comparing fiscal 2008 to fiscal 2007. Classified, professional staff and faculty received salary adjustments of 2.0% and 3.2% in fiscal years 2009 and 2008, along with a one-time bonus of 4% for professional staff and faculty in fiscal 2008.

The University's Board of Trustees approved a 10.5% salary increase for all qualified faculty during the 2009 fiscal year. Legislatively authorized funds covered 5.2% of this increase and local funds covered the remaining 5.3%. Benefits expense decreased during fiscal 2009, due to Public Employees Benefit Board (PEBB) offering a one year temporary reduction in medical premiums paid by the employer.

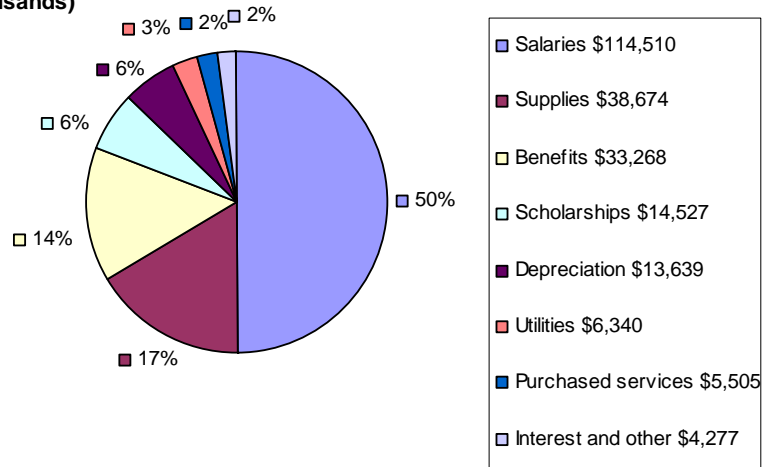
Supplies, materials, personal and purchased services increased \$1.9 million in fiscal 2009 and decreased approximately \$1.0 million between fiscal 2008 and 2007. The increase in fiscal 2009 was due to the purchase of non-capitalized furnishings and equipment necessary for the AIC building as well as additional repairs and maintenance projects on campus during fiscal 2009. Depreciation expense increased \$943 thousand over fiscal 2008 and \$251 thousand comparing fiscal 2008 to fiscal 2007 as additional capital assets were completed and depreciated.

The following graphs illustrate expenses by natural classification for the years ended June 30, 2009 and 2008:

**Total Expenses by Natural Classification
for the Year Ended June 30, 2009
\$237,031 (in thousands)**



**Total Expenses by Natural Classification
for the Year Ended June 30, 2008
\$230,740 (in thousands)**



Operating Loss

The University's operating loss of \$81.1 million in fiscal 2009 was an increase of \$610 thousand over fiscal 2008, and a \$3.4 million increase comparing fiscal 2008 to fiscal 2007. Overall operating revenues increased \$5.5 million during fiscal 2009 and \$7.9 million between fiscal 2008 and 2007 while operating expenditures increased \$6.1 million and \$11.3 million, respectively.

GASB standards require that State appropriations and Federal Pell grants are classified as nonoperating revenues, thereby creating the operating loss. If these revenues were classified as operating, operating income would be \$5.1 million in fiscal 2009 and \$1.8 million in fiscal 2008.

Economic Factors That Will Affect the Future

During the next biennium, State support for Western's operations, which in past decades has been as high as 70% per year, will fall below 50%, down to a biennial average of 45.5%. Western's 2009-2011 biennial operating budget includes a 29% reduction in State appropriations (\$44 million), forcing the University to eliminate open and filled positions, reduce department budgets, increase class size, and reduce the number of class sections. No degree programs were eliminated, and 2008-2009 enrollment levels will be maintained.

In response to the operating budget shortfall, the University increased annual tuition 14%, received \$8.9 million in one-time Federal stimulus funds, and increased reliance on University reserve funds. Protecting core academic commitments was established early in the budget process as the foremost guiding principle. Reductions in academic programs are, on average, less than cuts in other areas: approximately 5% for academic programs compared with 7-10% in non-academic areas.

The 2009–2011 operating budget includes tuition increases of 14% per year for the biennium, an increase of \$600 per year for resident undergraduate students. The University did not increase non-resident or graduate tuition rates. 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. Budget cuts resulted in the elimination of 164 positions at the University. The majority of these cuts were from vacant positions. However, an estimated 28 employees were laid off and the contracts for approximately 40 employees were not renewed. Approximately 83% of the operating budget is committed to compensation related expenditures.

The Board of Trustees approved the \$79.4 million capital budget for the 2009-11 biennium, which includes the major renovation of Miller Hall. This \$60.4 million project includes funds for pre-design, design, construction and equipment. Construction began in August 2009. The capital budget also includes: \$16.5 million for minor works preservation and program projects, \$4.6 million for network infrastructure and switches, and \$3.6 million for preventative maintenance and repairs.



KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

The Board of Trustees
Western Washington University

We have audited the accompanying financial statements of Western Washington University and its discretely presented component unit as of and for the years ended June 30, 2009 and 2008, 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 audits. 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 for the above component unit, are based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinions.

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 appropriate, cash flows of only that portion of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the State of Washington that is attributable to the transactions of Western Washington University. They do not purport to, and do not, present fairly the financial position of the State of Washington as of June 30, 2009 and 2008, the changes in its financial position, or, where appropriate, its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material aspects, the financial position of Western Washington University and of its discretely presented component unit as of June 30, 2009 and 2008, and the changes in its financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

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 U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquires 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.

KPMG LLP

November 18, 2009

Assets	2009	2008
Current assets:		
Cash and cash equivalents (Note 3)	\$37,055,201	\$24,960,841
Investments (Note 4)	31,786,555	36,121,641
Funds with State Treasurer (Note 5)	6,343,536	6,910,084
Interest receivable	1,272,563	1,953,877
Accounts receivable, net (Note 6)	3,297,361	3,912,294
Prepaid expenses	307,901	111,344
Inventories (Note 8)	1,495,819	1,268,712
Total current assets	81,558,936	75,238,793
Noncurrent assets:		
Restricted investments (Note 4)	22,274,833	7,985,057
Investments (Note 4)	2,590,574	4,750,684
Due from State Treasurer	2,760,797	4,931,661
Student loans receivable, net (Note 7)	7,620,890	7,955,550
Land (Note 10)	12,772,593	12,772,593
Capital assets, net (Note 10)	371,570,424	357,619,109
Other assets (Note 1)	1,045,416	945,169
Total noncurrent assets	420,635,527	396,959,823
Total assets	502,194,463	472,198,616
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	11,540,473	14,961,778
Deposits payable	2,346,015	2,295,927
Deferred revenues	4,704,688	5,040,459
Compensated absences (Note 11)	7,891,789	7,625,941
Current portion of bonds and notes payable (Notes 12,15)	3,069,333	2,957,471
Current portion of net pension obligations (Note 15)	195,000	97,500
Deposits held in custody for others	133,395	209,537
Total current liabilities	29,880,693	33,188,613
Noncurrent liabilities:		
Long term portion of bonds and notes payable (Note 15)	84,179,833	72,677,327
Long term net pension obligations (Note 15)	1,836,738	971,010
Total Liabilities	115,897,264	106,836,950
Net Assets		
Invested in capital assets, net of related debt	312,262,833	295,702,072
Restricted for:		
Nonexpendable: scholarships and professorships	4,159,879	4,254,339
Expendable:		
Instruction and research	3,275,404	2,355,544
Loans	11,409,378	11,282,300
Capital Projects	10,043,555	10,155,283
Unrestricted	45,146,150	41,612,128
Total net assets	\$386,297,199	\$365,361,666

STATEMENTS OF FINANCIAL POSITION
For the years ended June 30, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$1,122,334	\$2,872,323
Investments:		
Short term investment pool	6,095,450	5,090,217
Long term investment pool		
Externally managed investments	23,271,538	26,532,876
Externally managed investments, held for Northwest Indian College Foundation	921,126	1,088,267
Real estate held for investment, net	2,286,900	1,561,949
Annuity and life income investments	3,840,843	4,836,850
Other	312,757	312,757
Total investments	<u>36,728,614</u>	<u>39,422,916</u>
Receivables:		
Promises to give, net	2,896,255	3,020,736
Due from Western Washington University	-	112,054
Other	8,682	49,488
Total receivables	<u>2,904,937</u>	<u>3,182,278</u>
Other assets	21,968	13,888
Capital assets, net	-	1,120,541
Total assets	<u>40,777,853</u>	<u>46,611,946</u>
 Liabilities		
Accounts payable	83,050	199,560
Due to Western Washington University	263,453	-
Annuity and life income obligations	1,344,420	1,738,525
Contingent obligation to Northwest Indian College Foundation	921,126	1,088,267
Total liabilities	<u>2,612,049</u>	<u>3,026,352</u>
 Net Assets		
Unrestricted	7,524,501	11,356,223
Temporarily restricted	11,161,966	15,242,098
Permanently restricted	19,479,337	16,987,273
Total net assets	<u>38,165,804</u>	<u>43,585,594</u>
 Total Liabilities and Net Assets	<u>\$40,777,853</u>	<u>\$46,611,946</u>

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET ASSETS For the years ended June 30, 2009 and 2008

	2009	2008
Operating Revenues		
Student tuition and fees	\$86,555,613	\$81,217,433
Less scholarship allowances	(12,982,879)	(12,215,513)
Net student tuition and fees	73,572,734	69,001,920
Federal grants and contracts	8,338,523	11,272,466
State and local grants and contracts	13,257,130	12,595,085
Nongovernmental grants and contracts	1,752,564	1,264,074
Sales and services of educational activities	4,792,341	4,836,640
Interest earned on loans to students	136,800	136,871
Auxiliary enterprises	53,481,768	50,334,001
Less scholarship allowances	(3,856,618)	(3,452,539)
Net auxiliary enterprises	49,625,150	46,881,462
Total operating revenues	151,475,242	145,988,518
Operating Expenses		
Salaries and wages	119,402,233	114,509,642
Benefits	31,713,625	33,268,166
Scholarships and fellowships	14,675,348	14,527,102
Utilities	6,126,735	6,340,414
Supplies and materials	41,053,047	38,674,456
Purchased and personal services	5,008,483	5,505,286
Depreciation	14,581,784	13,639,067
Total operating expenses	232,561,255	226,464,133
Operating loss	(81,086,013)	(80,475,615)
Nonoperating Revenues (Expenses)		
State appropriations	78,535,426	75,417,882
Federal Pell grant revenue	7,658,503	6,868,173
Investment income	4,706,526	5,892,772
Interest on indebtedness	(3,491,660)	(3,607,772)
Loss on endowments	(978,004)	(668,488)
Nonoperating rental property income	201,443	26,143
Net nonoperating revenues	86,632,234	83,928,710
Gain before other revenues, expenses, gains or losses	5,546,221	3,453,095
Other Revenues		
Capital appropriations	14,839,312	44,268,118
Gifts to permanent endowments	550,000	10,000
Total other revenues	15,389,312	44,278,118
Increase in net assets	20,935,533	47,731,213
Net assets, beginning of year	365,361,666	317,630,453
Net assets, end of year	\$386,297,199	\$365,361,666

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009</u>
Support and Revenue				
Contributions, net of allowance for uncollectible promises to give	\$645,740	\$2,638,127	\$1,368,833	\$4,652,700
Services and facilities provided by Western Washington University	2,908,714	-	-	2,908,714
Net unrealized gains (losses) on investments	(3,021,043)	(3,332,442)	-	(6,353,485)
Net realized gains (losses) on investments	459	(54,123)	-	(53,664)
Interest and dividends	363,505	584,939	-	948,444
Gain (loss) on sales of assets	(180,567)	-	-	(180,567)
Fund raising events and other	33,241	423,820	434	457,495
Total support and revenue before net assets released from restrictions	750,049	260,321	1,369,267	2,379,637
Net assets released from restrictions	4,200,427	(4,200,427)	-	-
Change in restrictions	(883,385)	(239,412)	1,122,797	-
Total support and revenue	<u>4,067,091</u>	<u>(4,179,518)</u>	<u>2,492,064</u>	<u>2,379,637</u>
Expenses and Change in Valuation of Annuity Obligations				
Program services and grants	4,420,726	-	-	4,420,726
Management and general - WWU in-kind	1,451,104	-	-	1,451,104
Management and general - other	235,249	-	-	235,249
Fund raising - WWU in-kind	1,457,610	-	-	1,457,610
Fund raising	334,124	-	-	334,124
Total expenses	7,898,813	-	-	7,898,813
Change in valuation of annuity obligations	-	(99,386)	-	(99,386)
Total expenses and change in valuation of annuity obligations	7,898,813	(99,386)	-	7,799,427
Change in Net Assets	(3,831,722)	(4,080,132)	2,492,064	(5,419,790)
Net Assets, beginning of year	11,356,223	15,242,098	16,987,273	43,585,594
Net Assets, end of year	<u>\$7,524,501</u>	<u>\$11,161,966</u>	<u>\$19,479,337</u>	<u>\$38,165,804</u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008</u>
Support and Revenue				
Contributions, net of allowance for uncollectible promises to give	\$1,474,387	\$3,602,228	\$872,567	\$5,949,182
Services and facilities provided by Western Washington University	2,251,623	-	-	2,251,623
Net unrealized gains (losses) on investments	(601,974)	(1,867,616)	-	(2,469,590)
Net realized gains (losses) on investments	(15,671)	158,933	-	143,262
Interest and dividends	381,027	648,785	-	1,029,812
Amortization	-	67,429	-	67,429
Fund raising events and other	81,674	547,427	1,367	630,468
Total support and revenue before net assets released from restrictions	3,571,066	3,157,186	873,934	7,602,186
Net assets released from restrictions	4,128,788	(4,128,788)	-	-
Change in restrictions	67,376	(29,163)	(38,213)	-
Total support and revenue	<u>7,767,230</u>	<u>(1,000,765)</u>	<u>835,721</u>	<u>7,602,186</u>
Expenses and Change in Valuation of Annuity Obligations				
Program services and grants	4,260,458	-	-	4,260,458
Management and general - WWU in-kind	1,246,412	-	-	1,246,412
Management and general - other	328,892	-	-	328,892
Fund raising - WWU in-kind	1,005,211	-	-	1,005,211
Fund raising	409,178	-	-	409,178
Total expenses	7,250,151	-	-	7,250,151
Change in valuation of annuity obligations	(62,178)	254,468	-	192,290
Total expenses and change in valuation of annuity obligations	7,187,973	254,468	-	7,442,441
Change in Net Assets	579,257	(1,255,233)	835,721	159,745
Net Assets , beginning of year	10,776,966	16,497,331	16,151,552	43,425,849
Net Assets , end of year	<u>\$11,356,223</u>	<u>\$15,242,098</u>	<u>\$16,987,273</u>	<u>\$43,585,594</u>

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Tuition and fees	\$73,479,384	\$69,464,855
Grants and contracts	23,782,327	24,783,903
Payments to vendors	(67,129,378)	(68,192,133)
Payments to employees for salaries and benefits	(149,723,207)	(145,813,240)
Loans issued to students	(790,086)	(1,259,067)
Collection of loans to students	1,197,888	1,304,600
Sales of auxiliary enterprises	49,667,455	46,906,431
Sales and services of educational activities	4,726,093	4,496,692
Interest received on loans to students	136,800	136,871
Net cash used by operating activities	<u>(64,652,724)</u>	<u>(68,171,088)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	78,535,426	75,417,882
Direct Lending proceeds	52,587,345	45,784,559
Direct Lending disbursements	(52,732,163)	(45,809,595)
Federal Pell grant receipts	7,658,503	6,868,173
Gifts to permanent endowments	550,000	10,000
Net cash provided by noncapital financing activities	<u>86,599,111</u>	<u>82,271,019</u>
Cash Flows from Investing Activities		
Purchases of investments	(54,169,573)	(44,144,560)
Net proceeds from sales of investment	45,396,988	38,986,397
Interest received on investments	5,387,840	5,716,693
Net cash (used) provided by investing activities	<u>(3,384,745)</u>	<u>558,530</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	14,368,652	362,512
Interest earned on bond proceeds	-	50,346
Capital appropriations	17,010,176	42,211,118
Disposal of fixed assets	49,529	(8,882)
Gain on disposal of fixed assets	7,967	24,188
Purchases of capital assets	(31,533,887)	(50,789,568)
Principal paid on capital debt	(2,957,603)	(3,209,581)
Interest paid on capital debt	(3,613,559)	(3,540,362)
Other activities	201,443	26,143
Net cash used by capital and related financing activities	<u>(6,467,282)</u>	<u>(14,874,086)</u>
Net increase (decrease) in cash and cash equivalents	12,094,360	(215,625)
Cash and cash equivalents, beginning of year	<u>24,960,841</u>	<u>25,175,465</u>
Cash and cash equivalents, end of year	<u><u>\$37,055,201</u></u>	<u><u>\$24,960,841</u></u>

Reconciliation of Operating Loss to Net Cash Used by Operating Activities

	<u>2009</u>	<u>2008</u>
Operating loss	(\$81,086,013)	(\$80,475,615)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	14,581,784	13,639,067
Amortization of bond issuance cost	203,319	217,354
Gain on disposal of fixed assets	(7,967)	(15,307)
Net pension obligation expense	963,228	465,457
Changes in assets and liabilities:		
Funds with the State Treasurer	566,548	(2,930,619)
Accounts receivable	614,933	(902,498)
Student loans receivable	334,660	34,432
Inventories	(227,107)	47,386
Prepaid expenses	(196,557)	(21,212)
Accounts payable and accrued expenses	(448,393)	120,222
Deferred revenue	(335,771)	787,287
Student and other deposits	50,088	113,736
Deposits held in custody	68,676	(171,882)
Compensated absences	265,848	921,104
Net cash used by operating activities	<u>(\$64,652,724)</u>	<u>(\$68,171,088)</u>
Supplemental disclosure of cash flow information		
Acquisition of capital assets through accounts payable	<u>\$2,974,378</u>	<u>\$5,925,637</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESFinancial 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 Foundation acts primarily as a fund raising organization to supplement the resources that are available to the University in support of its programs. The Board of Directors is self-perpetuating and consists of 31 members. 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) Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*.

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.

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, 2007, the University adopted GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". This pronouncement includes provisions for the disclosure of pledged revenues. See Note 14.

On July 1, 2007, the University adopted GASB Statement No. 50, "Pension Disclosure – an amendment of GASB Statements No. 25 and No. 27". This pronouncement more closely aligns the financial reporting requirements for pensions with those for other post employment benefits. See Note 19.

On July 1, 2007, the University adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions". This pronouncement establishes a standard to measure the liability for retiree health care and life insurance costs, which the University subsidizes. See Note 20.

On July 1, 2008, the University adopted GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". This pronouncement includes provisions for recognition and disclosure of estimated costs for cleanup of pollution that the University may have an obligation to remediate. The University has no additional disclosures resulting from this pronouncement.

On July 1, 2008, the University adopted GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments". This pronouncement includes provisions for the disclosure of the historical cost of land and real estate held by endowments. The University has no additional disclosures resulting from 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 and certificates of deposit.

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 years 2009 and 2008, no construction related interest was capitalized. 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 subsequent accounting period.

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.

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, utilities, and supplies.

Nonoperating revenues

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, State appropriations and investment income.

Nonoperating expenses

Nonoperating expenses include costs related to financing or investing activities such as interest on indebtedness.

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

Cash and cash equivalents include cash on hand, petty cash, change funds, bank balances, and funds held in the Local Government Investor Pool (LGIP). At June 30, 2009 and 2008, the carrying amount of cash equivalents is \$37,055,201 and \$24,960,841 respectively. The carrying amount of cash equivalents approximates the market value.

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.

4. INVESTMENTS

To maximize investment income, the University combines unrestricted cash funds from all areas into an internal investment pool. Investment income is allocated to University departments in proportion to the respective average balances in the investment pool.

The certificates of deposit held in the internal investment pool are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The University held \$33,158,585 and \$39,061,021 of certificates of deposits in pooled investments at June 30, 2009 and 2008, respectively.

Renewal and replacement funds are separately invested in time certificates of deposit. As of June 30, 2009 and 2008, the Renewal and Replacement funds of \$2,780,142 and \$2,725,104 were separately invested in time certificates of deposit.

Remaining bond proceeds of \$14,200,292 from the June 2009 Housing and Dining System bond issue are separately invested in the Local Government Investment Pool (LGIP).

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.

Endowment funds are comprised of \$4,159,879 in donor restricted and \$2,352,054 in quasi endowments at June 30, 2009 and \$4,254,339 in donor restricted and \$2,816,908 in quasi endowments at June 30, 2008.

Interest Rate Risk

Interest rate risk for investments is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal policy for managing interest rate risk on the internal investment pool, but manages exposure to fair value losses in the pool by employing a “laddered maturity” strategy, in which investments mature at varying times throughout the year in accordance with cash operating needs.

Endowment funds are invested under Endowment Investment Policy guidelines. These guidelines include the primary objective of achieving long term growth using prudent investing practices.

