

WVNET Computer Advisory Board

Meeting of November 28, 2007

1:30-2:30 p.m.

**WVHEPC 9th Floor Conference Room
Charleston, WV**

**Audio Conference Phone Number: (866) 652-2033
Participant Pin Number: 5510109110#**

AGENDA

- I. Introductions**
- II. Approval of Minutes.....2**
- III. Advisory Forum Reports**
 - A. Computer Center Directors Advisory Forum
 - B. Instructional Technology Advisory Forum
 - C. Networking Advisory Forum
- IV. FY07 Fourth Quarter Financial Reports5**
- V. FY08 First Quarter Financial Reports..... 12**
- VI. WVNET Property Status 18**
- VII. Other Items**
 - A. MPLS
 - B. Banner Hosting Improvements
 - C. 2008 Technology Conference
 - D. Contracts (Internet and IBM Products)
- VIII. Next Meeting**

Minutes
WVNET Computer Advisory Board
August 14, 2007

The WVNET Computer Advisory Board met at 11:00 a.m. on August 14, 2007, at the Charleston Civic Center. The following persons participated: Mr. Dennis Taylor (Chair), Dr. Jan Fox, Dr. Roxann Humbert, Mr. Sid Morrison, Dr. Tom Blevins, Mr. Marc Coleman (for Mr. Kyle Schafer), Mr. Allen Taylor, Ms. Darlene Thomas, Mr. Michael Byers, Ms. Kelly Pryor, Mr. Mike Bestul, and Dr. Arnold Miller. Also participating were: Mr. Henry Blosser, Mr. Jay Justice, and Mr. Ed Ward.

Dr. Arnold Miller offered a motion that the minutes of the May 16, 2007, meeting be approved. Mr. Sid Morrison seconded the motion. The motion was unanimously approved.

Dr. Arnold Miller reported on the Computer Center Directors Advisory Forum. They last met at the Charleston Civic Center immediately prior to the Computer Advisory Board meeting. There was discussion of the Blackboard WebCT Vista status and costs, as well as discussion about Oracle and Banner pricing.

Dr. Roxann Humbert reported that the Instructional Technology Advisory Forum had not met since the previous Computer Advisory Board meeting.

Mr. Allen Taylor reported on the Networking Advisory Forum. A grant request has been submitted to the Federal Communications Commission. The grant would, in part, help to fund access to Internet2. No date has yet been announced for the award of the grants under this program.

Mr. Henry Blosser reviewed the agenda item regarding the Blackboard WebCT Vista status. The contract renewal was signed in mid-July, and the headcount has been increased to 75,000. The resulting price adjustment was amortized into the maintenance costs. There was discussion about the options for the future of this product and the possibility that some institutions may never convert to Vista. Other alternatives are being studied.

Mr. Blosser also reported that the Attorney General had released the Office of Technology's award of the procurement for a Multiprotocol Label Switching (MPLS) network, and Purchasing has signed a purchase order. Mr. Blosser will get further details on the conversion plans and send word to the higher education institutions to assist them in their planning.

There was considerable discussion about the allocation of costs for shared communications facilities, particularly during the transition from the current network contract to the new MPLS network. It had previously been agreed that in order to prevent an increasing burden on users of the existing state network as other users migrated to the new network, the cost of the shared facilities would be frozen at some

point and would continue to be allocated at the frozen levels until all users had transitioned to the new MPLS network.

Some confusion had arisen about the date that the lock-in of the shared-facility allocations would be established. Some participants had heard from the Office of Technology that the lock-in would occur at the rates reflected in the invoices dated July 1, 2007, for usage in June 2007, while others were quite certain that the agreement had been that the lock-in would be based on institutions' actual usage as of July 1 and that they had correspondence to that effect.

Also, because the cost of common, shared facilities should decrease as there are fewer users and less usage on the old network, it was noted that the allocated cost of shared facilities should also decrease. However, there was no clarity that the allocated charges would be based on a fixed percentage of the total cost on the lock-in date, rather than being based on a fixed payment amount. Mr. Coleman agreed to discuss the issue of the lock-in date and the issue of fixed percentages instead of fixed dollar amounts with Mr. Kyle Schafer and to report his findings.