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. All investments in the pool are either insured through the FDIC or collateralized by assets held in a multiple financial institution collateral pool administered by the Washington PDPC.

The Endowment Investment Policy limits the endowment investments to no more than 5% of the portfolio for a single issuer.

At June 30, 2009, the University held the following investments:

Description	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-2	2-3	3-4	>4 years
WWU Investment Pool:						
Cash and Cash Equivalents	\$37,055,201	37,055,201				
Time Certificates of Deposits (CDs)	33,158,585	31,786,555	1,372,030			
WWU Endowment Funds:						
Mutual Funds - Money Market	906,673	906,673				
U.S. Government/Agency Securities	1,752,159		176,075	176,501	270,572	1,129,011
Equity Securities	3,853,101	n/a	n/a	n/a	n/a	n/a
Other Investments:						
Renewal and Replacement Time CDs	2,780,142	1,457,332	1,322,810			
Bond Proceeds Invested in LGIP	14,200,292	14,200,292				
Miscellaneous	1,010					1,010
TOTAL CASH AND INVESTMENTS	\$93,707,163					

At June 30, 2008, the University held the following investments:

Description	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-2	2-3	3-4	>4 years
WWU Investment Pool:						
Cash and Cash Equivalents	\$24,960,841	24,960,841				
Time Certificates of Deposits (CDs)	39,061,021	36,121,641	2,939,380			
WWU Endowment Funds:						
Mutual Funds - Money Market	1,173,769	1,173,769				
U.S. Government/Agency Securities	1,938,329		509,321	794,532		634,476
Equity Securities	3,959,149	n/a	n/a	n/a	n/a	n/a
Other Investments:						
Renewal and Replacement Time CDs	2,725,104	2,725,104				
Miscellaneous	10					10
TOTAL CASH AND INVESTMENTS	\$73,818,223					

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 year ended June 30, 2009 and 2008 are

\$2,757,000, and \$2,706,790, respectively which are reported as interest income.

6. ACCOUNTS RECEIVABLE

At June 30, 2009 and 2008, the major components of accounts receivable are as follows:

	2009	2008
Student tuition and fees	\$1,034,830	\$1,347,213
Federal, State and private grants and contracts	371,873	508,286
Auxiliary enterprises and other operating activities	2,343,175	2,592,518
Total accounts receivable	<u>3,749,878</u>	<u>4,448,017</u>
Less allowance for doubtful accounts	<u>(452,517)</u>	<u>(535,723)</u>
Accounts receivable, net	<u><u>\$3,297,361</u></u>	<u><u>\$3,912,294</u></u>

7. STUDENT LOANS RECEIVABLE

At June 30, 2009 and 2008, student loans receivable are as follows:

	2009	2008
Federal Perkins student loans	\$8,456,365	\$8,753,857
Other long term loans	48,155	65,866
Institutional loans	48,946	55,236
Total student loans	<u>8,553,466</u>	<u>8,874,959</u>
Less allowance for doubtful accounts	<u>(932,576)</u>	<u>(919,409)</u>
Student loans receivable, net	<u><u>\$7,620,890</u></u>	<u><u>\$7,955,550</u></u>

8. INVENTORIES

At June 30, 2009 and 2008, inventories, stated at cost using various methods: retail, first-in, first-out (FIFO), or average cost, consist of the following:

Location	Valuation Method	2009	2008
Bookstore	Retail	\$966,976	\$735,323
Central Stores	Average Cost	123,361	144,611
Facilities Maintenance	FIFO	144,157	156,777
Lock Shop	FIFO	120,838	109,309
Other inventory	FIFO	140,487	122,692
Total inventory		<u><u>\$1,495,819</u></u>	<u><u>\$1,268,712</u></u>

9. 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 19th and 20th 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. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

10. LAND AND CAPITAL ASSETS, NET

The depreciation expense for the fiscal years ended June 30, 2009 and 2008 was \$14,581,784 and \$13,639,067 respectively. Following are the changes in land and capital assets for the year ended June 30, 2009:

	6/30/2008	Additions/ Transfers	Retirements	6/30/2009
Land	\$12,772,593	\$ -	\$ -	\$12,772,593
Capital Assets				
Infrastructure	\$53,247,646	\$409,008	-	\$53,656,654
Buildings	315,813,877	60,712,609	-	376,526,486
Furniture, fixtures and equipment	33,859,700	4,753,901	493,074	38,120,527
Library materials, art collection	46,662,184	2,126,632	-	48,788,816
Improvements	42,297,615	6,520,943	-	48,818,558
Construction in progress	61,231,873	(45,940,465)	49,529	15,241,879
Total capital assets	553,112,895	28,582,628	542,603	581,152,920
Less Accumulated Depreciation				
Infrastructure	19,323,379	1,376,851	-	20,700,230
Buildings	103,848,840	7,080,434	-	110,929,274
Furniture, fixtures and equipment	29,164,429	2,008,785	493,074	30,680,140
Library materials, art collection	32,953,311	1,877,141	-	34,830,452
Improvements	10,203,827	2,238,573	-	12,442,400
Total accumulated depreciation	195,493,786	14,581,784	493,074	209,582,496
Capital Assets, Net	\$357,619,109	\$14,000,844	\$49,529	\$371,570,424

Following are the changes in land and capital assets for the year ended June 30, 2008:

	6/30/2007	Additions/ Transfers	Retirements	6/30/2008
Land	\$12,150,822	\$621,771	\$ -	\$12,772,593
Capital Assets				
Infrastructure	\$53,247,646	-	-	\$53,247,646
Buildings	306,489,208	9,324,669	-	315,813,877
Furniture, fixtures and equipment	32,487,404	2,037,098	664,802	33,859,700
Library materials, art collection	44,645,210	2,016,974	-	46,662,184
Improvements	37,361,057	4,936,558	-	42,297,615
Construction in progress	26,880,451	34,451,319	99,897	61,231,873
Total capital assets	501,110,976	52,766,618	764,699	553,112,895
Less Accumulated Depreciation				
Infrastructure	17,928,912	1,394,467	-	19,323,379
Buildings	97,098,725	6,750,115	-	103,848,840
Furniture, fixtures and equipment	27,983,968	1,836,383	655,922	29,164,429
Library materials, art collection	31,246,766	1,706,545	-	32,953,311
Improvements	8,252,270	1,951,557	-	10,203,827
Total accumulated depreciation	182,510,641	13,639,067	655,922	195,493,786
Capital Assets, Net	\$318,600,335	\$39,127,551	\$108,777	\$357,619,109

11. COMPENSATED ABSENCES

The accrued leave balance as of June 30, 2009 and 2008 is \$7,891,789 and \$7,625,941, 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 Western. 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 account, are not subject to federal income or social security taxes.

During 2009 and 2008, \$49,782 and \$57,361 respectively, was 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>
2010	\$264,333	\$122,088
2011	248,701	111,849
2012	206,104	101,649
2013	145,428	98,717
2014	154,071	88,673
2015-2019	710,322	354,815
2020-2024	765,000	206,468
2025-2029	545,000	37,353
Total	\$3,038,959	\$1,121,612

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 \$14,280,000 at June 30, 2009, which is reported net of the original issue premium of \$27,311.

Series 2006 Revenue Bonds with an interest rate of 4% and an aggregate face value of \$8,645,000 at June 30, 2009, which is reported net of the original premium of \$44,901.

Series 2005 Revenue and Refunding Bonds with interest rates ranging from 3.375% to 4.50% and an aggregate face value of \$12,160,000 at June 30, 2009, which is reported net of the unamortized original discount of \$150,286 and loss on defeasance of \$924,491.

Series 2003 Revenue and Refunding Bonds with interest rates ranging from 3% to 4.65% and an aggregate face value of \$12,155,000 at June 30, 2009, which is reported net of the unamortized original issue discount of \$75,051 and loss on defeasance of \$91,509.

Series 1999 Junior Lien Revenue Bonds with interest rates ranging from 5.1% to 6.0% and an aggregate face value of \$420,000 at June 30, 2009, which is reported net of the unamortized original issue discount of \$3,040.

Series 1998 Junior Lien Revenue and Refunding Bonds with interest rates ranging from 4.4% to 5.5% and an aggregate face value of \$12,995,000 at June 30, 2009, which is reported net of the unamortized original issue premium of \$217,617 and loss on defeasance of \$579,721.

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 \$25,435,000 at June 30, 2009, which is reported net of the unamortized original issue discount and loss on defeasance of \$345,524.

Advance Refunding

The scheduled liabilities as of June 30, 2009 and 2008 do not include \$11,165,000 and \$11,405,000, 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 \$810,000 and \$830,000 at June 30, 2009 and 2008, 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
2010	\$2,220,000	\$2,743,929	\$585,000	\$1,250,750
2011	2,580,000	2,885,173	615,000	1,225,888
2012	2,680,000	2,783,678	640,000	1,199,750
2013	2,785,000	2,676,711	670,000	1,172,230
2014	2,895,000	2,563,847	700,000	1,142,750
2015-2019	16,490,000	10,774,768	4,025,000	5,173,750
2020-2024	18,580,000	6,500,857	5,130,000	4,062,000
2025-2029	7,350,000	3,013,280	6,550,000	2,644,250
2030-2034	5,075,000	1,162,540	6,520,000	834,500
Total	\$60,655,000	\$35,104,783	25,435,000	\$18,705,868
Less unamortized (premium)/discount	(61,452)		288,208	
Less unamortized loss on defeasance	1,595,721		57,316	
Total	\$59,120,731		\$25,089,476	

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	\$95,759,783	Housing and Dining bonds issued in 1998, 1999, 2003, 2005, 2006, 2009	Construction and renovation of student housing projects	2034	93.7%
Student Recreation Center gross revenues	\$44,140,868	Student Recreation Center bonds issued in 2002	Construction of the Student Recreation Center	2033	43.0%

* 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, 2009 and 2008:

	6/30/2008	Additions/ Amortization	Retirements	6/30/2009	Current Portion
Bonds and notes payable					
Revenue and refunding bonds	\$72,426,887	\$14,483,320	\$2,700,000	\$84,210,207	\$2,805,000
Notes payable	3,207,911	88,651	257,603	3,038,959	264,333
Net pension obligation	1,068,510	1,053,000	89,772	2,031,738	195,000
Total long term liabilities	\$76,703,308	\$15,624,971	\$3,047,375	\$89,280,904	\$3,264,333
	6/30/2007	Additions/ Amortization	Retirements	6/30/2008	Current Portion
Bonds and notes payable					
Revenue and refunding bonds	\$74,848,148	\$178,739	\$2,600,000	\$72,426,887	\$2,700,000
Notes payable	3,416,365	358,643	567,097	3,207,911	257,471
Net pension obligation	603,053	563,000	97,543	1,068,510	97,500
Total long term liabilities	\$78,867,566	\$1,100,382	\$3,264,640	\$76,703,308	\$3,054,971

16. LEASES

The University finances certain equipment through non-cancelable operating leases. At June 30, 2009, future payments under these operating leases are as follows:

Fiscal Year	Lease Payment
2010	\$346,599
2011	288,805
2012	227,848
2013	188,270
2014	15,423
Total minimum lease payments	<u>\$1,066,945</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, 2009 and 2008 are as follows:

	2009	2008
Instruction	\$86,764,924	\$86,490,893
Research	4,736,643	4,145,858
Academic support	11,822,416	11,319,808
Student services	15,787,601	16,420,205
Institutional support	19,008,185	20,962,731
Operation and maintenance of plant	37,545,597	31,090,406
Scholarships and other student aid	14,585,348	14,527,102
Auxiliary enterprise expenditures	42,310,541	41,507,130
Total operating expenses	<u>\$232,561,255</u>	<u>\$226,464,133</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, 2009 and 2008 is \$35,274,807 and \$35,208,415; the payroll for employees covered by TRS is \$1,140,745 and \$1,286,424; the payroll covered by WWURP is \$73,205,253 and \$70,996,394; the payroll for LEOFF is \$745,017 and \$719,410, 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 amounts for the years ending June 30, 2009, and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Employee	\$5,535,103	\$5,040,493
University	5,530,958	5,049,565

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 year 2009. The previous evaluation was performed in 2007. The Unfunded Actuarial Accrued Liability (UAL) calculated as of June 30, 2009 and 2007 was \$7,287,000 and \$4,120,000,

respectively, and is amortized over a 14.5 year period.

The Annual Required Contribution (ARC) of \$1,053,000 consists of amortization of the UAL (\$554,000), normal cost (or current cost) (\$473,000) 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 \$73,205,253 and \$63,343,172 of the University's payroll was covered under this plan during 2009 and 2008, respectively.

The following table reflects the activity in the Net Pension Obligation for the year ended June 30, 2009:

Balance as of June 30, 2007	\$603,053
Annual Required Contribution FY 08	563,000
Payments to Beneficiaries FY 08	<u>(97,543)</u>
Balance as of June 30, 2008	1,068,510
Annual Required Contribution FY 09	1,053,000
Payments to Beneficiaries FY 09	<u>(89,772)</u>
Balance as of June 30, 2009	<u><u>\$2,031,738</u></u>

PERS, TRS and LEOFF

Plan Description

Western Washington 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 law.

The required contribution rates expressed as a percentage of current year covered payroll at June 30, 2009 follow:

	<u>Employee</u>	<u>University</u>
PERS		
Plan I	6.00%	8.31%
Plan II	5.45%	8.31%
Plan III	5-15%	8.31%
TRS		
Plan I	6.00%	8.46%
Plan II	4.03%	8.02%
Plan III	5-15%	8.02%
LEOFF		
Plan II	8.83%	8.99%

The required contributions for the years ending June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
PERS		
Employee	\$1,967,277	\$1,622,505
University	2,886,087	2,120,547
TRS		
Employee	32,195	44,421
University	42,344	41,325
LEOFF		
Employee	65,785	62,106
University	66,977	63,283

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 2009, 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, 2009.

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 \$14.3 million for active and retiree health care expenses during fiscal 2009 and \$17.5 million in fiscal 2008.

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, 2009 and 2008 are:

	<u>2009</u>	<u>2008</u>
Operating	\$2,761,520	\$2,899,317
Research	801,395	1,046,000
Capital projects	<u>9,915,760</u>	<u>16,570,976</u>
Total commitments	<u>\$13,478,675</u>	<u>\$20,516,293</u>

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

June 30, 2009 and 2008

Overview of the Financial Statements and Financial Analysis

The following discussion and analysis provides an overview of the financial activities and financial position of Western Washington University's Parking Services (Parking Services) for the years ended June 30, 2009, 2008 and 2007. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and accompanying footnotes.

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. Fines revenues are recognized when collected.

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 also identify how much it 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, 2009, 2008 and 2007:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Current assets	\$1,342,666	\$1,231,268	\$1,120,805
Noncurrent assets	56,344	96,308	159,386
Capital assets	<u>4,076,995</u>	<u>3,554,468</u>	<u>2,996,418</u>
Total assets	5,476,005	4,882,044	4,276,609
Liabilities			
Current liabilities	346,955	305,332	443,579
Noncurrent liabilities	<u>2,356,336</u>	<u>2,451,468</u>	<u>2,541,661</u>
Total liabilities	2,703,291	2,756,800	2,985,240
Net Assets			
Invested in capital assets, net	1,663,197	1,054,233	404,861
Unrestricted	<u>1,109,517</u>	<u>1,071,011</u>	<u>886,508</u>
Total net assets	<u>\$2,772,714</u>	<u>\$2,125,244</u>	<u>\$1,291,369</u>

Total current assets increased \$111,398 over 2008 compared to an increase of \$110,463 between 2008 and 2007. The increase in 2009 is due to a receivable from the Federal Transit Administration (FTA) for expenditures

PARKING SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS***June 30, 2009 and 2008***

relating to the Lincoln Creek Transportation Center (LCTC) project. All grant funds were received in fiscal 2008 with \$69,551 due at the end of fiscal 2007.

Capital assets increased \$522,527 from 2008 due to the capitalization of \$505,917 in expenses related to LCTC, as well as the purchase of new handheld equipment for parking enforcement and the related depreciation. The expenditures for the project are shown as construction in progress in the notes to the financial statements. Capital assets increased \$558,050 in 2008 over 2007 resulting from the capitalization of \$621,771 in land improvements for stream mitigation at LCTC and the related depreciation.

Current liabilities increased \$41,623 from 2008 due to the timing of invoices associated with the purchase of new handheld equipment and the license for use of new computer software along with the related implementation costs. Current liabilities decreased \$138,247 comparing fiscal 2008 to 2007 as the accounts payable balance was lowered due to increased timely payments to vendors. Noncurrent liabilities decreased \$95,132 in 2009 from 2008 and \$90,193 between 2008 and 2007 due to principal reductions and the amortization of debt issuance costs recorded in both years.

Total net assets increased \$647,470 from fiscal 2008, as a result of recording over \$500,000 in revenue from the FTA to cover LCTC expenditures and the reduction in operating expenditures. In 2008, total net assets increased \$833,875 from fiscal 2007 primarily due to the receipt of FTA grant revenue of \$583,139 and the reduction in operating expenses as explained in the following section. Investment in net capital assets increased \$608,964 as a result of the additional construction in progress recorded and new computer equipment purchased in 2009. The change of \$649,372 comparing fiscal 2008 to 2007 was primarily attributable to stream mitigation work adding to the land value at Lincoln Creek.

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, non-operating, or other.

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 nonoperating revenue.

Parking Services' largest source of revenue is parking permit revenue. Permits are required for all parties parking on campus property.

**PARKING SERVICES
 MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2009 and 2008

Following is a condensed version of the Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2009, 2008 and 2007:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$1,539,793	\$1,745,765	\$1,731,923
Operating expenses	<u>(1,352,864)</u>	<u>(1,457,789)</u>	<u>(1,559,031)</u>
Operating income	186,929	287,976	172,892
Nonoperating (expenses) revenues	<u>(45,376)</u>	<u>(37,240)</u>	<u>(31,277)</u>
Income from operating and non-operating activities	141,553	250,736	141,615
Capital grant revenue	<u>505,917</u>	<u>583,139</u>	<u>213,504</u>
Increase in net assets	647,470	833,875	355,119
Net assets, beginning of year	<u>2,125,244</u>	<u>1,291,369</u>	<u>936,250</u>
Net assets, end of year	<u><u>\$2,772,714</u></u>	<u><u>\$2,125,244</u></u>	<u><u>\$1,291,369</u></u>

Permit revenues for 2009 were \$1,062,319 compared to \$1,090,677 in fiscal 2008 and \$1,064,788 in fiscal 2007. The decrease is a result of continued success of our Alternative Transportation programs. The program encourages usage of public transportation and other modes of transportation. The increase between fiscal 2008 and fiscal 2007 resulted from the sale of additional event parking permits.

Parking meter and pay box station revenues decreased significantly to \$99,057 in fiscal 2009 from \$178,967 in fiscal 2008 and \$186,433 in fiscal 2007. Maintaining working pay boxes proved to be a challenge during fiscal 2009; the eight year old machines required continuous maintenance and many could not be kept operational. Underutilized parking meters were pulled from lots with high demand for long term parking causing a decline in meter revenue.

Parking fine revenue decreased in fiscal 2009 to \$336,228 from \$434,273 in fiscal 2008. As many of the pay boxes were out of service, the parking lot restrictions could not be enforced resulting in fewer tickets being issued after hours and on weekends. In addition, the department had a shortage of staff resulting in fewer citations being issued.

Parking fines increased slightly during fiscal 2008 and impound fees doubled. Additional collection measures were implemented to increase collections including holding transcripts for students with outstanding parking tickets. These measures increased revenue to \$434,273 in fiscal 2008 from \$386,839 in fiscal 2007.

Salaries and benefits decreased to \$1,000,509 in fiscal 2009 from \$1,070,505 in fiscal 2008 which can primarily be attributed to a vacant position. The expenses increased to \$1,070,505 from \$994,043 between fiscal 2008 and fiscal 2007 due to full staffing and increases in salaries and related employee benefits and taxes.

The remaining operating expenses decreased \$34,929 between fiscal 2009 and 2008. This decrease is partially attributed to a reduction in depreciation expense of \$39,498 between fiscal 2009 and 2008. Depreciation expense declined \$86,500 comparing 2008 to 2007 as the LCTC improvements were fully depreciated.

Contract services expense increased \$47,072 between fiscal 2009 and fiscal 2008 due to the purchase of the new

***PARKING SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS******June 30, 2009 and 2008***

T2 computer system. These expenses decreased \$26,550 in fiscal 2008 from 2007 as the consulting services previously utilized were no longer needed. A contribution of \$44,000 made to WWU in fiscal 2008 for bike shelters was not repeated in fiscal 2009; the contribution to WWU in fiscal 2007 was \$22,000.

The administrative assessment fee increased in 2009 by \$4,992 from 2008 and increased \$17,342 in fiscal 2008 from fiscal 2007. The increase is a result from a university wide re-evaluation.

A review of the ability of the current ticketing system to meet the department's needs occurred over the past two years. The system in place was eight years old and the company had advised clients that upgrades for the software would be ending in August 2008. Parking Services was able to continue running on the T2 Power Park Classic system through most of fiscal year 2009.

The decision to purchase a new system was made and the system (T2 Flex) was implemented in mid June of 2009. The browser based Flex system is designed to manage permit sales, ticket writing, appeal hearings, billing of citations, customer accounts and other operational needs.



Independent Auditors' Report

The Board of Trustees
Western Washington University:

We have audited the accompanying statements of net assets of Western Washington University Parking Services (Parking Services) as of June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Parking Services' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Parking Services' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Parking Services are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the activities of Western Washington 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, 2009 and 2008, the changes in its financial position, or its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parking Services as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consist 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.

KPMG LLP

September 21, 2009

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PARKING SERVICES
STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

Assets	2009	2008
Current assets		
Cash and cash equivalents (Note 2)	\$511,057	\$482,221
Investments (Note 2)	439,884	731,707
Accounts receivable	275	285
Grant receivables	373,220	-
Prepaid expenses	18,230	17,055
Total current assets	<u>1,342,666</u>	<u>1,231,268</u>
Noncurrent assets		
Investments (Note 2)	18,806	55,075
Capital assets, net (Note 5)	4,076,995	3,554,468
Other assets	37,538	41,233
Total noncurrent assets	<u>4,133,339</u>	<u>3,650,776</u>
Total assets	<u>5,476,005</u>	<u>4,882,044</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	61,163	26,584
Accrued salaries and benefits	99,025	98,402
Current portion of notes payable (Note 4)	95,000	90,000
Deferred revenue	91,767	90,346
Total current liabilities	<u>346,955</u>	<u>305,332</u>
Noncurrent liabilities		
Note payable, less current portion (Note 4)	<u>2,356,336</u>	<u>2,451,468</u>
Total liabilities	<u>2,703,291</u>	<u>2,756,800</u>
Net Assets		
Invested in capital assets, net of related debt	1,663,197	1,054,233
Unrestricted	1,109,517	1,071,011
Total net assets	<u>\$2,772,714</u>	<u>\$2,125,244</u>

PARKING SERVICES
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Parking permits	\$1,062,319	\$1,090,677
Parking meters and pay box stations	99,057	178,967
Parking fines	336,228	434,273
Other revenues	39,597	39,256
Services funded by WWU	2,592	2,592
Total operating revenues	<u>1,539,793</u>	<u>1,745,765</u>
Operating Expenses		
Salaries and benefits	1,000,509	1,070,505
Viking Express bus pass	61,096	59,989
Lincoln Creek Transportation Center	11,710	483
Contributions to WWU	-	44,000
City contracts	24,132	34,875
Contract services	72,631	25,559
Repairs and maintenance	18,889	27,754
Printing and supplies	34,793	31,316
Telephone service	15,733	16,125
Bank fees	14,451	18,319
Administrative assessment	32,178	27,186
Other expenses	23,935	20,545
Rent and utilities	25,534	24,362
Depreciation and amortization	17,273	56,771
Total operating expenses	<u>1,352,864</u>	<u>1,457,789</u>
Operating income	186,929	287,976
Nonoperating Revenues (Expenses)		
Contribution for building rent and utilities	25,534	24,362
Interest income	36,282	49,034
Interest on indebtedness	(103,629)	(106,958)
Amortization of bond issuance costs	(3,563)	(3,678)
Total nonoperating expenses	<u>(45,376)</u>	<u>(37,240)</u>
Income from operating and nonoperating activities	141,553	250,736
Capital Grant Revenue	<u>505,917</u>	<u>583,139</u>
Increase in Net Assets	647,470	833,875
Total Net Assets, Beginning of Year	<u>2,125,244</u>	<u>1,291,369</u>
Total Net Assets, End of Year	<u><u>\$2,772,714</u></u>	<u><u>\$2,125,244</u></u>

PARKING SERVICES
STATEMENTS OF CASH FLOWS
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Cash received from students, employees and visitors	\$1,538,632	\$1,735,887
Cash received from the university	2,592	2,592
Cash paid to employees	(999,887)	(1,057,757)
Cash paid to suppliers	(276,144)	(456,292)
Net cash provided by operating activities	<u>265,193</u>	<u>224,430</u>
 Cash flows from investing activities		
Interest income received	36,282	49,034
Net sales (purchases) of investments in internal pool	328,092	(143,304)
Net cash provided by (used in) investing activities	<u>364,374</u>	<u>(94,270)</u>
 Cash flows from capital and related financing activities		
Grant revenue	132,698	652,690
Payments on note payable	(90,000)	(95,000)
Purchase of capital assets	(539,800)	(614,821)
Interest paid on indebtedness	(103,629)	(106,958)
Net cash used in capital and related financing activities	<u>(600,731)</u>	<u>(164,089)</u>
 Net increase (decrease) in cash and cash equivalent	28,836	(33,929)
 Cash and cash equivalents, beginning of year	<u>482,221</u>	<u>516,150</u>
 Cash and cash equivalents, end of year	<u><u>\$511,057</u></u>	<u><u>\$482,221</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$186,929	\$287,976
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation and amortization	17,273	56,771
Contributed building rent and utilities	25,534	24,362
Net changes in assets and liabilities		
Receivables	10	(2)
Prepaid	(1,175)	(11,430)
Accounts payable and accrued liabilities	34,579	(138,711)
Accrued salaries and benefits	622	12,748
Deferred revenue	1,421	(7,284)
Net cash provided by operating activities	<u><u>\$265,193</u></u>	<u><u>\$224,430</u></u>

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NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESOrganization

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 WWU.

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 WWU 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, 2009 and 2008 resulted from summer bus pass sales to employees and students on payroll deduction. The next payroll deduction occurred on July 10th, paying the outstanding receivable.

Grant Receivable

Grants receivable at June 30, 2009 and 2008, are amounts due from the Federal Transit Administration per the grant received. Receivable and revenues on cost reimbursement grants are recorded when the eligibility requirements have been met. This occurs when expenditures related to the project have been incurred.

Capital Assets

Land, vehicles, pay box stations, 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.

PARKING SERVICES
NOTES TO THE FINANCIAL STATEMENTS***June 30, 2009 and 2008***

Costs to improve the property at the Lincoln Creek Transportation Center (LCTC) are classified as improvements other than buildings and amortized over three years on the straight-line basis ending June 30, 2008.

Other Assets

Certificate of participation issuance costs are amortized over the life of the note payable and shown as other assets on the Statements of Net Assets.

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 paid were \$32,178 and \$27,186 for fiscal years ended June 30, 2009 and 2008, respectively.

Tax Exemption

The University, and Parking Services as an auxiliary enterprise, is an instrumentality of the State of Washington organized under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from federal income taxes on related income.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Interest Rate and Credit Risk

The WWU investment pool is invested in demand deposits, time certificates of deposit, and the Washington State Local Government Investment Pool (LGIP). The LGIP is considered a cash equivalent.

	2009	Weighted Average Maturity	2008	Weighted Average Maturity
Cash and cash equivalents				
WWU Investment Pool	\$511,057	n/a	\$482,221	n/a
Investments				
WWU Investment Pool	458,690	6.1 months	786,782	5.7 months

The University manages exposure to fair value losses by employing a "laddered maturity" strategy, in which investments mature at varying times throughout the year. In accordance with the University's Investment Policy, no investment maturity exceeds five years.

The WWU 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.

NOTE 3. LINCOLN CREEK TRANSPORTATION CENTER

The LCTC project plans to continue the development of the existing 7.8 acres along the I-5 corridor for public transportation-related improvements, including a transportation center to serve Whatcom County and the Bellingham community. The development will include facilities for transit pick-up and drop-off, shuttle service within the community, and parking for approximately 530 vehicles.

The 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.

Phase I of the project is complete and design plans are now complete for installation of storm water retention vaults, which must be in place before any additional permits will be authorized by the City of Bellingham. The University is currently seeking a Federal Transportation Investments Generating Economic Recovery (TIGER) grant to move forward with the LCTC project.

PARKING SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2008

The project is primarily funded with Federal Transit Administration (FTA) funds. The expenditures during fiscal 2009 primarily consisted of architectural and engineering costs for improvements to be made if a federal TIGER grant is awarded to the University. During fiscal 2008, the focus of expenditures was directed toward stream restoration in compliance with the requirements from the FTA and the Environmental Protection Agency.

In fiscal 2009, \$505,917 was spent on the LCTC and recorded as construction in progress on the financial statements. During fiscal 2008 and 2007, \$583,139 and \$213,504 of FTA grant funds were spent on the project and capitalized as land costs.

NOTE 4. NOTES PAYABLE

Parking Services financed the purchase of the Lincoln Creek property through certificates of participation issued by the Washington State Treasurer at an interest rate of 4.421%. The long term debt has a carrying value of \$2,451,336 at June 30, 2009, which is reported net of the unamortized premium of \$1,336.

Following are the changes in noncurrent long-term liabilities for the year ended June 30, 2009 and 2008:

<u>Notes Payable</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amortization</u> <u>of Premium</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Current</u> <u>Portion</u>
Certificates of Participation	\$2,541,468	-	(90,000)	(132)	\$2,451,336	\$95,000

<u>Notes Payable</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amortization</u> <u>of Premium</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Current</u> <u>Portion</u>
Certificates of Participation	\$2,636,661	-	(95,000)	(193)	\$2,541,468	\$90,000

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>
2010	95,000	100,513
2011	100,000	96,755
2012	105,000	92,655
2013	105,000	88,455
2014	110,000	84,155
2015-2019	625,000	349,275
2020-2024	765,000	206,468
2025-2027	545,000	37,353
	<u>2,450,000</u>	<u>1,055,629</u>
Unamortized premium	1,336	-
Total	<u><u>\$2,451,336</u></u>	<u><u>\$1,055,629</u></u>

NOTE 5. CAPITAL ASSETS

The depreciation and amortization expense for the fiscal years ended June 30, 2009 and 2008 was \$17,273 and \$56,771, respectively. Following are the changes in capital assets for the year ended June 30, 2009:

	June 30, 2008	Additions	Retirements	June 30, 2009
Land	\$3,503,223	\$ -	\$ -	\$3,503,223
Pay-box stations	135,717	-	-	135,717
Vehicles and equipment	172,098	25,077	-	197,175
Improvements other than building	350,175	-	-	350,175
Construction in progress	-	514,723	-	514,723
	<u>4,161,213</u>	<u>539,800</u>	<u>-</u>	<u>4,701,013</u>
Accumulated depreciation	(256,570)	(17,273)	-	(273,843)
Accumulated amortization	(350,175)	-	-	(350,175)
Total depreciation and amortization	<u>(606,745)</u>	<u>(17,273)</u>	<u>-</u>	<u>(624,018)</u>
Capital assets, net	<u>\$3,554,468</u>	<u>\$522,527</u>	<u>\$ -</u>	<u>\$4,076,995</u>

Following are the changes in capital assets for the year ended June 30, 2008:

	June 30, 2007	Additions	Retirements	June 30, 2008
Land	\$2,881,452	\$621,771	\$ -	\$3,503,223
Pay-box stations	135,717	-	-	135,717
Vehicles and equipment	183,865	-	(11,767)	172,098
Improvements other than building	350,175	-	-	350,175
Construction in progress	11,930	-	(11,930)	-
	<u>3,563,139</u>	<u>621,771</u>	<u>(23,697)</u>	<u>4,161,213</u>
Accumulated depreciation	(240,264)	(21,123)	4,817	(256,570)
Accumulated amortization	(314,527)	(35,648)	-	(350,175)
Total depreciation and amortization	<u>(554,791)</u>	<u>(56,771)</u>	<u>4,817</u>	<u>(606,745)</u>
Capital assets, net	<u>\$3,008,348</u>	<u>\$565,000</u>	<u>(\$18,880)</u>	<u>\$3,554,468</u>

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. WWU 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 WWU. 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. WWU 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. WWU matches the contributions. All required employer and employee contributions have been made.

Parking Services contributed approximately \$55,700 and \$40,500 to these plans in 2009 and 2008, respectively. An actuarial valuation of the plans for Parking Services as a stand alone entity is not available.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

During the 2008 fiscal year, the University adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and required supplementary information in the financial reports of state and local governmental employers. Statement No. 45 requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service. The Statement also provides information about actuarial accrued liabilities (AAL) associated with OPEB and whether and to what extent progress is being made in funding the plan.

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 ultimately responsible for the obligation therefore, the annual required contribution (ARC) is not recorded on Parking Service's financial statements.

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***HOUSING AND DINING SYSTEM
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

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, 2009, 2008 and 2007. 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, 2009, 2008 and 2007:

(Dollars in Thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Current Assets	\$9,585	\$12,939	\$10,590
Noncurrent assets	17,812	3,995	7,736
Capital assets , net	75,741	72,739	71,439
Total assets	<u>103,138</u>	<u>89,673</u>	<u>89,765</u>
Liabilities			
Current liabilities	6,319	7,708	7,991
Noncurrent liabilities	56,901	44,661	46,640
Total liabilities	<u>63,220</u>	<u>52,369</u>	<u>54,631</u>
Net Assets			
Invested in capital assets, net of related debt	31,569	26,456	26,587
Restricted for system renewals and replacements	3,033	2,900	2,768
Unrestricted	5,316	7,948	5,779
Total net assets	<u>\$39,918</u>	<u>\$37,304</u>	<u>\$35,134</u>

Current assets decreased \$3,354,211 (-25.9%) in fiscal 2009 from fiscal 2008 primarily due to the planned spending of cash on renovations. The change comparing 2008 to 2007 was an increase of \$2,348,927 (22.2%) due to increased occupancy and higher room and board rates. Total assets increased \$13,465,651 (15.0%) due to the sale of revenue bonds for the addition of 100 beds to the Buchanan Towers residence facility and the addition of capital projects. Comparing fiscal 2008 and 2007, total assets decreased \$92,778 due to a decrease

***HOUSING AND DINING SYSTEM
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

in interest receivable and the amortization of bond issue costs. Capital assets increased \$3,002,489 (4.1%) between fiscal 2009 and fiscal 2008 and \$1,299,625 (1.8%) between fiscal 2008 and fiscal 2007, primarily due to completed buildings and additional construction in progress in both years.

Major projects completed during fiscal 2009 include the completion of the Gamma Hall sprinklers, Phase 1 of the Fairhaven sprinkler installation, and Edens North seismic upgrade. The planning and revenue bond sale for the new residence hall project at Buchanan Towers occurred in fiscal 2009. During fiscal 2008, the major projects completed include the Higginson Hall renovation and work performed on the Sunset Heights pump station.

Total liabilities increased \$10,850,997 (20.7%) in fiscal 2009 primarily due to the June revenue bond sale offset by payments made on outstanding debt and decreased \$2,262,153 (-4.1%) between fiscal 2008 and fiscal 2007 as payments were made on the outstanding bond issues.

Total net assets increase \$2,614,654 (7.0%) when compared to fiscal 2008 primarily due to the capitalization of in process and completed projects undertaken by the System. Fiscal 2008 compared to fiscal 2007 total net assets increased \$2,169,376 (6.2%) due to increased revenues from room rent and food services.

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 non-operating.

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.

Following is a condensed view of the Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2009, 2008 and 2007:

(Dollars in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues	\$33,864	\$30,545	\$28,717
Operating Expenses	<u>(29,356)</u>	<u>(26,760)</u>	<u>(25,156)</u>
Income from operations	4,508	3,785	3,561
Nonoperating Revenues	407	774	1,006
Nonoperating Expenses	<u>(2,301)</u>	<u>(2,389)</u>	<u>(2,492)</u>
Increase in Net Assets	2,614	2,170	2,075
Net Assets, Beginning of year	<u>37,304</u>	<u>35,134</u>	<u>33,059</u>
Net Assets, End of year	<u><u>\$39,918</u></u>	<u><u>\$37,304</u></u>	<u><u>\$35,134</u></u>

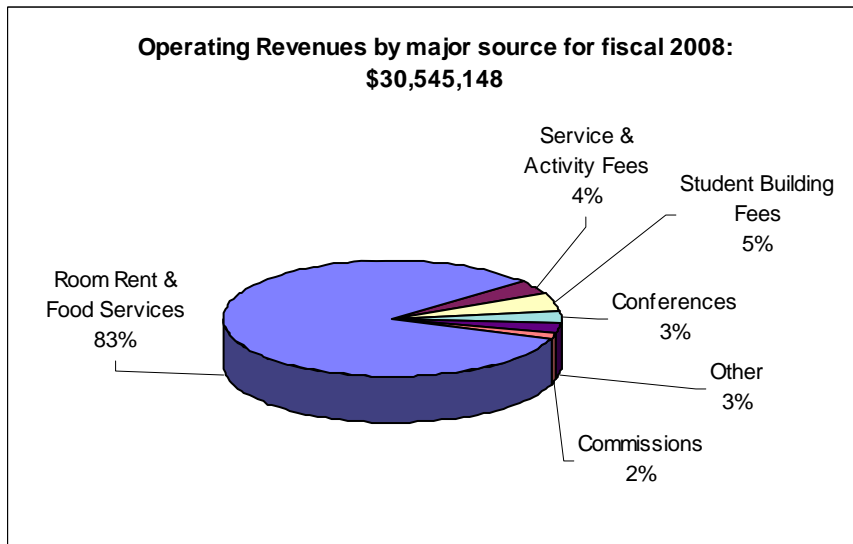
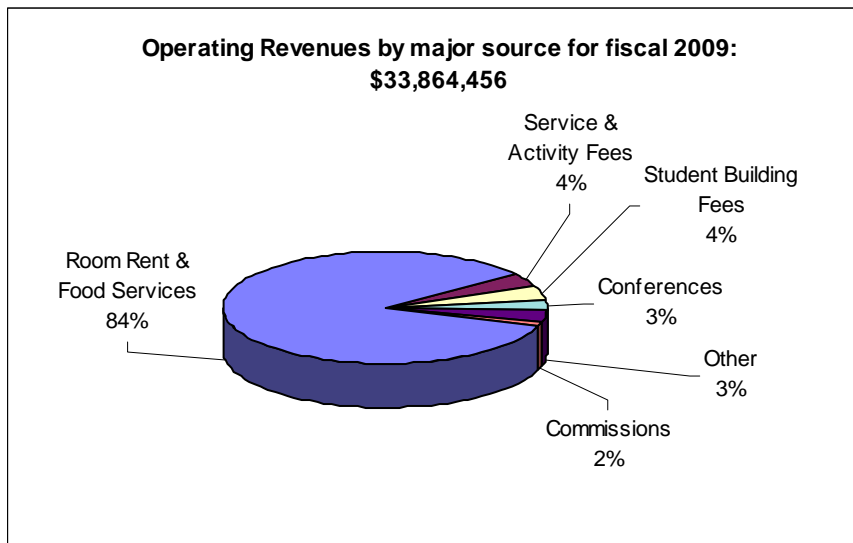
***HOUSING AND DINING SYSTEM
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

The System's largest revenue source is room rent and food services totaling \$28,606,445 (84.4%) of the System's operating revenue in 2009 versus \$25,536,649 (83.5%) in 2008 and \$23,790,796 (82.8%) in 2007.

Room and food service revenues showed a \$3,070,796 (12.0%) increase over the prior year and an increase of \$1,744,853 (7.3%) over 2007. The room rental rate increased 4.5% over both 2008 and 2007.

Residence hall occupancy increased 1.3% from 2008 and 1.7% between 2008 and 2007. Birnam Wood and leased apartment occupancy increased 11.6% from fiscal year 2008 and 2.4% between fiscal 2008 and 2007. In fiscal 2009, the residence hall meals plans were changed resulting in increased food service revenue of \$1,549,587 (19.0%). Comparing fiscal 2008 to fiscal 2007, food service revenue increased \$708,458 (9.5%).



Cost of food services had an increase of \$1,739,168 (18.6%) over fiscal 2008 and \$809,853 (9.5%) over fiscal 2007, due to a change in the meal plan structure from all you can eat plans to block plans, coupled with a slight

***HOUSING AND DINING SYSTEM
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

rate increase from University Dining services and increases in residence hall occupancy and voluntary meal plan sales.

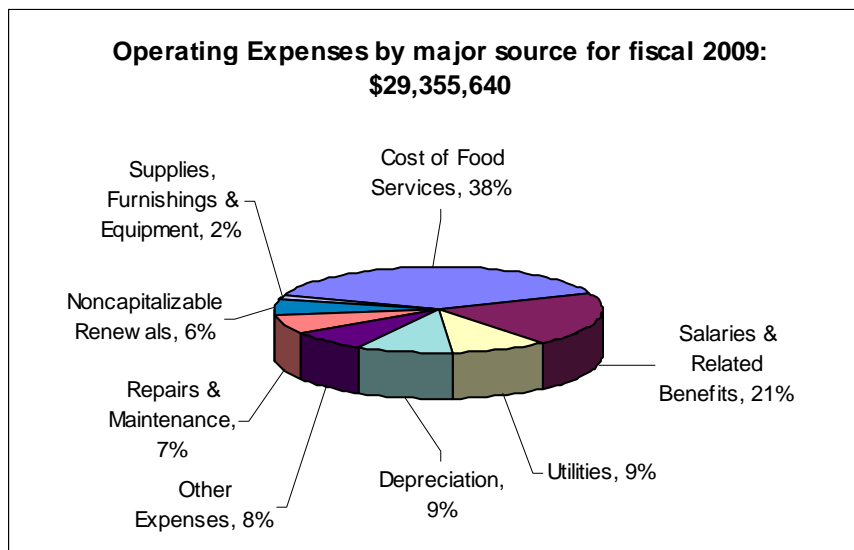
Salaries and benefits increased \$168,094 (2.8%) and \$400,526 (7.3%) over 2008 and 2007 respectively, primarily due to State of Washington cost of living increases and increased benefit expenses offset by some unfilled vacant positions.