There was some discussion about the possible need to establish a surcharge for reconnection to the state network to redress any inequities resulting from entities leaving the network prior to the "freeze" date for shared facilities for the sole purpose of avoiding sharing in the shared-facility cost allocation during the network migration period.

Mr. Dennis Taylor asked Mr. Coleman if there had been any follow-up on the earlier suggestions that the Office of Technology seek a supplemental appropriation to cover the shared facility charges during the transition period. Mr. Taylor noted that there would soon be a special session in which that could be addressed. Mr. Coleman answered that he was not sure what steps may have been taken, but that he would investigate and report back.

Dr. Jan Fox expressed concern that the Courts are not being allocated an appropriate share of the shared-facility charges under the current formula. Mr. Allen Taylor suggested that the apparent under-charging might be the result of the way that switched virtual circuits were accounted for in the usage of shared facilities. Mr. Coleman said that his understanding was that the Courts had some special arrangement not to pay shared-facility allocations for the T1 circuits to each of the county courthouses. He was not sure what implications there might be from the fact that many of the courthouses now have two T1 circuits. However, since the arrangements with the Courts preceded Mr. Coleman's employment, he said that he would need to have a meeting with Mr. Allen Daugherty of WVNET and Circuit Judge Dan O'Hanlon to determine what the agreements are and what the appropriate charges might be.

Mr. Dennis Taylor urged that the Office of Technology attempt to complete the conversion as quickly as possible to minimize the time when the frozen shared-facility costs would need to be assessed. Mr. Coleman said that the conversion schedule was

to be addressed during the SLA negotiations with the vendor and that he would like higher education to be involved with that process. He added that the K-12 schools are a large part of the network and because of e-rate timing considerations, both K-12 schools and the Library Commission wanted to delay their conversion until the summer of 2008.

Mr. Coleman said that he would research the various items. Mr. Dennis Taylor asked that Mr. Coleman keep Mr. Blosser updated on his progress in researching the issues. Mr. Coleman agreed and said that he would also copy Mr. Dennis Taylor. Mr. Justice noted that WVNET needed to advise its customers on what to expect in the way of charges as soon as possible.

The meeting was adjourned at 12:03 p.m.

**WVNET Computer Advisory Board
November 28, 2007**

ITEM: FY07 Fourth Quarter Financial Reports

RECOMMENDED RESOLUTION: Information Item

STAFF MEMBER: Roberta Haddix

BACKGROUND:

Summary:

For the fiscal year ending June 30, 2007, WVNET had revenues of \$9,450,163 and expenses of \$8,818,698. This includes revenues from State appropriation, HERA, grants, and operating revenue. Pass-through revenues and expenses are also included. Revenues for FY07 decreased \$8,768 from FY06 and expenses decreased \$840,283 from FY06. The large decrease in expenses is partly due to several vendors who invoiced WVNET too late in the fiscal year to be paid within the year or neglected to invoice WVNET for the 4th quarter. The values presented above are on a cash basis. These invoices will be reflected in WVNET's financial statements as outstanding accounts payable.

The FY07 Fourth Quarter Financial Report consists of four (4) items. These are as follows:

- FY07 Variance Analysis for the Year Ending June 30, 2007.
- Budget Status for the Year Ending June 30, 2007.
- FY07 Budget Amendments for the Year Ending June 30, 2007.
- WVNET Calculated Cash Reserve Summary (Fund 4780).

The FY07 Variance Analysis for the Year Ending June 30, 2007, lists the FIMS budget line items in which more than 100% of the total amount budgeted for the year was spent. In addition, information is included on items where less than 75% of the total budgeted amount was spent. This criterion was included at year end to provide information on line items which required analysis in determining the amounts to budget in FY08.

The Budget Status for the Year Ending June 30, 2007, contains the following columns. The first column in the report is the FY07 budget as approved. The second column is the FY07 budget amendments to date. The third column is the FY07 amended budget. The fourth column is the year to date amount collected or expensed. The fifth column is the FY07 balance remaining and the last column is the percent of the FY07 amended budget used.