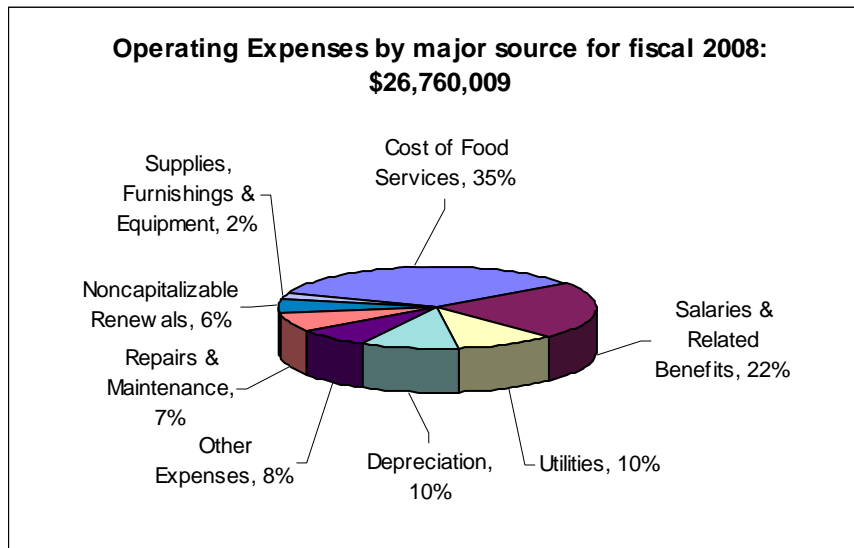
Utilities expense increased \$25,495 (0.9%) over fiscal 2008 compared to an increase of \$185,367 (7.1%) between fiscal 2008 and fiscal 2007 as energy conservation programs and strategic natural gas purchases drove expenses down from prior years.

Repairs and maintenance expense increased \$91,089 (4.5%) over 2008 and \$39,210 (2.0%) over 2007. This increase was influenced by increased labor and materials costs and the unanticipated repair due to the flooding of a residence hall.

Depreciation expense increased \$218,644 (8.3%) over fiscal 2008 and \$213,880 (8.9%) comparing fiscal 2008 to fiscal 2007 due to the addition of completed buildings and projects. Nonoperating expenses decreased in fiscal 2009, \$88,728, (-3.7%) and \$101,642 (-4.1%) comparing fiscal 2008 to fiscal 2007 as bond amortization and interest expense decreased.

The University's administrative services assessment fee, presented in other expenses, increased \$101,126 or 21.0% over fiscal 2008 and \$252,142 (112.1%) comparing fiscal 2008 to fiscal 2007. The rate charged against System revenues (less food service contract) was 2.75% in 2009 and 2.25% in fiscal 2008.





Nonoperating revenues decreased \$36,127 (-47.4%) from fiscal 2008 primarily due to lower interest earnings on investments. The decrease of \$231,267 (-22.9%) between 2008 and 2007 resulted from lower interest earnings as the 2006 bond issue proceeds were fully spent on the Higginson Hall renovation.

Economic Factors and Significant Events

The University's enrollment continues to grow, with full-time equivalent (FTE) enrollment increasing 2.21% over fiscal 2008 and 3.03% comparing fiscal 2008 to fiscal 2007. Opening occupancy for on-campus housing has grown concurrently causing the System to lease off campus housing during fiscal 2009. Per State budgeting forecasts, the University plans to add approximately 120 FTE per year until reaching an annual average of 12,500 FTE with just under 30% of enrolled students living on campus.

To meet the growing demand for on campus housing, the University issued \$14.3 million in revenue bonds in June 2009 to fund additional residence hall spaces. The new residence hall, designed to Leadership in Energy and Environmental Design (LEED) Silver certification, will add 100 beds to the Buchanan Towers residence facility and amenities to benefit the entire 500 student community including a café, bike storage, a computer lab and generous public areas. City upgrades of a crosswalk and plantings of trees and shrubs will enhance the visual image of the approach to campus. The student living spaces are a flexible design that can convert from traditional four-person suites to four-person apartments in the event that reduced demand necessitates housing a different market segment.

The project is budgeted at \$14.6 million and is planned to open September 2010 in time for Fall quarter. In the interim, beds are being leased off campus to meet fall demand for fiscal 2009-2010. Off campus leasing may continue next year to meet occupancy demand if still needed after the opening of the new residence hall. The System is on track with its multi-year capital plan for upcoming renovations including the addition of fire sprinklers, renovation of living spaces and renovations to residential and retail dining facilities.

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**Independent Auditors' Report**

The Board of Trustees
Western Washington University:

We have audited the accompanying statements of net assets of Western Washington University Housing & Dining System (the System) as of June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the activities of Western Washington University that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of Western Washington University, as of June 30, 2009 and 2008, the changes in its financial position, or its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consist 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.

Our audits for the years ended June 30, 2009 and 2008 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 25 through 28 for the years ended June 30, 2009 and 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole for the years ended June 30, 2009 and 2008. We did not audit the information on pages 25 through 28 and express no opinion on them.

KPMG LLP

September 21, 2009

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**HOUSING AND DINING SYSTEM
 STATEMENTS OF NET ASSETS**
June 30, 2009 and 2008

Assets	2009	2008
Current assets		
Cash and cash equivalents (Note 2)	\$5,020,871	\$5,136,742
Investments (Note 2)	4,315,852	7,558,729
Accounts receivable, net of allowance of \$24,778 and \$29,428 in 2009 and 2008, respectively	129,837	160,803
Interest receivable	76,591	30,066
Other receivables	38,539	50,966
Inventory	2,871	1,466
Total current assets	<u>9,584,561</u>	<u>12,938,772</u>
Noncurrent assets		
Restricted investments (Note 2)	16,980,434	2,870,443
Investments (Note 2)	190,545	612,151
Capital assets, net (Note 3)	75,741,278	72,738,789
Other assets (Note 1)	641,451	512,463
Total noncurrent assets	<u>93,553,708</u>	<u>76,733,846</u>
Total assets	<u>103,138,269</u>	<u>89,672,618</u>
 Liabilities		
Current liabilities		
Accounts payable	756,981	1,910,241
Accrued expenses	584,604	567,863
Residents' housing deposits	1,256,033	1,200,000
Deferred revenue	1,075,814	1,452,314
Bonds interest payable	425,767	443,073
Current portion of bonds payable (Note 4)	2,220,000	2,135,000
Total current liabilities	<u>6,319,199</u>	<u>7,708,491</u>
 Bonds payable, less current portion (Note 4)	<u>56,900,731</u>	<u>44,660,442</u>
Total liabilities	<u>63,219,930</u>	<u>52,368,933</u>
 Net Assets		
Invested in capital assets, net of related debt	31,569,309	26,455,808
Restricted for system renewals and replacements	3,032,750	2,899,452
Unrestricted	5,316,280	7,948,425
Total net assets	<u>\$39,918,339</u>	<u>\$37,303,685</u>

HOUSING AND DINING SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS June 30, 2009 and 2008

	2009	2008
Operating Revenues		
Room rent and food services	\$28,606,445	\$25,535,649
Service and activity fees	1,253,082	1,224,544
Student building fees	1,422,069	1,393,386
Conferences	965,216	1,040,075
Viking Union income	171,172	159,766
Contribution for dining services	300,000	300,000
Rent	129,710	126,722
Commissions	538,496	466,148
Fees, penalties, and other income	478,266	298,858
Total operating revenue	33,864,456	30,545,148
Operating Expenses		
Cost of food services	11,065,325	9,326,157
Salaries and related benefits	6,073,217	5,905,123
Utilities	2,811,812	2,786,317
Repairs and maintenance	2,109,011	2,017,922
Communications	327,474	436,448
Insurance	354,572	325,748
Supplies	268,035	252,869
Furniture and equipment	184,568	291,030
Institutional services	718,574	638,448
Depreciation	2,838,392	2,619,748
Noncapitalizable renewals and replacements	1,753,380	1,513,950
Other	851,280	646,249
Total operating expenses	29,355,640	26,760,009
Income from operations	4,508,816	3,785,139
Nonoperating Revenues (Expenses)		
Investment income	407,277	774,404
Interest expense	(2,093,705)	(2,176,617)
Amortization of bond discounts and costs	(207,734)	(213,550)
Total nonoperating expenses	(1,894,162)	(1,615,763)
Increase in net assets	2,614,654	2,169,376
Net Assets, Beginning of Year	37,303,685	35,134,309
Net Assets, End of Year	\$39,918,339	\$37,303,685

**HOUSING AND DINING SYSTEM
 STATEMENTS OF CASH FLOWS**
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Cash received from students and other customers	\$33,572,371	\$30,352,927
Cash paid to employees	(6,058,458)	(5,881,778)
Cash paid to suppliers	(22,073,910)	(18,725,517)
Net cash flows provided by operating activities	<u>5,440,003</u>	<u>5,745,632</u>
Cash Flows from Capital and Related Financing Activities		
Payment of long-term debt	(2,135,000)	(2,055,000)
Proceeds from bond issue	14,307,311	-
Interest payments	(2,294,757)	(2,192,614)
Purchase of capital assets	(5,363,683)	(3,602,838)
Net cash flows provided by (used in) capital and related financing activities	<u>4,513,871</u>	<u>(7,850,452)</u>
Cash Flows from Investing Activities		
Investment income received	360,752	862,440
Net proceeds of restricted investments	(14,109,991)	3,170,119
Receipt of payment on note receivable	15,011	15,011
Purchases (sales) of investments in internal pool	3,664,483	(1,863,376)
Net cash flows (used in) provided by investing activities	<u>(10,069,745)</u>	<u>2,184,194</u>
Net change in cash and cash equivalents	(115,871)	79,374
Cash and Cash Equivalents, Beginning of Year	<u>5,136,742</u>	<u>5,057,368</u>
Cash and Cash Equivalents, End of Year	<u>\$5,020,871</u>	<u>\$5,136,742</u>
Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Operating income	4,508,816	3,785,139
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	2,838,392	2,619,748
Change in operating assets and liabilities		
Accounts receivable	30,966	(18,038)
Other receivables	(2,584)	31,084
Inventory	(1,405)	945
Accounts payable	(1,628,474)	(491,324)
Accrued salaries and benefits	14,759	23,345
Residents' housing deposits	56,033	61,315
Deferred revenue	(376,500)	(266,582)
Cash flows from operating activities	<u>\$5,440,003</u>	<u>\$5,745,632</u>
Supplemental Disclosure of Noncash Capital and Related Financing Activities		
Change in capital asset additions included in accounts payable	<u>\$477,198</u>	<u>\$316,535</u>

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NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESOrganization

Western Washington University Housing and Dining System (the System) is a self-supporting, auxiliary enterprise of Western Washington University (WWU). 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 Western Washington 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

WWU records all cash and cash equivalents at amortized cost, which approximates fair value. Investments held by WWU are recorded at fair value. To maximize investment income, WWU 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 WWU 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 WWU and are unsecured. The System considers all accounts past due when they remain unpaid three days 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.

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, with interest earned on invested proceeds over the same period. No interest was capitalized during fiscal 2009 or 2008.

Deferred Revenue

Summer quarter, which is the first quarter of Western's fiscal year, begins shortly before June 30. Room and board charges related to fiscal year 2010 are deferred until the following fiscal year. Deferred revenue also includes \$900,000 and \$1,200,000 for 2009 and 2008, 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 for System Renewals and Replacements* - 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 \$4,173,001 and \$6,691,178 of this balance at June 30, 2009 and 2008, 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:

Residents' Housing Deposits

Residents' housing deposits are security deposits for the school year and pre-payments to secure housing for the following school year.

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.

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 \$578,287 and \$477,161 for the years ending June 30, 2009 and 2008, respectively.

Tax Exemptions

The University, and the System as an auxiliary enterprise, is a tax-exempt instrumentality of the State of

**HOUSING AND DINING SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2009 and 2008

Washington 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts related to the June 30, 2008 financial statements have been reclassified to conform to the June 30, 2009 financial statement presentation.

Recently Adopted Accounting Standards

On July 1, 2007, the System adopted GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". This pronouncement includes provisions for recognition and disclosure of estimated costs for cleanup of pollution that the System may have an obligation to remediate. The System has not identified any obligations to remove pollution and thus has not recorded a liability.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS
Interest Rate and Credit Risk

The WWU investment pool is invested in demand deposits, time certificates of deposit, and the Washington State Local Government Investment Pool (LGIP). The LGIP is considered a cash equivalent.

	June 30, 2009	Weighted Average Maturity	June 30, 2008	Weighted Average Maturity
Cash and cash equivalents				
WWU Investment Pool	\$5,020,871	n/a	\$5,136,742	n/a
Investments				
WWU Investment Pool	4,506,397	6.1 months	8,170,430	5.7 months
Certificates of Deposit	2,780,142	14.5 months	2,870,893	20.4 months
LGIP (unspent bond proceeds)	14,200,292	n/a	-	n/a
	<u>\$26,507,702</u>		<u>\$16,178,065</u>	

WWU manages exposure to fair value losses by employing a "laddered maturity" strategy, in which investments mature at varying times throughout the year. In accordance with WWU's Investment Policy, no investment maturity exceeds five years.

The WWU pooled investments 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.

**HOUSING AND DINING SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2009 and 2008

Restricted investments include the following:

	<u>2009</u>	<u>2008</u>
Renewal and replacements	\$2,780,142	\$2,870,443
Unspent bond proceeds	14,200,292	-
	<u>\$16,980,434</u>	<u>\$2,870,443</u>

NOTE 3. CAPITAL ASSETS, NET

The depreciation expense for the fiscal years ended June 30, 2009 and 2008 was \$2,838,392 and \$2,619,748, respectively.

Following are the changes in capital assets for the year ended June 30, 2009:

Description	June 30, 2008	Additions	Retirements	Transfers	June 30, 2009
Buildings	\$89,184,792	\$ -	\$ -	\$ -	\$89,184,792
Buildings improvements	11,064,189	2,359,855	-	702,556	14,126,600
Furniture, fixtures, and equipment	1,585,619	192,974	-	-	1,778,593
Infrastructure	4,492,564	-	-	-	4,492,564
Construction in progress	2,226,854	3,298,298	-	(712,802)	4,812,350
Total cost	<u>108,554,018</u>	<u>5,851,127</u>	-	<u>(10,246)</u>	<u>114,394,899</u>
Accumulated Depreciation					
Buildings	32,340,994	1,925,561	-	-	34,266,555
Buildings improvements	1,492,683	627,524	-	-	2,120,207
Furniture, fixtures, and equipment	923,734	157,189	-	-	1,080,923
Infrastructure	1,057,818	128,118	-	-	1,185,936
Total accumulated depreciation	<u>35,815,229</u>	<u>2,838,392</u>	-	-	<u>38,653,621</u>
Capital assets, net	<u>\$72,738,789</u>	<u>\$3,012,735</u>	\$ -	<u>(\$10,246)</u>	<u>\$75,741,278</u>

**HOUSING AND DINING SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2009 and 2008

Following are the changes in capital assets for the year ended June 30, 2008:

Description	June 30, 2007	Additions	Retirements	Transfers	June 30, 2008
Buildings	\$79,860,123	\$1,937,985	\$ -	\$7,386,684	\$89,184,792
Buildings improvements	10,423,238	-	-	640,951	11,064,189
Furniture, fixtures, and equipment	1,188,976	222,447	(41,742)	215,938	1,585,619
Infrastructure	4,492,564	-	-	-	4,492,564
Construction in progress	8,711,487	1,815,565	(56,625)	(8,243,573)	2,226,854
Total cost	104,676,388	3,975,997	(98,367)	-	108,554,018

Accumulated Depreciation

Buildings	30,510,628	1,830,366	-	-	32,340,994
Buildings improvements	958,867	533,816	-	-	1,492,683
Furniture, fixtures, and equipment	838,379	127,098	(41,743)	-	923,734
Infrastructure	929,350	128,468	-	-	1,057,818
Total accumulated depreciation	33,237,224	2,619,748	(41,743)	-	35,815,229
Capital assets, net	\$71,439,164	\$1,356,249	(\$56,624)	\$ -	\$72,738,789

NOTE 4. BONDS PAYABLE

As part of the 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.

As part of the bond covenants, the System pledged net revenue (as defined) in each fiscal year which must equal at least the greater of 125% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on outstanding bonds, or 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.

On June 12, 2009, the Board of Trustees approved Resolution No. 2009-09, authorizing the issuance of revenue bonds, Series 2009 A&B Housing and Dining Revenue Bonds. On June 27, 2009, the University issued \$14,280,000 in revenue bonds with interest rates ranging from 3.0 to 7.4% to finance the addition to the Buchanan Towers residence facility. Of the \$14,280,000 in revenue bonds issued, \$12,835,000 are Build America Bonds (BABs), offering a taxable, higher rate of return for investors offset by a Federal government subsidy to the issuer.

**HOUSING AND DINING SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2009 and 2008

	<u>2009</u>	June 30, <u>2008</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 \$270,000 to \$1,115,000 through June 30, 2034. The Series 2009 bonds have an aggregate face value of \$14,280,000 at June 30, 2009 which is reported net of the unamortized original issue premium of \$27,311.	\$14,307,311	\$ -
Series 2006 Housing and Dining Revenue Bonds with an interest rate of 4% and principal payments due in annual amounts ranging from \$350,000 to \$700,000 through April 1, 2026. The Series 2006 bonds have an aggregate face value of \$8,645,000 at June 30, 2009 which is reported net of the unamortized original premium of \$44,901.	8,689,901	9,044,653
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 \$12,160,000 at June 30, 2009, which is reported net of the unamortized original discount and loss on defeasance of \$1,074,777.	11,085,223	11,100,060
Series 2003 Housing and Dining Revenue and Refunding Bonds with interest rates ranging from 3% to 4.65%, and principal payments due in annual \$650,000 to \$1,025,000 through October 23, 2023. The Series 2003 bonds have an aggregate face value of \$12,155,000 at June 30, 2009, which is reported net of the unamortized original issue discount and loss on defeasance of \$166,560.	11,988,440	12,592,074
Series 1999 Housing and Dining Junior Lien Revenue Bonds, with interest rates ranging from 5.1% to 6.0%, and principal payments due in annual amounts ranging from \$420,000 to \$420,000 through June 1, 2010. The Series 1999 bonds have an aggregate face value of \$420,000 at June 30, 2009, which is reported net of the unamortized original issue discount of \$3,040.	416,960	815,342
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 ranging from \$670,000 to \$1,270,000 through October 1, 2022. The Series 1998 bonds have an aggregate face value of \$12,995,000 at June 30, 2009, which is reported net of the unamortized original issue premium and loss on defeasance of \$362,104.	<u>12,632,896</u>	<u>13,243,313</u>
	\$59,120,731	\$46,795,442
Less current portion	<u>(2,220,000)</u>	<u>(2,135,000)</u>
	<u>\$56,900,731</u>	<u>\$44,660,442</u>

**HOUSING AND DINING SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2009 and 2008

Following are the changes in long-term liabilities for the year ended June 30, 2009:

<u>Bonds Payable</u>	<u>June 30, 2008</u>	<u>Additions and amortization of premium/(discounts)</u>	<u>Retirements</u>	<u>June 30, 2009</u>	<u>Current Portion</u>
Series 2009 Revenue Bonds	\$ -	\$14,307,311	\$ -	\$14,307,311	\$ -
Series 2006 Revenue Bonds	9,044,653	(4,752)	(350,000)	8,689,901	365,000
Series 2005 Refunding Bonds	11,100,060	100,163	(115,000)	11,085,223	115,000
Series 2003 Revenue and Refunding Bonds	12,592,074	21,366	(625,000)	11,988,440	650,000
Series 1999 Junior Lien Revenue Bonds	815,342	1,618	(400,000)	416,960	420,000
Series 1998 Junior Lien Revenue Refunding Bonds	13,243,313	34,583	(645,000)	12,632,896	670,000
Total long-term liabilities	<u>\$46,795,442</u>	<u>\$14,460,289</u>	<u>\$(2,135,000)</u>	<u>\$59,120,731</u>	<u>\$2,220,000</u>

Following are the changes in long-term liabilities for the year ended June 30, 2008:

<u>Bonds Payable</u>	<u>June 30, 2007</u>	<u>Additions and amortization of premium/(discounts)</u>	<u>Retirements</u>	<u>June 30, 2008</u>	<u>Current Portion</u>
Series 2006 Revenue Bonds	\$ 9,389,588	\$ (4,935)	\$ (340,000)	\$9,044,653	\$ 350,000
Series 2005 Refunding Bonds	11,109,791	100,269	(110,000)	11,100,060	115,000
Series 2003 Revenue and Refunding Bonds	13,160,865	21,209	(590,000)	12,592,074	625,000
Series 1999 Junior Lien Revenue Bonds	1,192,948	2,394	(380,000)	815,342	400,000
Series 1998 Junior Lien Revenue Refunding Bonds	13,841,942	36,371	(635,000)	13,243,313	645,000
Total long-term liabilities	<u>\$48,695,134</u>	<u>\$ 155,308</u>	<u>\$(2,055,000)</u>	<u>\$46,795,442</u>	<u>\$2,135,000</u>

Total interest incurred on bonds payable for the years ended June 30, 2009 and June 30, 2008 was \$2,093,705 and \$2,176,617 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, 2009 and 2008, respectively, the total outstanding principal balance of defeased bonds was \$11,165,000 and \$11,405,000.

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>
2010	\$ 2,220,000	\$ 2,743,929	\$ 963,929
2011	2,580,000	2,885,173	5,465,173
2012	2,680,000	2,783,678	5,463,678
2013	2,785,000	2,676,711	5,461,711
2014	2,895,000	2,563,847	5,458,847
2015-2019	16,490,000	10,774,768	27,264,768
2020-2024	18,580,000	6,500,857	25,080,857
2025-2029	7,350,000	3,013,280	10,363,280
2030-2034	5,075,000	1,162,540	6,237,540
	<u>\$60,655,000</u>	<u>\$35,104,783</u>	<u>\$95,759,783</u>
Less unamortized (discounts)/premiums	<u>(1,534,269)</u>		
	<u>\$59,120,731</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, 2009 and 2008, these commitments totaled \$4,669,664 and \$6,503,386 respectively, for all funds.

NOTE 6. CONTRACT WITH SODEXO AMERICA, LLC

Sodexo America, LLC (“Sodexo”) contracted with WWU 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. This contract expires August 31, 2012.

As of June 30, 2009, the System had received the entire \$3,000,000 from Sodexo per the agreement. At June 30, 2008, approximately \$10,000 was still owed to the System.

NOTE 7. PENSION PLAN

As employees of WWU, 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. WWU 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.

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 WWU. WWU'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. WWU 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. WWU matches the contributions. All required employer and employee contributions have been made.

The System contributed approximately \$244,000 and \$194,000 to these plans in 2009 and 2008, respectively. An actuarial valuation of the PERS plan for the System as an entity is not available.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS

During the 2008 fiscal year, the University adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and required supplementary information in the financial reports of state and local governmental employers. Statement No. 45 requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service. The Statement also provides information about actuarial accrued liabilities (AAL) associated with OPEB and whether and to what extent progress is being made in funding the plan.

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 ultimately responsible for the obligation therefore, the annual required contribution (ARC) is not recorded on Housing and Dining's financial statements.

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SUPPLEMENTAL INFORMATION

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SCHEDULE OF ROOM AND BOARD RATES
RESIDENCE HALLS

	Meals Per Quarter			
	Unlimited	125	100	75
Room and Board Academic Year Contracts				
Double room/double occupancy	\$8,012	\$7,712	\$7,412	\$7,112
Single room/single occupancy	8,834	8,534	8,234	7,934
Double room/single occupancy (super single)	9,305	9,005	8,705	8,405
Triple room/triple occupancy	7,011	6,711	6,411	6,111

APARTMENTS

	Double (2/Bedroom)	Super Single (1/Bedroom)	Family Rate
Apartment Only Academic Year Contracts			
Birnam Wood - 2 bedroom	\$2,541	\$5,082	\$10,164
Leased Apartments – New York, 1 bedroom	3,285	6,615	-
Leased Apartments – New York, 3 bedroom	2,790	4,275	8,550
Leased Apartments – Viking Gardens, 1 bedroom	2,475	3,600	-

SCHEDULE OF OCCUPANCY

	OCCUPANCY CAPACITY		ACTUAL OCCUPANCY	ACTUAL OCCUPANCY AS A PERCENT OF	
	Designed ⁽¹⁾	Operating ⁽²⁾		Designed Capacity	Operating Capacity
Fall 2008	4,166	4,063	4,081	98.0%	100.4%
Winter 2009	4,166	4,063	3,880	93.1	95.5
Spring 2009	4,166	4,063	3,669	88.1	90.3
Average	<u>4,166</u>	<u>4,063</u>	<u>3,877</u>	<u>93.1%</u>	<u>95.4%</u>

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

WWU 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, 2009 is summarized as follows:

	Values Used for Fire and Extended Coverage of Buildings
Ridgeway Residences and Commons	\$43,674,515
Fairhaven Residences and Commons	37,849,002
Buchanan Towers	21,685,872
Edens Hall and Edens Hall North	19,565,251
Viking Union, Addition and Commons	35,841,922
Birnam Wood Residences	13,414,988
Nash Hall	16,454,053
Mathes Hall	16,130,507
Higginson Hall	7,911,935
Commissary	6,228,247
Highland Hall	3,243,759
Lakewood Recreational Facility	1,737,466
	<hr/>
Building Insured Values	223,737,517
Insured Contents	14,462,591
	<hr/> <hr/>
	\$238,200,108

EXPENDED FOR PLANT FACILITIES

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.

	<u>2009</u>	<u>2008</u>
Capitalized Projects		
Fairhaven Fire Sprinklers	\$1,970,521	\$800,605
Ridgeway Gamma Fire Sprinklers	1,734,758	618,395
New Residence Hall	873,611	186,667
Dining Capital Investment Projects	512,593	42,616
Triple Occupancy Beds	376,461	124,726
Edens North Seismic	214,230	42,557
Bond Proceeds	-	281
Other capitalizable	168,953	-
Higginson Hall Renovation	-	2,131,683
Armtzen Hall Food Service Remodel	-	28,467
	<u>\$5,851,127</u>	<u>\$3,975,997</u>
Non-Capitalized Projects		
Gamma Flood Restoration	\$677,915	\$ -
Other	408,140	350,501
Bathroom & Shower renovations	300,738	83,110
Painting	160,846	7,621
Elevator Upgrades	94,087	147,090
Plumbing, heating and electrical	91,018	27,167
Building Controls & Fire Alarm Panels	17,943	-
Asbestos abatement & flooring	2,693	-
Roof replacement & Coatings	-	369,828
Nash Hall Brick Restoration	-	399,322
Lighting Retrofits & Changes	-	31,669
Edens North Flooring	-	97,642
	<u>\$1,753,380</u>	<u>\$1,513,950</u>

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**WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2009 and 2008

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 Wade King Student Recreation Center (the Recreation Center) for the years ended June 30, 2009, 2008 and 2007. 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, 2009, 2008 and 2007:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Current assets	\$2,332,842	\$2,118,205	\$1,815,429
Noncurrent assets	1,535,872	1,326,602	1,194,643
Buildings and equipment, net	<u>23,709,251</u>	<u>24,397,281</u>	<u>25,083,324</u>
Total assets	27,577,965	27,842,088	28,093,396
Liabilities			
Current liabilities	1,144,252	1,146,196	1,042,186
Noncurrent liabilities	<u>24,504,476</u>	<u>25,066,445</u>	<u>25,608,015</u>
Total liabilities	25,648,728	26,212,641	26,650,201
Net Assets			
Invested in capital assets, net	(1,013,798)	(842,691)	(652,741)
Restricted for system renewal and replacements	1,133,510	860,265	631,284
Unrestricted	<u>1,809,525</u>	<u>1,611,873</u>	<u>1,464,652</u>
Total net assets	<u>\$1,929,237</u>	<u>\$1,629,447</u>	<u>\$1,443,195</u>

**WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2009 and 2008

Current and noncurrent assets increased \$423,907 (12.3%) over fiscal 2008 and \$434,735 (14.4%) between fiscal 2008 and 2007 as cash, cash equivalents and investments increased due to increased operating cash flows. The buildings and equipment net balance decreased \$688,030 (2.8%) in 2009 compared to 2008 and \$686,043 (2.7%) in 2008 as compared to 2007 as the Recreation Center building continues to be depreciated with no significant additions.

Current liabilities remained relatively unchanged in fiscal 2009 and decreased \$1,944 from fiscal 2008. The fiscal 2008 increase of \$104,010 over fiscal 2007 was primarily due to the accrual of approximately \$60,000 to repair a gym floor damaged by flooding from a burst pipe. Noncurrent liabilities decreased \$561,969 (-2.2%) in 2009 compared to 2008 and \$541,570 (-2.1%) in 2008 compared to 2007 due to debt payments on the outstanding bonds for the Recreation Center building.

Overall net assets increased \$299,790 (18.4%) in 2009 compared to 2008 and \$186,252 (12.9%) in 2008 compared to 2007. 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 management contributes funds for this purpose according to the five year annual contribution 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 and gift income. Under GASB reporting principles, investment income is classified as nonoperating revenue.

Following is a condensed version of the Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2009, 2008 and 2007:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 4,265,131	\$ 4,109,538	\$ 3,947,500
Operating expenses	(2,771,341)	(2,746,150)	(2,390,729)
Income from operations	1,493,790	1,363,388	1,556,771
Nonoperating revenues	137,059	189,479	172,794
Nonoperating expenses	(1,331,059)	(1,366,615)	(1,388,550)
Increase in net assets	299,790	186,252	341,015
Net assets, beginning of year	1,629,447	1,443,195	1,102,180
Net assets, end of year	<u>\$ 1,929,237</u>	<u>\$ 1,629,447</u>	<u>\$ 1,443,195</u>

***WADE KING STUDENT RECREATION CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

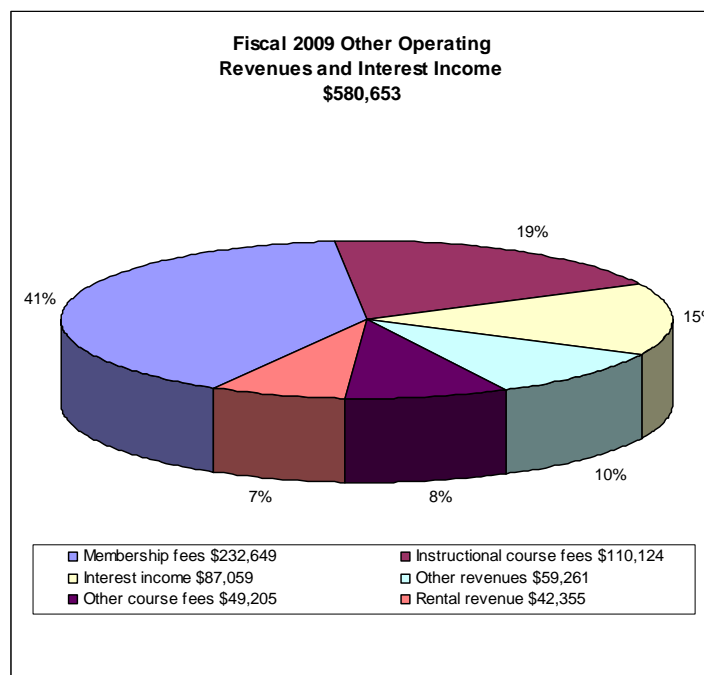
Revenues

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 the fee on a voluntary basis to gain access to the facility. The mandatory fee increased \$1 per year from \$94 in fiscal year 2008 and \$93 in fiscal year 2007. With increased enrollment consistent with the previous fiscal year, the student fee revenue for fiscal year 2009 was \$3,771,537, which was \$87,137 (2.4%) above fiscal year 2008. The increase in student fee revenue in fiscal year 2008 from fiscal 2007 was \$156,645 (4.4%).

All other operating and nonoperating revenues, excluding gift income, increased to \$580,653 in fiscal 2009 from \$564,617 in fiscal 2008 and \$542,489 in fiscal year 2007. The significant increase in other course fees can be attributed to summer camp revenue. This resulted in other course fees rising to \$49,205 in fiscal 2009 from \$2,069 in fiscal year 2008. Staff, faculty and alumni membership fees experienced the best performance in three years; increasing to \$232,649 (16.7%) in fiscal 2009 from \$199,324 (5.4%) in fiscal 2008 and from \$189,062 in fiscal year 2007. The increase each year results from increased mandatory fees and higher numbers of individuals purchasing memberships.

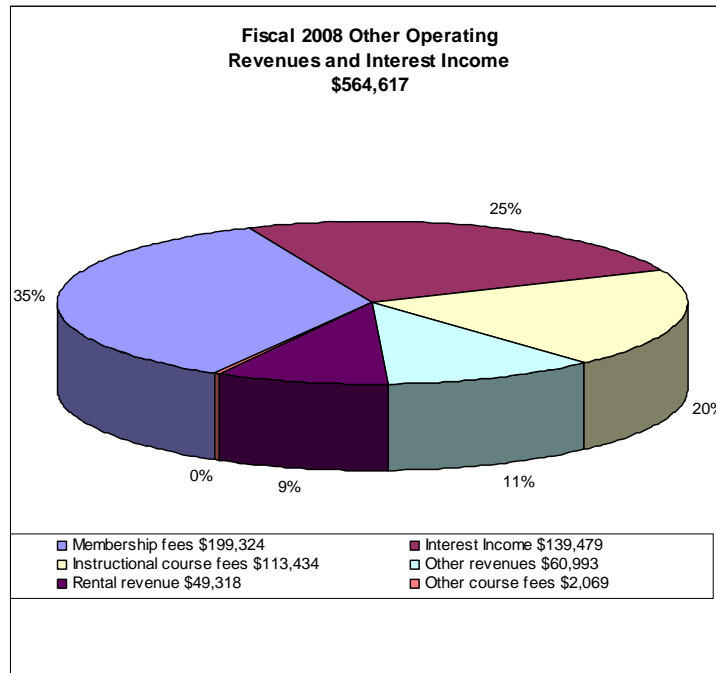
Investment income decreased significantly, declining 37.6% to \$87,059 in fiscal 2009 from \$139,479 in fiscal year 2008. Although there were significant transfers into these interest bearing accounts at the end of fiscal year 2008, low interest rates account for the lowest return on investments in three fiscal years. Investment income increased \$16,735 comparing fiscal 2008 to fiscal 2007 due to higher balances of cash and investments held by the Recreation Center.

Locker rentals, facility rentals, and retail sales decreased from the previous fiscal year, due to the economic downturn resulting in less spending by patrons on services and supplemental items at the Recreation Center. Rental revenue decreased 14.1% to \$42,355 in 2009 from \$49,318 in 2008 and \$52,294 in 2007.



***WADE KING STUDENT RECREATION CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008



Expenses

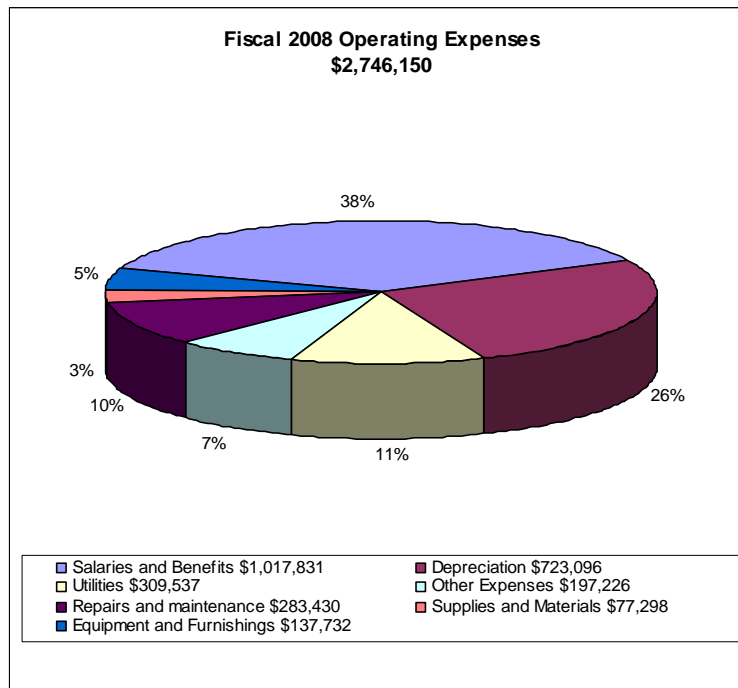
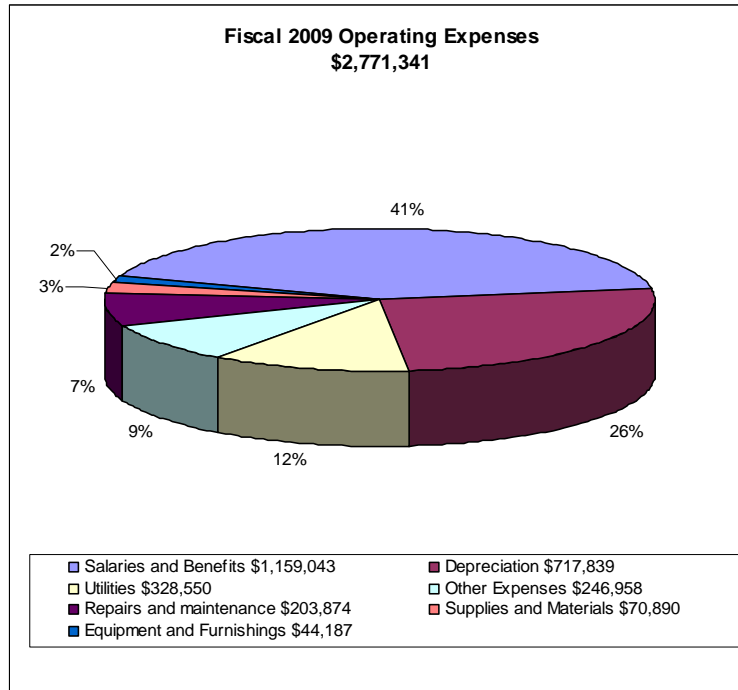
The largest category of expenses for the Recreation Center is student and professional salaries and benefits with depreciation being the second largest expense. Salaries and benefits comprised 41.8% of the total operating expenses in 2009 compared to 37.1% in fiscal year 2008 and 36.0% in fiscal year 2007. The amount increased by \$141,212 (13.9%) during fiscal 2009 from \$1,017,831 in 2008 due to additional student positions and financial support of other administrative positions in the Division of Student Affairs that oversee auxiliary operations. These expenses were \$861,774 in 2007 when there were vacant positions.

A reevaluation of the University's administrative services assessment fee was performed by the University that resulted in a 26.4% increase to \$123,791 in fiscal 2009 from \$97,948 in fiscal 2008 and a 188.0% increase from \$34,014 in fiscal 2007. This expenditure is reported under other expenses in the charts on the next page.

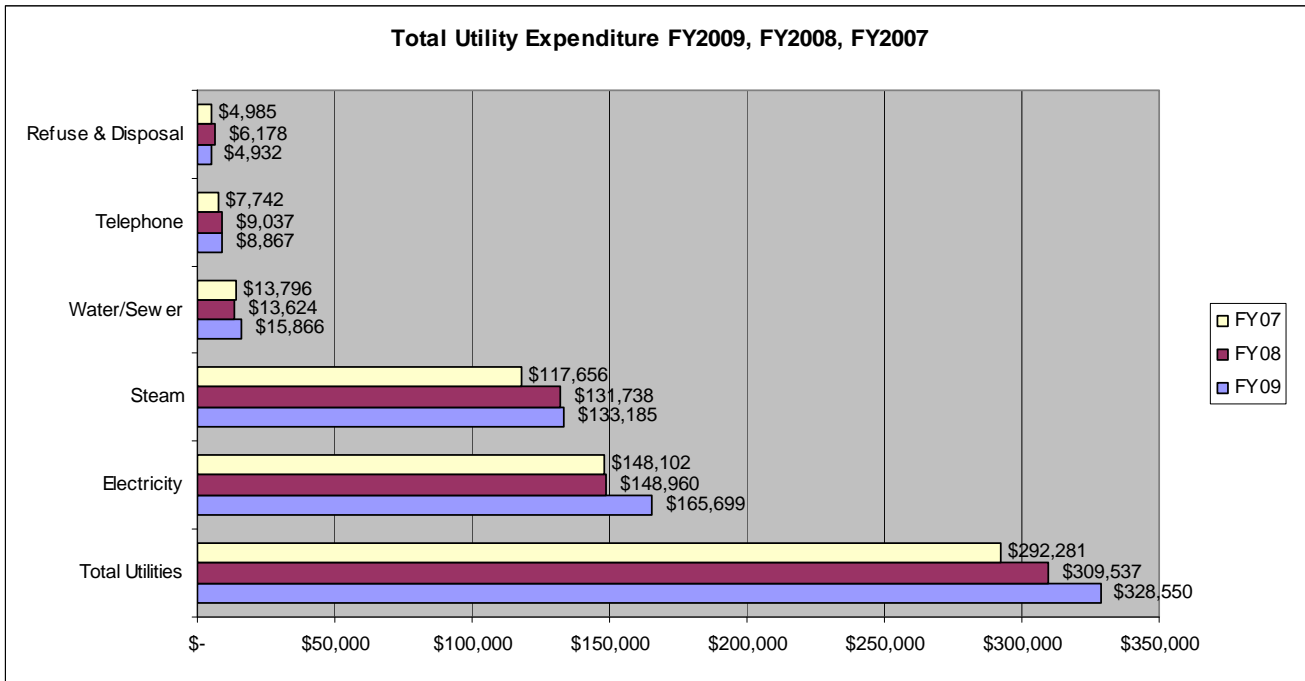
The University imposed an equipment and travel freeze to achieve savings in anticipation of state-wide budget reductions. Due to the severity of this freeze and limit of these purchases, equipment and furnishings expenses were significantly lower. Expenditures on equipment and furnishings decreased \$93,545 (67.9%) comparing 2009 to 2008 and increased \$28,334 (25.9%) in 2008 compared to 2007. The Recreation Center incurred no significant repairs during fiscal 2009 causing a decrease of \$79,556 from fiscal 2008. An increase of \$75,730 comparing fiscal 2008 to 2007 resulted from repairs to the gym floor as a result of flooding from a broken pipe.

**WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2009 and 2008



Utility expense for the year was \$328,550, a steady increase of \$19,013 (6.1%) over fiscal 2008. Fiscal 2008 utility expense was \$17,256 greater (5.9%) than in 2007; a consistent increase year to year.



Reserve Funds

- Bond Covenants require an annual addition to the Housing and Dining System (the System) 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 amount in fiscal 2004. Management confirmed the Facilities Management lifecycle maintenance plan and increased the contribution accordingly for the next five year period beginning in fiscal 2009 to \$250,000 per year. At June 30, 2009, the R&R balance was \$1,360,846. Of this balance, \$1,133,510 is restricted with the remainder unrestricted.
- An Operating Reserve was established in fiscal 2005 by management for unforeseen or extraordinary expenses, and was utilized in 2007 to address increased equipment replacement costs as a result of higher student utilization than initially projected. Campus Recreation has since been able to budget for that higher level of equipment replacement from its annual operating budget so the reserve acts as an emergency fund for unpredictable repairs, insurance deductible levels, as well as the general volatility of this type of operation. The funds could also be designated for facility improvements beyond basic maintenance. Contributions to this fund in the past three years include \$125,000 in fiscal 2009 and \$300,000 in both fiscal 2008 and 2007. At June 30, 2009, the operating reserve balance was \$1,565,417. These assets are reported as unrestricted on the Statements of Net Assets.
- The King family commitment of \$50,000 per year in memory of their son Wade now totals \$300,000 after six years. This reserve fund is dedicated to maintaining the quality of the facility and its programs and supports students directly as well. A portion of the donations have been used for youth programming scholarships and certain equipment upgrades. The available balance at June 30, 2009 was \$211,315. These assets are reported as unrestricted on the Statements of Net Assets.

**WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS*****June 30, 2009 and 2008*****Ratio Analysis**

Ratios can be helpful in evaluating the Recreation Center's financial health and performance. The debt coverage ratios for 2009, 2008 and 2007 were 2.35, 2.31 and 2.21, respectively. 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 are remaining high with 11,997 (90.6%) of 13,240 enrolled students using the facility during the course of the year. Visits by members and non-members totaled 435,987 during fiscal year 2009 with the highest number of visits exceeding 3,400 in a given day.

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Independent Auditors' Report

The Board of Trustees
Western Washington University:

We have audited the accompanying statements of net assets of Western Washington University Wade King Student Recreation Center (the Recreation Center) as of June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Recreation Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Recreation Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Recreation Center are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the activities of Western Washington 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 of June 30, 2009 and 2008, the changes in its financial position, or its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Recreation Center as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

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 U.S. generally accepted accounting principles. We have applied certain limited procedures, which consist 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.

KPMG LLP

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**WADE KING STUDENT RECREATION CENTER
 STATEMENTS OF NET ASSETS**
June 30, 2009 and 2008

Assets	2009	2008
Current assets		
Cash and cash equivalents (Note 2)	\$976,513	\$655,495
Investments (Note 2)	1,067,854	1,216,266
Accounts receivable, net of allowance of \$4,711 in 2009 and \$4,708 in 2008	74,456	78,693
Receivable from Western Washington University Foundation	211,315	163,568
Inventory	2,704	4,183
Total current assets	<u>2,332,842</u>	<u>2,118,205</u>
Noncurrent assets		
Investments (Note 2)	35,935	74,864
Restricted investments (Note 2)	1,133,510	860,265
Other assets (Note 1)	366,427	391,473
Building and equipment, net (Note 3)	23,709,251	24,397,281
Total noncurrent assets	<u>25,245,123</u>	<u>25,723,883</u>
Total assets	<u>27,577,965</u>	<u>27,842,088</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	15,915	86,558
Accrued wages and benefits	119,953	94,510
Deferred revenue	214,926	187,903
Interest payable	208,458	212,225
Current portion of bonds payable (Note 4)	585,000	565,000
Total current liabilities	<u>1,144,252</u>	<u>1,146,196</u>
Noncurrent liabilities		
Bonds payable, less current portion (Note 4)	24,504,476	25,066,445
Total liabilities	<u>25,648,728</u>	<u>26,212,641</u>
Net Assets		
Invested in building and equipment, net of related debt	(1,013,798)	(842,691)
Restricted for system renewals and replacements	1,133,510	860,265
Unrestricted	1,809,525	1,611,873
Total net assets	<u>\$1,929,237</u>	<u>\$1,629,447</u>

WADE KING STUDENT RECREATION CENTER
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS **June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Service and activity fees, net of mandatory transfer	\$3,771,537	\$3,684,400
Staff, faculty and alumni membership fees	232,649	199,324
Instructional course fees	110,124	113,434
Other course fees	49,205	2,069
Rental revenue	42,355	49,318
Other revenues	59,261	60,993
Total operating revenues	<u>4,265,131</u>	<u>4,109,538</u>
Operating Expenses		
Salaries and benefits	1,159,043	1,017,831
Depreciation	717,839	723,096
Utilities	328,550	309,537
Repairs and maintenance	203,874	283,430
Equipment and furnishings	44,187	137,732
Supplies and materials	70,890	77,298
Administrative assessment	123,791	97,948
Insurance	28,626	21,759
Other	94,541	77,519
Total operating expenses	<u>2,771,341</u>	<u>2,746,150</u>
Income from operations	1,493,790	1,363,388
Nonoperating Revenues (Expenses)		
Investment income	87,059	139,479
Gift income	50,000	50,000
Interest expense	(1,269,583)	(1,291,517)
Amortization of bond discounts and costs	(48,684)	(49,514)
Parberry Fitness Center support	(12,792)	(25,584)
Total nonoperating expenses	<u>75,583</u>	<u>(1,177,136)</u>
Increase in net assets	1,569,373	186,252
Net Assets, Beginning of Year	<u>1,629,447</u>	<u>1,443,195</u>
Net Assets, End of Year	<u><u>\$3,198,820</u></u>	<u><u>\$1,629,447</u></u>

**WADE KING STUDENT RECREATION CENTER
 STATEMENTS OF CASH FLOWS**
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Cash received from students and other customers	\$4,296,391	\$4,107,498
Payments to employees	(1,133,600)	(1,001,814)
Payments to suppliers	<u>(963,623)</u>	<u>(931,915)</u>
Net cash flows provided by operating activities	2,199,168	2,173,769
Cash Flows from Noncapital Financing Activities		
Gift income	2,253	68,150
Transfer to Parberry Fitness Center	<u>(12,792)</u>	<u>(25,584)</u>
Net cash flows (used in) provided by noncapital financing activities	(10,539)	42,566
Cash Flows from Investing Activities		
Net purchases of investments in internal pool	(85,904)	(483,663)
Investment income received	<u>87,059</u>	<u>139,479</u>
Net cash flows provided by (used in) investing activities	1,155	(344,184)
Cash Flows from Capital and Related Financing Activities		
Purchases of equipment	(29,809)	(37,053)
Interest paid on capital debt	(1,273,957)	(1,295,757)
Principal paid on capital debt	<u>(565,000)</u>	<u>(545,000)</u>
Net cash used in capital and related financing	<u>(1,868,766)</u>	<u>(1,877,810)</u>
Net increase (decrease) in cash and cash equivalents	321,018	(5,659)
Cash and cash equivalents, beginning of year	<u>655,495</u>	<u>661,154</u>
Cash and cash equivalents, end of year	<u><u>976,513</u></u>	<u><u>655,495</u></u>
Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Income from operations	1,493,790	1,363,388
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	717,839	723,096
Change in operating assets and liabilities		
Accounts receivable	4,237	(348)
Accounts payable, accrued expenses, salaries and benefits	(45,200)	89,334
Deferred revenue	27,023	(1,691)
Inventory	1,479	(10)
Net cash flows provided by operating activities	<u><u>\$2,199,168</u></u>	<u><u>\$2,173,769</u></u>

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***WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS******June 30, 2009 and 2008*****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 (WWU). 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. Faculty and staff members may use the Parberry Fitness Center in addition to the Recreation Center when a membership is purchased.

The Recreation Center supports the facility and equipment upgrades to the Parberry Fitness Center. Other revenues come from operating activities such as course fees and locker and facility rentals.

The facility was named in memory of Wade King, a 10-year old who died in 1999 in a pipeline explosion in Bellingham. His 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 draws funds from the Western Washington University Foundation when expenditures are incurred.

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 WWU.

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

WWU records all cash and cash equivalents at amortized cost, which approximates fair value. Investments held by WWU are recorded at fair value. To maximize investment income, WWU 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 WWU 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, 2009 and 2008****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 \$4,711 and \$4,708 at June 30, 2009 and 2008 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 WWU's fiscal year, begins shortly before June 30. The majority of cash received for service and activity fees related to summer session in fiscal year 2009 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. 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.

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.

Service and Activity Fees, net of mandatory transfer

Per Revised Code of Washington Section 28B.15.820, WWU 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.

***WADE KING STUDENT RECREATION CENTER
 NOTES TO THE FINANCIAL STATEMENTS***

June 30, 2009 and 2008

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 bond issuance costs are shown as other assets on the Statements of Net Assets.

Administrative Assessment

WWU 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 \$123,791 and \$97,948 for fiscal years ended June 30, 2009 and 2008, respectively.

Tax Exemptions

WWU, 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.

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 WWU investment pool is invested in demand deposits, time certificates of deposit, and the Washington State Local Government Investment Pool (LGIP). The LGIP is considered a cash equivalent.

	June 30, 2009	Weighted Average Maturity	June 30, 2008	Weighted Average Maturity
Cash and Cash Equivalents				
WWU Investment Pool	\$ 976,513	n/a	\$ 655,495	n/a
Investments				
WWU Investment Pool	<u>2,237,299</u>	6.1 months	<u>2,151,395</u>	5.7 months
	<u>\$ 3,213,812</u>		<u>\$ 2,806,890</u>	

WWU manages exposure to fair value losses by employing a “laddered maturity” strategy, in which investments mature at varying times throughout the year. In accordance with the University’s Investment Policy, no investment maturity exceeds five years.

**WADE KING STUDENT RECREATION CENTER
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2009 and 2008

WWU'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. Restricted investments are restricted for renewals and replacements and held in the University's investment pool.

NOTE 3. BUILDING AND EQUIPMENT, NET

The depreciation expense for the fiscal years ended June 30, 2009 and 2008 was \$717,839 and \$723,096, respectively.

Following are the changes in building and equipment for the year ended June 30, 2009 and 2008:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
Building	\$ 27,687,761	\$ -	\$ -	\$ 27,687,761
Equipment	<u>183,092</u>	<u>29,809</u>	<u>-</u>	<u>212,901</u>
	27,870,853	29,809	-	27,900,662
Less accumulated depreciation	<u>(3,473,572)</u>	<u>(717,839)</u>	<u>-</u>	<u>(4,191,411)</u>
Building and equipment, net	<u>\$ 24,397,281</u>	<u>\$ (688,030)</u>	<u>\$ -</u>	<u>\$ 23,709,251</u>

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2008</u>
Building	\$ 27,687,761	\$ -	\$ -	\$ 27,687,761
Equipment	<u>146,039</u>	<u>37,053</u>	<u>-</u>	<u>183,092</u>
	27,833,800	37,053	-	27,870,853
Less accumulated depreciation	<u>(2,750,476)</u>	<u>(723,096)</u>	<u>-</u>	<u>(3,473,572)</u>
Building and equipment, net	<u>\$ 25,083,324</u>	<u>\$ (686,043)</u>	<u>\$ -</u>	<u>\$ 24,397,281</u>

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 serially until 2033. The bonds have an aggregate face amount of \$25,435,000 and \$26,000,000 at June 30, 2009 and 2008, which is reported net of the unamortized original issue discount and a loss on defeasance of \$345,524 and \$368,555, 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. WWU 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.

**WADE KING STUDENT RECREATION CENTER
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2009 and 2008

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:

	Principal	Interest	Payment
2010	\$ 585,000	\$ 1,250,750	\$ 1,835,750
2011	615,000	1,225,888	1,840,888
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
2015-2019	4,025,000	5,173,750	9,198,750
2020-2024	5,130,000	4,062,000	9,192,000
2025-2029	6,550,000	2,644,250	9,194,250
2030-2033	6,520,000	834,500	7,354,500
	<u>\$ 25,435,000</u>	<u>\$ 18,705,868</u>	<u>\$ 44,140,868</u>
Less unamortized discount	(288,208)		
Less unamortized loss on defeasance	(57,316)		
Total	<u>\$ 25,089,476</u>		

Following are the changes in bonds payable:

	Beginning Balance	Amortization of Bond Discount	Retirements	Ending Balance	Current Portion
As of June 30, 2009					
Series 2002 Revenue Bonds, net of unamortized original issue discount and loss on defeasance of \$345,524 and \$368,555 at June 30, 2009 and 2008, respectively	<u>\$25,631,445</u>	<u>\$23,031</u>	<u>(\$565,000)</u>	<u>\$25,089,476</u>	<u>\$585,000</u>
As of June 30, 2008					
Series 2002 Revenue Bonds, net of unamortized bond costs of \$368,555 and \$391,986 at June 30, 2008 and 2007, respectively	<u>\$26,153,014</u>	<u>\$23,431</u>	<u>(\$545,000)</u>	<u>\$25,631,445</u>	<u>\$565,000</u>

In accordance with resolutions of the Board of Trustees, WWU 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

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS***June 30, 2009 and 2008***

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).

WWU 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 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 WWU. WWU'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. WWU 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. WWU matches the contributions. All required employer and employee contributions have been made. The Recreation Center contributed approximately \$38,708 and \$23,752 to these plans in 2009 and 2008, respectively. Actuarial valuations of the plans for the Recreation Center as a stand-alone entity are not available.

NOTE 6. OTHER POST EMPLOYMENT BENEFITS

During the 2008 fiscal year, WWU adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and required supplementary information in the financial reports of state and local governmental employers. Statement No. 45 requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service. The Statement also provides information about actuarial accrued liabilities (AAL)

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS***June 30, 2009 and 2008***

associated with OPEB and whether and to what extent progress is being made in funding the plan.

WWU 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. WWU is ultimately responsible for the obligation; therefore the annual required contribution is not recorded on the Recreation Center's financial statements.

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***ASSOCIATED STUDENTS BOOKSTORE
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

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, 2009, 2008 and 2007. 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, 2009, 2008 and 2007:

ASSETS	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current Assets	\$2,833,919	\$2,410,867	\$2,016,335
Noncurrent Assets	23,951	56,695	103,131
Capital Assets	<u>1,515,718</u>	<u>1,645,772</u>	<u>1,776,182</u>
Total assets	4,373,588	4,113,334	3,895,648
 LIABILITIES			
Current liabilities	<u>448,442</u>	<u>378,627</u>	<u>309,051</u>
Total liabilities	448,442	378,627	309,051
 NET ASSETS			
Invested in capital assets	1,515,718	1,645,772	1,776,182
Net assets, unrestricted	2,393,850	2,088,935	1,810,415
Net assets, restricted	<u>15,578</u>	<u>-</u>	<u>-</u>
Total net assets	<u><u>\$3,925,146</u></u>	<u><u>\$3,734,707</u></u>	<u><u>\$3,586,597</u></u>

***ASSOCIATED STUDENTS BOOKSTORE
MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

The Bookstore had another successful year, increasing its total net assets for the second year in a row. At June 30, 2009, total net assets were \$3,925,146, an increase of \$190,439 (5.1%) from fiscal 2008 and \$148,110 when comparing fiscal 2008 to fiscal 2007 (4.1%). Current assets increased \$423,052 (17.5%) over 2008 and fiscal 2008 increased \$394,532 (19.6%) over fiscal 2007.

Capital assets continued to decrease as no capital assets were acquired and existing assets continue to be depreciated.

Total liabilities increased \$69,815 (18.4%) due to the timing of payments and an increase of \$42,330 in the transfer amount due to the Associated Students when compared to fiscal 2008. The increase between fiscal years 2008 and 2007 was \$69,576 (22.5%).

Net unrestricted assets increased by \$304,915 (14.6%) over fiscal 2008. Fiscal 2008 had an increase of \$278,520 (15.4%) over fiscal 2007. The Bookstore has restricted assets of \$15,578 at fiscal 2009, representing the remaining cash from a contribution by the Associated Students of \$30,000 for funding of new equipment and software to supplement the Sequoia point of sale system. The Bookstore purchased \$14,422 in the current fiscal year with plans to spend the remaining amount in fiscal 2010. The assets purchased did not meet the Bookstore's capitalization threshold.

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 received for 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 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 revenue and makes up the majority of nonoperating revenues.

The Bookstore has a strong commitment to student success at Western which includes providing affordable course materials. In support of this commitment, the Bookstore maintained a 10% discount on textbooks during fiscal 2009. This discount represents an approximate reduction of \$517,000 in the cost of textbooks for Western Washington University students who purchase 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 stores as well as the number of college bookstores offering a discount.

**ASSOCIATED STUDENTS BOOKSTORE
 MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2009 and 2008

Following is a condensed version of the Statements of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended June 30, 2009, 2008 and 2007:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Sales, net of discounts	\$6,321,569	\$6,439,936	\$5,796,136
Cost of goods sold	<u>4,710,880</u>	<u>4,850,535</u>	<u>4,617,203</u>
Gross profit	1,610,689	1,589,401	1,178,933
Other operating revenues	70,114	118,298	121,057
Operating expenses	<u>1,358,671</u>	<u>1,456,814</u>	<u>1,539,949</u>
Income (loss) from operations	322,132	250,885	(239,959)
Nonoperating (expenses) revenues	<u>(131,693)</u>	<u>(102,775)</u>	<u>23,086</u>
Changes in net assets	190,439	148,110	(216,873)
Net assets, beginning of year	<u>3,734,707</u>	<u>3,586,597</u>	<u>3,803,470</u>
Net assets, end of year	<u><u>\$3,925,146</u></u>	<u><u>\$3,734,707</u></u>	<u><u>\$3,586,597</u></u>

The gross margin percentage for the bookstore in fiscal 2009 was 25.5%, up from 24.7% in fiscal 2008. The average gross margin for stores reporting in the Independent College Bookstore Association (ICBA) Operating Survey for 2007-2008 was 27.7%.

The gross profit from sales in fiscal 2009 increased \$21,288 (1.3%) over fiscal 2008, despite an overall sales decrease of \$118,367 (-1.8%). This occurrence was primarily due to the continued shift toward more used books resulting in lower sales income but higher profit margins. As a result, total cost of goods was lower by \$139,655 (-2.9%) over fiscal 2008. Gross profit increased \$410,468 (34.8%) in fiscal 2008 when compared to fiscal 2007. The increase in fiscal 2008 was due to improved used book acquisition of the Sequoia system and continuing efforts to buy more books from Western students via an increase in marketing.

Textbook margins increased to 21.1% in fiscal 2009 from 20.5% in fiscal 2008 and 14.3% in fiscal 2007. Used books sell for 75.0% of the new book price but cost less and therefore carry a higher profit margin. Used books sales in fiscal 2009 comprised 44.6% of total textbook sales, up from 39.8% in fiscal 2008 and 43.5% in fiscal 2007. The ICBA average for used textbook sales as a percent of total textbook sales was 33.2% in 2008.

Computer and software gross margins increased in fiscal 2009 to 29.5% from 22.2% in fiscal 2008. This was a result of discontinuing the sale of Apple hardware and products. While these products sell well, they typically have a very low margin which reduces the overall margin of the computer category.