The FY07 Budget Amendments for the Year Ending June 30, 2007, show the increase or decrease in the budgeted amount of those line items affected. An explanation is given for the changes. In the WVNET budget revenues and expenses are always equal. Therefore, the total change in expected revenues will equal the expected change in expenses. The explanation for a change, including the source of any additional funds needed, is given in the expense section of the report. Pass-through items automatically result in an increase or decrease in revenues. Pass-through items have been marked by an asterisk.

The WVNET Calculated Cash Reserve Summary (for fund 4780) shows the estimated reserve necessary based on the prior twelve (12) month's activity. The average difference is used to estimate a surplus over the necessary reserve or a reserve deficit. The chart also displays the actual cash flow for each month.

WVNET budgeted surplus revenues of \$883,665 to cover specific expenditures in FY07. WVNET spent \$485,854 on these expenditures in FY07. Note that \$281,855 was reserved for spending in fiscal year 2008 for the replacement of the P650. In addition the cost of the new vehicle was below the amount budgeted. WVNET did not purchase a fire suppression system for the machine room which was budgeted at \$65,000.

WVNET End of Year Cash Balance

WVNET had a cash balance of \$4,232,298 as of June 30, 2007. WVNET's cash balance usually cycles to its lowest point at the end of the second quarter and to its highest point at year end. Beginning with the third quarter WVNET begins collecting receipts for the conference and later on in the fourth quarter many entities will pay previously unpaid invoices in order to be caught up by year end. Most conference expenses are not paid until after the conference in August. Even so this year's increase was higher than expected. The following is an analysis of the causes and reasons.

Accrued Expenses, Deferred Revenue, and other Significant Cash Amounts

End of Year Cash Balance:	\$4,232,298.00
Operating Fund AP ¹	\$263,563.00
Pass-through AP ²	\$372,516.00
Deferred Revenue - Passthru ³	\$306,794.00
Conference Cash Balance ⁵	\$169,912.00
Interest Income ⁶	\$161,235.00
LATA Crossing 06 Payments ⁷	\$132,281.00
	(\$1,406,301.00)

Adjusted Cash Balance: \$2,825,997.00

¹ Includes 12 months of Cisco maintenance. Pomeroy did not invoice until late June 2007.

² 4th quarter Oracle maintenance and 4th quarter SunGard TCP

³ Cash collected for 08 Microsoft Campus Agreement, conference collections, modem payments, other misc. items.

⁵ Cash Balance in Conference Banner Fund

⁶ Interest Income is unbudgeted and higher than usual.

⁷ OT paid all 07 invoices and 5 invoices from 06.

In addition to the above cash amounts, WVNET only expended 87% of the amount budgeted for FY07 expenses. This left a balance in the expense budget of \$1,323,516. (This includes the AP amounts listed above.) WVNET remained conservative regarding expenses for most of the year due to the uncertainty of the collection of amounts due for the Fibernet north / south LATA crossings. These invoices totaled \$317,474 and WVNET did not start receiving payment until May 2007. (At which time an additional \$132,281 was collected for amounts due in 06.) The total annual LATA Crossing expense is \$437,670. Other line items were evaluated when preparing the FY08 budget and budgeted expenses reduced. (See Variance Report for the Quarter Ending June 30, 2007) One last item is that budgeted expenses for 07 included a reserve for the replacement of the P650 which is approximately \$280,000. This purchase is budgeted for FY08.

**West Virginia Network for Educational Telecomputing
FY 2007 Variance Analysis for the Quarter Ending June 30, 2007**

<u>Budget Line Item</u>	<u>Used</u>	<u>Explanation</u>
<i>Office Expense</i>	56%	Decreased 08 budget by approx. \$20,000.
<i>Printing and Binding</i>	124%	Conference Expenses (Over total budget \$590.00)
<i>Utilities</i>	74%	Decreased 08 budget by approx. \$29,000.
<i>Telecommunications</i>	102%	Includes Cellular charges which should go to 041. Includes E-rate reimbursement to West Virginia Library Commission. (Pass-through item)
<i>Travel</i>	66%	Decreased 08 budget by approx. \$8,500.
<i>Software Support</i>	68%	4 th Quarter Oracle payment is accrued (not paid). Balance is for unused WebCT and SunGard consulting services. All pass-through items.
<i>Vehicles</i>	40%	Cost of new vehicle was below budgeted amount. No new vehicle budgeted in FY08.
<i>Maintenance Contracts</i>	78%	Pomeroy (Cisco Maintenance) did not invoice for the entire year until it was too late to pay in 07. Amount is accrued. SunGard 4 th Quarter TCP invoice has not yet been received by WVNET. Total on invoices is \$362,227.
<i>Miscellaneous Expense</i>	42%	Decreased 08 budget by approx. \$21,000.
<i>Training and Development</i>	56%	Same amount budgeted for 08 due to new employees being hired.
<i>Computer Expenses <\$5,000</i>	103%	Unbudgeted computer equipment purchased. Necessary for establishment of new service.
<i>Building Repairs</i>	74%	Some repairs planned were not completed.
<i>Building Equipment</i>	56%	Fire Suppression System not purchased.
<i>Computer Hardware</i>	43%	Purchase of replacement equipment to be made in FY08. Some equipment purchased was not as expensive as predicted.