Other operating revenue decreased in fiscal 2009 by \$48,184 (-40.7%) and fiscal 2008 had a decrease of \$2,759 (-2.3%) compared to fiscal 2007. This income consists primarily of commissions on books sold to wholesalers during buyback that could not be bought back at higher prices for resale in the Bookstore for the next term. The reduction in commission revenue actually reflects a positive outcome and is due to the University's shift in Fall

***ASSOCIATED STUDENTS BOOKSTORE
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

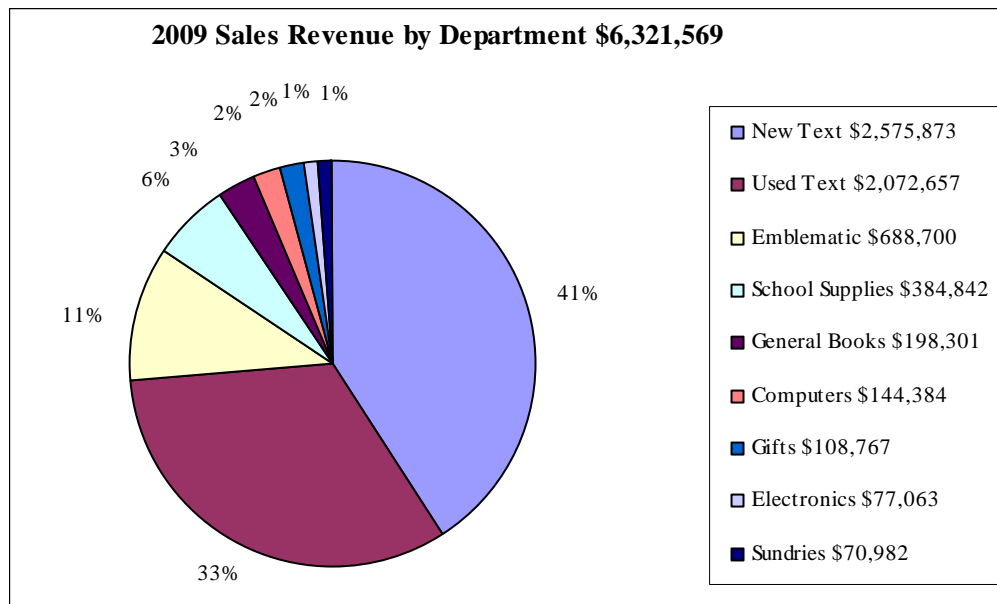
June 30, 2009 and 2008

quarter registration from August to May. Because there was a more complete list of textbooks for Fall 2009 available for Spring 2009 buyback, it enabled the Bookstore to purchase more used books for resale to students rather than used book wholesale companies buying back at lower rates.

Commission revenue declined, but there will be more used books available to students in fiscal 2010. Note that the earlier purchase of books held for resale caused an increase in inventory at year end. Commissions received due to the sale of Apple computer products ceased in fiscal 2008. This had an impact of \$25,366 in reduced commission between fiscal 2009 and 2008.

Revenues by Sales Department

Nearly three quarters of the Bookstore sales are textbook sales. New and used books sales accounted for 73.5% of total sales in fiscal 2009, up slightly from fiscal 2008 when textbook sales accounted for 72.8% and 71.6% in fiscal 2007. The ICBA 2007-2008 Operating Survey indicates that among stores reporting, textbook sales are 57.4% of total sales on average.



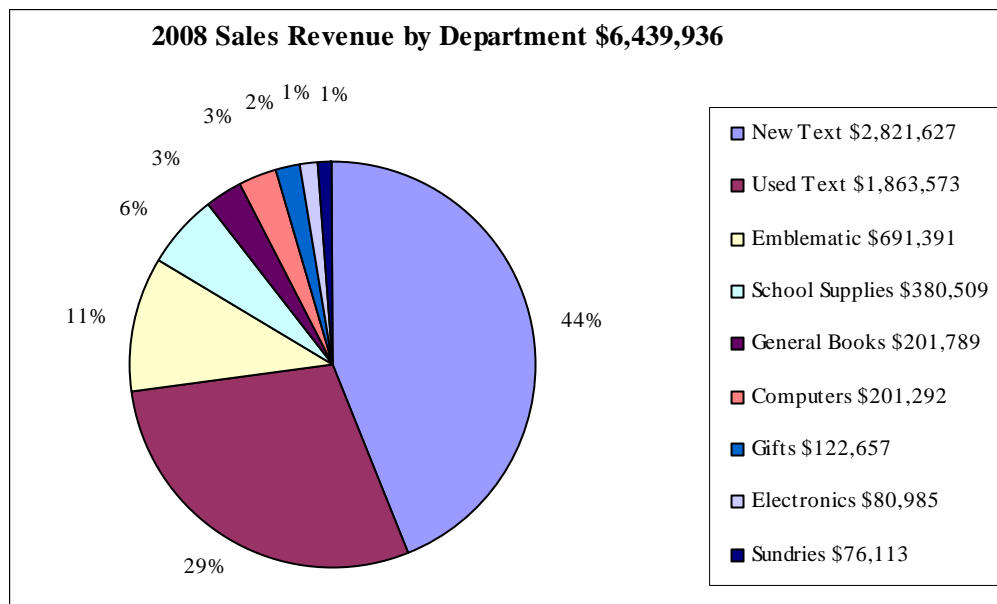
Textbook sales have been shrinking industry-wide over the last several years. The Bookstore will continue to strive to be competitive in the course material category, but will also explore opportunities to strategically grow sales in other areas in order to replace a potential decline in textbook revenue.

New book sales of \$2,575,873 decreased in fiscal 2009 by \$245,754 (-8.7%) but increased \$475,544 (20.3%) from fiscal 2007 to fiscal 2008. The increase in fiscal 2008 can be attributed to a combination of the changes in instructors' choice of class material, the lack of availability of used books and some new custom textbooks that were priced as used textbooks but classified as new. Used book sales of \$2,072,657 in fiscal 2009 increased by \$209,084 (11.2%) from sales of \$1,863,573 in fiscal 2008. This compares to an increase of \$61,124 (3.4%) from fiscal 2008 to fiscal 2007. Because used book sales offset the reduction in new book sales, total textbook sales decreased only \$36,670 (-0.8%) in fiscal 2009 in comparison to an increase of \$536,668 (12.9%) in fiscal 2008.

***ASSOCIATED STUDENTS BOOKSTORE
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

The gross margin for textbooks actually increased in fiscal 2009 because used books have a higher profit margin than new books. The profit margin for textbooks in fiscal 2009 was \$979,950, increasing by \$18,228 (1.9%) over 2008 and was \$961,722, increasing \$369,142 (62.3%) over 2007.



Computer sales declined by \$56,908 (-28.3%) in fiscal 2009 as compared to fiscal 2008 while there was an increase of \$4,890 (2.5%) in fiscal 2008 compared to fiscal 2007. This decline in sales in fiscal 2009 was the result of the loss of Apple hardware products sales that the Bookstore discontinued in 2008. Although this was a significant drop in sales, because of the low margins associated with selling Apple the gross margin for the computer area dropped only \$2,088 (-4.7%).

School Supplies was the only other product category besides used books to have an increase in sales, increasing \$4,333 (1.1%) from \$380,509 in fiscal 2008 to \$384,842 in fiscal 2009. The increase in fiscal 2008 compared to fiscal 2007 was \$32,129 (9.2%).

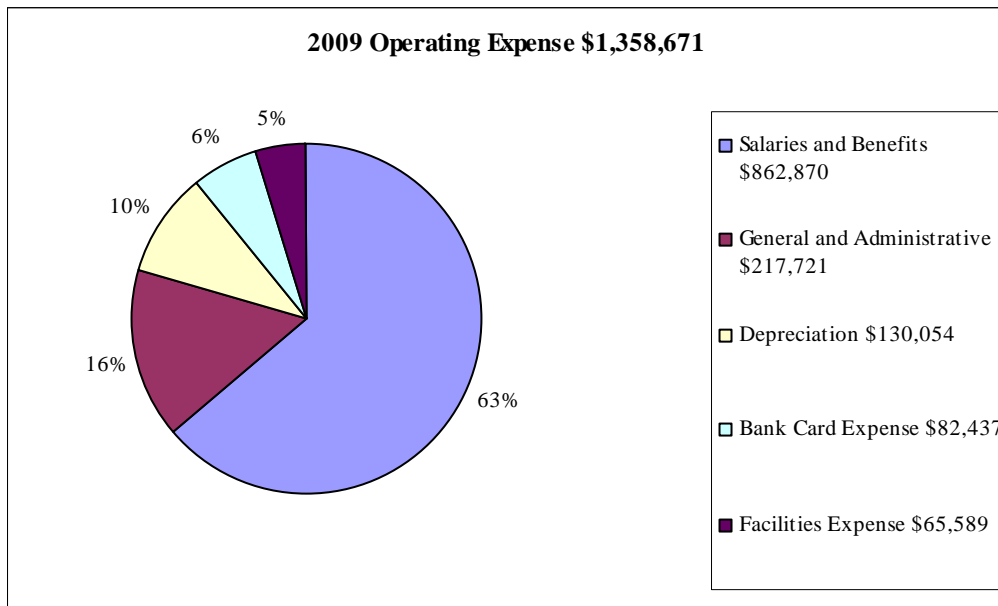
Expenses by Major Source

Total operating expense for fiscal 2009 was \$1,358,671 down \$98,143 (-6.7%) from \$1,456,814 in fiscal 2008. The most significant factor was a decrease in salaries and benefits expense of \$119,013 (-12.1%) from fiscal 2008. The change in salaries expense from fiscal 2007 to fiscal 2008 was a decrease of \$54,695 (-5.3%).

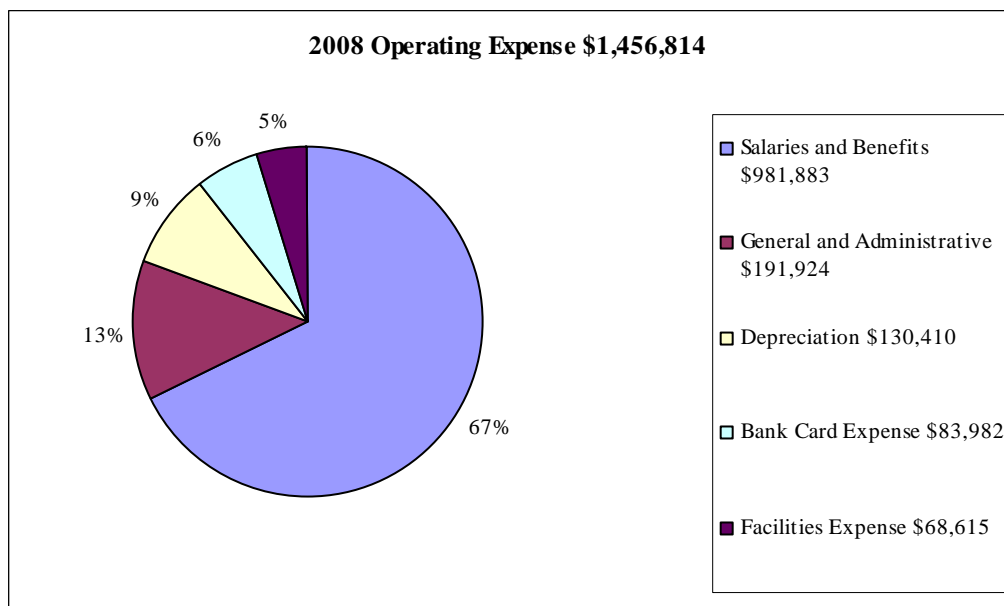
The fiscal 2009 decrease can be primarily attributable to vacant management positions during the year. The General Manager and Associate Manager/Sportswear Buyer position were open all year and the Fiscal Analyst 4 position became vacant during the last quarter of fiscal 2009. Existing staff served in interim leadership roles during this period and the General Manager and Fiscal Analyst 4 positions have been filled.

**ASSOCIATED STUDENTS BOOKSTORE
 MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2009 and 2008



General and Administrative expense increased to \$217,721 in fiscal 2009, a \$25,797 (13.4%) increase from fiscal 2008. The expense decreased in fiscal 2008 by \$45,183 (-19.1%). The increase in fiscal 2009 was the result of the increase in the University's administrative assessment fee for auxiliaries as well as the purchase of new hand held devices to support the Sequoia system. Each handheld unit had a cost that was below the \$5,000 threshold for capitalization. This expense was covered with nonoperating revenue provided by the Associated Students in June of 2009.



Total net non-operating expenses increased by \$28,918 in fiscal 2009 from fiscal 2008 and decreased \$125,861 in fiscal 2008 from fiscal 2007. Non-operating expense increased by \$42,195 (26.8%) due to a larger

***ASSOCIATED STUDENTS BOOKSTORE
MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2009 and 2008

distribution to the Associated Students as part of the net revenue sharing agreement approved during fiscal 2007.

This year the Bookstore contributed \$165,440 to the Associated Students compared with \$123,110 in fiscal 2008 and zero in fiscal 2007. In fiscal 2009, the Associated Students transferred \$30,000 to be used to offset the purchase of additional hardware for the Bookstore's computer system. The amount distributed to the Athletic Department was nearly unchanged at \$34,435 in fiscal 2009 compared to \$34,570 in fiscal 2008 and \$31,993 in fiscal 2007.

Nonoperating investment income was down \$16,723 (-30.5%) in fiscal 2009 compared to fiscal 2008 as a result of lower market rates of return. Fiscal 2008 had an increase of \$15,326 (38.7%).

Economic Factors and Significant Events

This was a difficult year for the retail sector given the economic downturn. Many retailers are reporting same store sales decreases of 7.0% or greater. The Bookstore's sales did decline from the prior year but only by 1.8%. In spite of these challenges the Bookstore grew in total net assets. An area that the Bookstore will closely examine for growth opportunities is technological advancements to ensure the products students need for classroom success are available at the Bookstore.

There continues to be concern at all levels of government about the high cost of course materials. This year federal legislation was passed that will require colleges and universities to inform students about the cost of course materials at the time they are registering for classes. Also, changes in the IRS codes may allow for tax credits for the purchase of course materials.

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***ASSOCIATED STUDENTS BOOKSTORE
INDEPENDENT AUDITORS' REPORT******June 30, 2009 and 2008*****Independent Auditors' Report**

The Board of Trustees
Western Washington University:

We have audited the accompanying statements of net assets of Western Washington University Associated Students Bookstore (the Bookstore) as of June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Bookstore's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bookstore's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Bookstore are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the activities of Western Washington University that is attributable to the transactions of the Bookstore. They do not purport to, and do not, present fairly the financial position of Western Washington University, as of June 30, 2009 and 2008, the changes in its financial position, or its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bookstore as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consist 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.

Our audits for the years ended June 30, 2009 and 2008 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 19 through 23 for the years ended June 30, 2009 and 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole for the years ended June 30, 2009 and 2008.

***ASSOCIATED STUDENTS BOOKSTORE
INDEPENDENT AUDITORS' REPORT***

June 30, 2009 and 2008

We have also previously audited, in accordance with generally accepted auditing standards, the statements of net assets of the Bookstore as of June 30, 2007 and 2006 and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. The supplementary information included on pages 19 through 23 related to the Bookstore's 2007 and 2006 financial statements was subjected to auditing procedures applied in the audit of those basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Other auditors previously audited in accordance with generally accepted auditing standards, the statement of net assets of the Bookstore as of June 30, 2005, and the related statement of revenues, expenses, and changes in net assets, and cash flows for the year then ended (none of which is presented herein), and they expressed unqualified opinions on those financial statements. The supplementary information included on pages 19 through 23 related to the Bookstore's 2005 financial statements was subject to auditing procedures applied in the audits of those basic financial statements and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements from which it had been derived.

KPMG LLP

September 18, 2009

**ASSOCIATED STUDENTS BOOKSTORE
 STATEMENTS OF NET ASSETS**
June 30, 2009 and 2008

Assets	2009	2008
Current assets		
Cash and cash equivalents, unrestricted (Note 2)	\$650,873	\$496,409
Cash and cash equivalents, restricted	15,578	-
Investments (Note 2)	560,229	753,236
Receivables (Note 3)	640,263	425,899
Inventory	966,976	735,323
Total current assets	2,833,919	2,410,867
Noncurrent assets		
Investments (Note 2)	23,951	56,695
Building, improvements and equipment, net (Note 5)	1,515,718	1,645,772
Total noncurrent assets	1,539,669	1,702,467
Total assets	4,373,588	4,113,334
 Liabilities		
Current liabilities		
Accounts payable and accrued expenses	248,567	220,947
Distribution payable to Associated Students of WWU	165,440	123,110
Distribution payable to WWU Athletics Department	34,435	34,570
Total current liabilities	448,442	378,627
 Net Assets		
Invested in capital assets	1,515,718	1,645,772
Unrestricted	2,393,850	2,088,935
Restricted	15,578	-
Total net assets	\$3,925,146	\$3,734,707

ASSOCIATED STUDENTS BOOKSTORE
STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET ASSETS *June 30, 2009 and 2008*

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Sales, net of discounts	\$6,321,569	\$6,439,936
Cost of goods sold	<u>4,710,880</u>	<u>4,850,535</u>
Gross margin	1,610,689	1,589,401
 Other Operating Revenues	 70,114	 118,298
 Operating Expenses		
Salaries and benefits	862,870	981,883
General and administrative expense	217,721	191,924
Facilities expense	65,589	68,615
Depreciation	130,054	130,410
Bank card expense	82,437	83,982
Total operating expenses	<u>1,358,671</u>	<u>1,456,814</u>
Income from operations	322,132	250,885
 Nonoperating Revenues (Expenses)		
Investment income	38,182	54,905
Distribution from Associated Students of WWU	30,000	-
Distribution to Associated Students of WWU	(165,440)	(123,110)
Distribution to WWU Athletics Department	<u>(34,435)</u>	<u>(34,570)</u>
Total nonoperating expenses	<u>(131,693)</u>	<u>(102,775)</u>
 Increase in net assets	 190,439	 148,110
 Total Net Assets, Beginning of Year	 <u>3,734,707</u>	 <u>3,586,597</u>
 Total Net Assets, End of Year	 <u><u>\$3,925,146</u></u>	 <u><u>\$3,734,707</u></u>

**ASSOCIATED STUDENTS BOOKSTORE
 STATEMENTS OF CASH FLOWS**
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Cash received from students and other customers	\$6,177,320	\$6,476,380
Payments to employees	(871,332)	(996,334)
Payments to suppliers	(5,272,199)	(5,243,098)
Net cash provided by operating activities	<u>33,789</u>	<u>236,948</u>
Cash Flows from Noncapital Financing Activities		
Distribution from Associated Students of WWU	30,000	-
Distribution to WWU Athletics Department	(34,570)	-
Distribution to Associated Students of WWU	(123,110)	(31,993)
Net cash used in noncapital financing activities	<u>(127,680)</u>	<u>(31,993)</u>
Cash Flows from Investing Activities		
Investment income received	38,182	54,905
Net sales (purchases) of investments in internal pool	225,751	(229,239)
Net cash flows provided by (used in) investing activities	<u>263,933</u>	<u>(174,334)</u>
 Net change in cash and cash equivalents	 170,042	 30,621
Cash and cash equivalents, beginning of year	496,409	465,788
Cash and cash equivalents, end of year	<u>\$666,451</u>	<u>\$496,409</u>
 Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Income from operations	\$322,132	\$250,885
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	130,054	130,410
Change in operating assets and liabilities		
Receivables	(214,364)	(81,854)
Accounts payable and accrued expenses	27,620	(56,111)
Inventory	(231,653)	(6,382)
Net cash provided by operating activities	<u>\$33,789</u>	<u>\$236,948</u>

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***ASSOCIATED STUDENTS BOOKSTORE
NOTES TO THE FINANCIAL STATEMENTS***

June 30, 2009 and 2008

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 (WWU). 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 manages its net operating income for the purposes of student programs. The Bookstore is a discount retailer of textbooks, supplies and general merchandise. Approximately 95% of the Bookstore's revenue comes from sales to students, faculty, and departments of WWU.

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 WWU. As such, they are not intended to and do not present either the financial position, results of operations or changes in net assets of WWU.

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

WWU records all cash and cash equivalents at amortized cost, which approximates fair value. Investments held by WWU are recorded at fair value. To maximize investment income, WWU 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 WWU 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 WWU 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, 2009 and 2008

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 net assets. This category represents net assets restricted by an outside entity for a specific use.

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 of auxiliary enterprises.

Nonoperating revenues. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as investment income.

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.

Reclassifications

Certain amounts related to the June 30, 2008 financial statements have been reclassified to conform to the June 30, 2009 financial statement presentation.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Interest Rate and Credit Risk

The WWU investment pool is invested in demand deposits, time certificates of deposit, and the Washington State Local Government Investment Pool (LGIP). The LGIP is considered a cash equivalent.

***ASSOCIATED STUDENTS BOOKSTORE
 NOTES TO THE FINANCIAL STATEMENTS***

June 30, 2009 and 2008

	2009	Weighted Average Maturity	2008	Weighted Average Maturity
Cash and Cash Equivalents				
WWU Investment Pool	\$666,451	n/a	\$496,409	n/a
Investments				
WWU Investment Pool	\$584,180	6.1 months	\$809,931	5.7 months

WWU manages exposure to fair value losses by employing a "laddered maturity" strategy, in which investments mature at varying times throughout the year. In accordance with WWU's Investment Policy, no investment maturity exceeds five years.

The WWU 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.

NOTE 3. RECEIVABLES

Receivables at June 30, 2009 and 2008 include:

	2009	2008
Credits due from publishers	\$610,994	\$392,386
Accounts receivable	29,269	33,513
	<u>\$640,263</u>	<u>\$425,899</u>

NOTE 4. REVENUE SHARING AGREEMENTS

The Bookstore and the Associated Students Board (AS Board) entered into a new 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 will be in effect until June 30, 2011 when it will be renegotiated with the AS Board. The distribution appropriated for the years ended June 30, 2009 and 2008 was \$165,440 and \$123,110, respectively.

Beginning in fiscal 2003, the Bookstore agreed to make an annual appropriation for distribution to the WWU Athletics Department. The appropriation is based on 5% of emblematic clothing, hat and gift item sales after discounts. The appropriation for the years ended June 30, 2009 and 2008, was \$34,435 and \$34,570 respectively, and was paid subsequent to year end.

***ASSOCIATED STUDENTS BOOKSTORE
 NOTES TO THE FINANCIAL STATEMENTS***

June 30, 2009 and 2008

NOTE 5. BUILDINGS, IMPROVEMENTS, AND EQUIPMENT

The depreciation expense for the fiscal years ended June 30, 2009 and 2008 was \$130,054 and \$130,410, respectively.

Following are the changes in building and equipment for the years ended June 30, 2009 and 2008:

	June 30, 2008	Additions	Retirements	June 30, 2009
Building improvements	\$1,867,033	\$ -	\$ -	\$1,867,033
Fixtures and equipment	649,108	-	(35,603)	613,505
	<u>2,516,141</u>	<u>-</u>	<u>(35,603)</u>	<u>2,480,538</u>
Less accumulated depreciation	(870,369)	(130,054)	35,603	(964,820)
Building Improvements and Equipment, net	<u>\$1,645,772</u>	<u>(\$130,054)</u>	<u>\$ -</u>	<u>\$1,515,718</u>
	June 30, 2007	Additions	Retirements	June 30, 2008
Building improvements	\$1,867,033	\$ -	\$ -	\$1,867,033
Fixtures and equipment	649,108	-	-	649,108
	<u>2,516,141</u>	<u>-</u>	<u>-</u>	<u>2,516,141</u>
Less accumulated depreciation	(739,959)	(130,410)	-	(870,369)
Building Improvements and Equipment, net	<u>\$1,776,182</u>	<u>(\$130,410)</u>	<u>\$ -</u>	<u>\$1,645,772</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. WWU 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.

ASSOCIATED STUDENTS BOOKSTORE
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009 and 2008

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. WWU matches the contributions. All required employer and employee contributions have been made.

The Bookstore contributed approximately \$43,148 and \$36,930 to these plans in 2009 and 2008, respectively. Actuarial valuations of the plans for the Bookstore as a stand-alone entity are not available.

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS

During the 2008 fiscal year, the University adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and required supplementary information in the financial reports of state and local governmental employers. Statement No. 45 requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service. The Statement also provides information about actuarial accrued liabilities (AAL) associated with OPEB and whether and to what extent progress is being made in funding the plan.

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 ultimately responsible for the obligation; therefore, the annual required contribution (ARC) is not recorded on the Bookstore's financial statements.

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SUPPLEMENTAL INFORMATION

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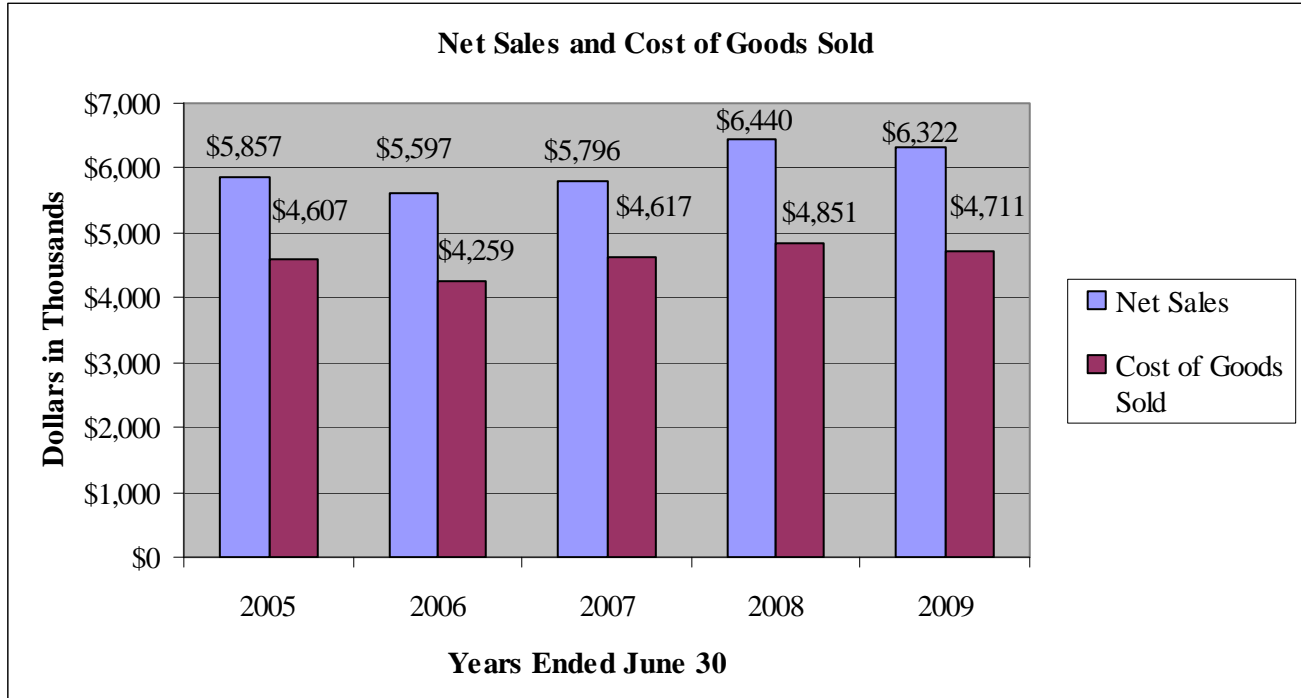
**ASSOCIATED STUDENTS BOOKSTORE
 SUPPLEMENTAL INFORMATION**
June 30, 2009 and 2008
**FIVE-YEAR CONDENSED VIEW OF STATEMENTS OF NET ASSETS
 Years ended June 30, 2009, 2008, 2007, 2006 and 2005**

Assets	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current assets	\$2,833,919	\$2,410,867	\$2,016,335	\$2,312,542	\$2,332,134
Non-current assets	23,951	56,695	103,131	102,300	325,096
Capital Assets	<u>1,515,718</u>	<u>1,645,772</u>	<u>1,776,182</u>	<u>1,906,905</u>	<u>1,704,966</u>
Total assets	<u>4,373,588</u>	<u>4,113,334</u>	<u>3,895,648</u>	<u>4,321,747</u>	<u>4,362,196</u>
 Liabilities					
Accounts payable and accruals	248,567	220,947	277,058	338,701	217,668
Due to other WWU departments	<u>199,875</u>	<u>157,680</u>	<u>31,993</u>	<u>179,576</u>	<u>179,983</u>
Total liabilities	<u>448,442</u>	<u>378,627</u>	<u>309,051</u>	<u>518,277</u>	<u>397,651</u>
 Total Net Assets	 <u><u>\$3,925,146</u></u>	 <u><u>\$3,734,707</u></u>	 <u><u>\$3,586,597</u></u>	 <u><u>\$3,803,470</u></u>	 <u><u>\$3,964,545</u></u>
Current ratio (current assets/current liabilities)	6.32	6.37	6.52	4.46	5.86
Return on assets (change in net assets/total assets)	4.4%	3.6%	-5.6%	-3.7%	1.6%

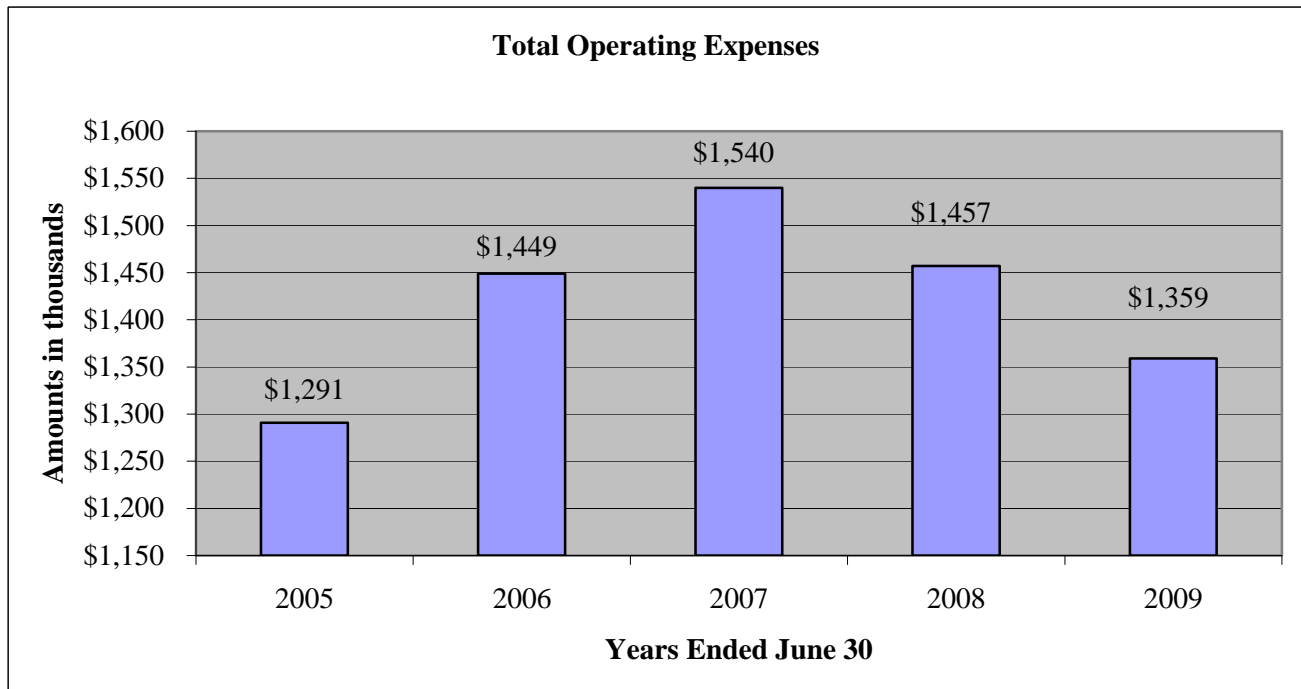
**ASSOCIATED STUDENTS BOOKSTORE
 SUPPLEMENTAL INFORMATION**
June 30, 2009 and 2008
**FIVE-YEAR STATEMENTS OF REVENUES AND EXPENSES
 Years ended June 30, 2009, 2008, 2007, 2006 and 2005**

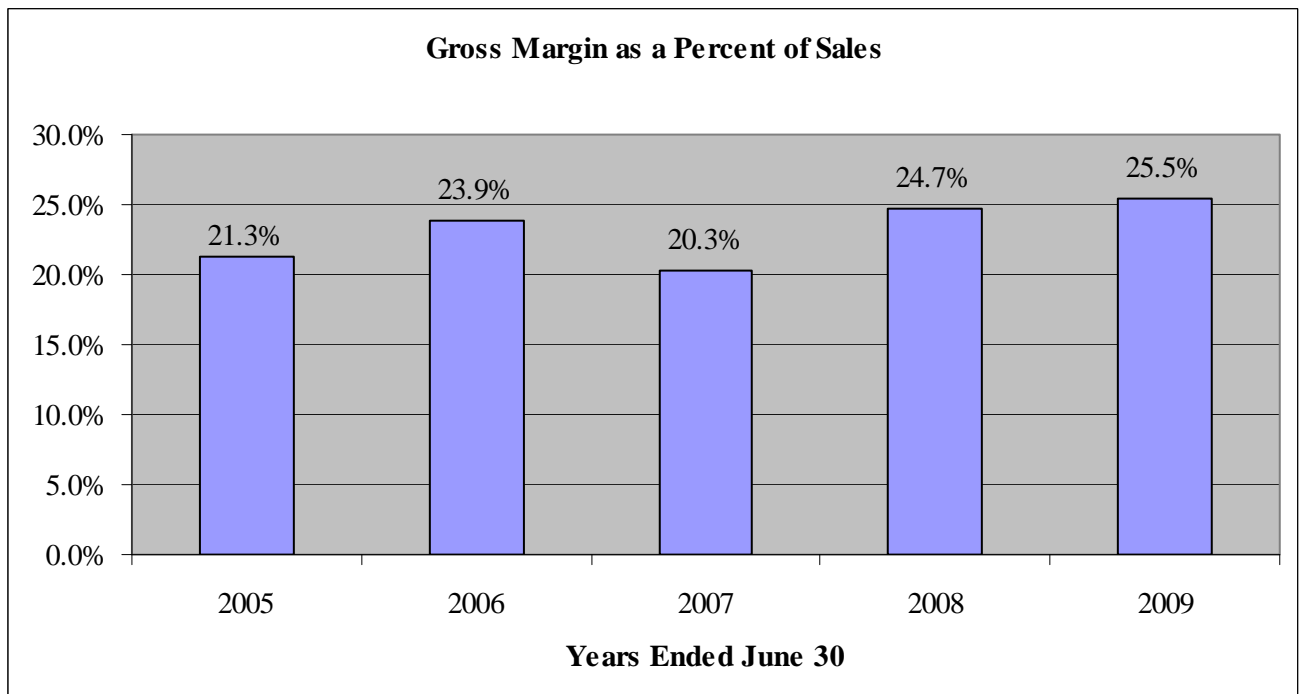
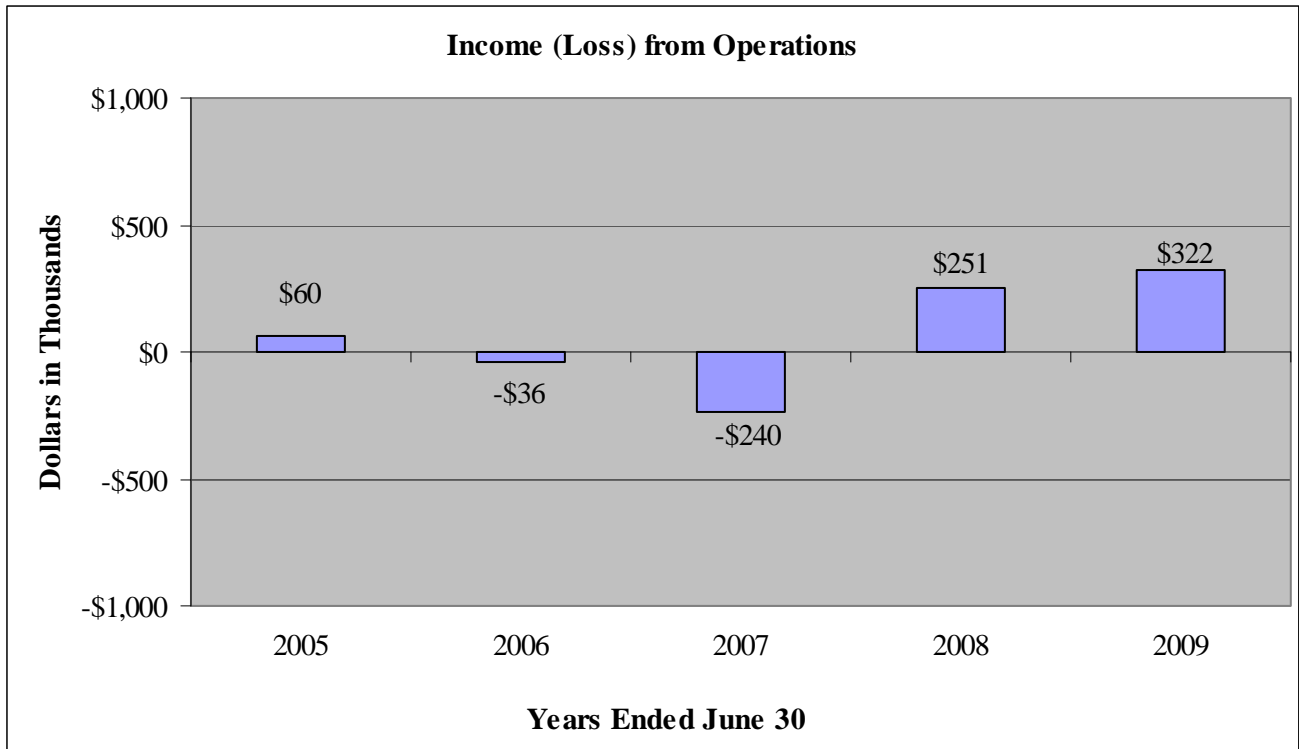
	2009	2008	2007	2006	2005
Net sales	\$6,321,569	\$6,439,936	\$5,796,136	\$5,596,555	\$5,857,481
Cost of goods sold	4,710,880	4,850,535	4,617,203	4,259,258	4,607,315
Gross profit	1,610,689	1,589,401	1,178,933	1,337,297	1,250,166
Other Operating Revenues	70,114	118,298	121,057	75,323	101,399
Operating expenses					
Salaries and benefits	862,870	981,883	1,036,578	993,815	881,227
General and administrative expense	217,721	191,924	237,107	194,634	198,566
Facilities expense	65,589	68,615	54,757	51,171	53,560
Depreciation	130,054	130,410	130,723	131,930	64,642
Bank card expense	82,437	83,982	80,784	77,463	93,176
Total operating expense	1,358,671	1,456,814	1,539,949	1,449,013	1,291,171
Income (loss) from operations	322,132	250,885	(239,959)	(36,393)	60,394
Nonoperating revenues (expenses)					
Investment income	38,182	54,905	39,579	39,394	28,141
Rental income	-	-	15,500	15,500	15,500
Distribution from Associated Students of WWU	30,000	-	-	-	150,000
Distribution to Associated Students of WWU	(165,440)	(123,110)	-	(150,000)	(155,000)
Distribution to WWU Athletics Department	(34,435)	(34,570)	(31,993)	(29,576)	(29,983)
Total nonoperating revenues (expenses)	(131,693)	(102,775)	23,086	(124,682)	8,658
Increase (decrease) in net assets	\$190,439	\$148,110	(\$216,873)	(\$161,075)	\$69,052
Gross profit percentage (gross profit/net sales)	25.5%	24.7%	20.3%	23.9%	21.3%

FIVE-YEAR NET SALES AND COST OF GOODS SOLD



FIVE-YEAR TOTAL OPERATING EXPENSES



**ASSOCIATED STUDENTS BOOKSTORE
 SUPPLEMENTAL INFORMATION**
June 30, 2009 and 2008
**FIVE-YEAR INCOME FROM OPERATIONS AND
 GROSS MARGIN AS PERCENTAGE OF SALES**


**15. MEETING EVALUATION & FUTURE AGENDA
TOPICS**

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 11, 2009

SUBJECT: Academic Presentation:
Innovations in Teaching and Learning at Western Washington University
Steven VanderStaay, Vice Provost for Undergraduate Education

PURPOSE: Informational Item

Purpose of Submittal:

At Western efforts to innovate and improve teaching and learning take many forms and occur in many contexts. Our departments and colleges, our centers and institutes, all house efforts to make instruction richer, more effective and more efficient. For this presentation today we've selected three forms of innovation to showcase. In this way we hope to demonstrate both the range of these contexts and the variety of approaches they can take. The approaches to innovation we've selected are faculty collaboration, peer assistance, and what we might call teaching bigger classes better.

The collaborative innovation began not on campus but in a Bellingham neighborhood, with two professors speaking over a fence. These two faculty members—one in History and the other in Geology—realized they both taught general education courses though neither knew much about what the other's courses. They asked, "What if we taught to each other and modeled in our own lives the kind of liberal arts education we want our students to achieve?" Thus began the "Faculty GUR Group," a coalition of young faculty who meet in late afternoons to teach to each other selections from the topics they teach, and to discuss the problems they pose for their students and the methods they use to pose them.

An emerging hallmark of instructional innovation at Western is our use of peer assistance. This is very evident in an innovative program in our Physics program. Physics is a difficult subject to make easy. The math and essential concepts required of the discipline are necessarily challenging. Fortunately, we are blessed with a very dynamic Department of Physics and Astronomy—faculty who constantly seek to improve their teaching and their students' success. Their most recent innovation is based on a successful program at the University of Colorado in which undergraduates who have been successful in the introductory physics sequence return the following year as "learning assistants," "guides on the side" for the freshmen and sophomores in the course. This innovation has required an entire reworking of the sequence. Faculty are trained in how to use the assistants, and the assistants receive training in how to tutor

and support their peers. They are there to help—not after the class when the lecture has already passed—but right when the students are learning: struggling with a problem set, working on a lab, or digesting a lecture point.

A third form of innovation concerns improvements to the delivery of information, assessment, and record keeping in our largest classes. This is evident in one of our largest and most popular courses, Larry Symons' introduction to psychology course, which we are showcasing today.