**West Virginia Network for Educational Telecomputing
Budget Status for the Quarter Ending June 30, 2007**

FY 2007 Budget As Approved	FY 2007 Budget Amendments	FY 2007 Amended Budget	FY 2007 YTD 07/01-06/30	FY 2007 Balance	% of FY 2007 Budget
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Beginning Cash Balance

\$3,600,833

REVENUES:

State Appropriation	\$1,877,298		\$1,877,298	1,877,298	\$0	100%
HERA Funding	\$200,000		\$200,000	\$200,000	\$0	100%
Other Revenues	\$7,849,006	\$215,911	\$8,064,917	\$7,372,865	\$692,052	91%
	\$9,926,304	\$215,911	\$10,142,215	\$9,450,163	\$692,052	93%

EXPENDITURES:

Personal Services	\$2,446,556		\$2,446,556	\$2,367,626	\$78,930	97%
Fringe Benefits	\$611,822		\$611,822	\$571,993	\$39,829	93%
Office Expense	\$53,106	\$14,000	\$67,106	\$37,518	\$29,588	56%
Printing and Binding	\$2,450		\$2,450	\$3,040	(\$590)	124%
Rent (Storage space)	\$20,000	\$15,000	\$35,000	\$35,050	(\$50)	100%
Utilities (Electricity)	\$140,426	\$462	\$140,888	\$104,502	\$36,386	74%
Telecommunications	\$2,596,090	(\$192,104)	\$2,403,986	\$2,449,081	(\$45,095)	102%
Contractual & Professional	\$72,195	\$217,772	\$289,967	\$258,630	\$31,337	89%
Travel	\$47,626	\$5,000	\$52,626	\$34,736	\$17,890	66%
Software Support	\$363,739	\$16,753	\$380,492	\$259,050	\$121,442	68%
Equipment Rental	\$4,600		\$4,600	\$5,001	(\$401)	109%
Association Dues	\$16,179	(\$2,505)	\$13,674	\$13,741	(\$67)	100%
Liability and Property Ins.	\$14,669		\$14,669	\$14,670	(\$1)	100%
Advertising	\$2,000		\$2,000	\$1,199	\$801	60%
Vehicle Maint.	\$6,000		\$6,000	\$2,485	\$3,515	41%
Vehicles	\$40,000		\$40,000	\$16,011	\$23,990	40%
Maintenance Contracts	\$1,471,189	(\$20,116)	\$1,451,073	\$1,125,796	\$325,277	78%
Cellular Charges	\$14,000		\$14,000	\$8,115	\$5,885	58%
Hospitality Expense	\$70,387		\$70,387	\$63,541	\$6,846	90%
Miscellaneous Expense	\$35,675	(\$9,000)	\$26,675	\$11,268	\$15,407	42%
Training and Development	\$40,000		\$40,000	\$22,436	\$17,564	56%
Postage and Freight	\$8,500		\$8,500	\$6,764	\$1,736	80%
Computer Expenses < \$5000	\$582,823	(\$4,735)	\$578,088	\$597,294	(\$19,206)	103%
Office Equipment Repairs	\$2,000		\$2,000	\$0	\$2,000	0%
Building Repairs	\$12,000	\$22,000	\$34,000	\$25,091	\$8,909	74%
Routine Maintenance of Grounds			\$0	\$1,245	(\$1,245)	0%
Office and Communications Equip.	\$10,000		\$10,000	\$492	\$9,508	5%
Office Furniture	\$4,000		\$4,000	\$645	\$3,355	16%
Building Equipment	\$79,000	\$92,000	\$171,000	\$95,425	\$75,575	56%
Books	\$1,500		\$1,500	\$177	\$1,323	12%
Payment of Claims	\$0		\$0	\$0	\$0	0%
Land Improvements	\$0	\$7,000	\$7,000	\$7,000	\$0	100%
Debt Service	\$18,360		\$18,360	\$18,958	(\$598)	103%
Computer Hardware	\$836,777	\$44,884	\$881,661	\$379,580	\$502,081	43%
Computer Software	\$302,635	\$9,500	\$312,135	\$280,535	\$31,600	90%
	\$9,926,304	\$215,911	\$10,142,215	\$8,818,698	\$789,835	87%

Cash Balance (EOQ)

\$4,232,298

**West Virginia Network for Educational Telecomputing
FY 2007 Budget Amendments for the Quarter Ending June 30, 2007**

<i>Budget Line Item</i>	<i>Net Amount</i>	<i>Explanation</i>
<i>Revenues</i>	\$215,911	In the WVNET budget revenues and expenses are always equal. The sources of funds to cover any additional expenses are explained along with the expense item. An increase in a pass-through item will result in an increase in revenues. A decrease in a pass-through item will result in a decrease in revenues. Pass-through items are marked by an asterisk.
<i>Office Expenses</i>	\$14,000	Added funds to cover Statewide Conference Expenses. Source included Grant from K-12.
<i>Rent</i>	\$15,000	Added funds to cover rental expenses from Statewide Conference. Source – K-12 Grant.
<i>Utilities</i>	\$462	Utilities for hosting additional Banner Database.
<i>Telecommunications</i>	(192,104)	Adjustment of Telecommunication expenses based on June and July invoices.
<i>Contractual and Professional</i>	\$217,772	Funds added to cover cost of custodial services from previous years. Funds added to cover unpaid modem reimbursements. Source – Excess from adjustment of air conditioning and UPS maintenance and reserve.
<i>Travel</i>	\$5,000	Added funds to cover travel expenses for Statewide Conference.
<i>Software Support</i>	\$16,753*	Increase in Oracle Maintenance costs. Source – Pass-through
<i>Association Dues</i>	(\$2,505)*	Decrease in Educause Dues. Pass-through
<i>Maintenance Contracts</i>	(\$20,116)*	Net Effect of: Additional SCT TCP Maintenance for various institutions* Decrease in Air Conditioning maintenance. Decrease in UPS maintenance. Additional Funds for maintenance on new SAN. Source – Computer HW
<i>Misc. Expense</i>	(\$9,000)	Funds moved to Rent to cover Civic Center rental for Statewide Conference.
<i>Computer Expenses <5,000</i>	(\$4,735)*	Net effect of: Adjustment of decrease in Microsoft Campus Expenses* SAS Software purchased by HEPC* SAS Software WVNET. Source – Reserve New Virus and Spam Server. Source – Computer HW
<i>Building Repairs</i>	\$22,000	Added funds for painting of building. Source - Reserve
<i>Building Equipment</i>	\$92,000	Added funds for Fire Suppression System (IT Audit issue). Added funds for security cameras. Added funds for air conditioners. Source - Reserve
<i>Land Improvements</i>	\$7,000	Added funds for land improvements. Source- Reserve
<i>Computer Hardware</i>	\$44,884	Added additional funds to cover new internet routers. Source – Reserve.
<i>Computer Software</i>	\$9,500*	WebCT license for Blue Ridge CTC. Source – Pass-through
Total:	\$215,911	

**WVNET CALCULATED CASH RESERVE SUMMARY
(FUND 4780)**

Month	Beginning Cash Balance	Revenue	Expenditures	Ending Cash Balance	Actual Cash Flow	Calculated Reserve	Reserve Expenditures	Difference
FY 2005								
Jul-04	2,560,637.03	735,688.19	225,959.78	3,070,365.44	509,728.41	1,779,529.14		1,290,836.30
Aug-04	3,070,365.44	399,737.90	643,229.86	2,826,873.48	(243,491.96)	1,794,541.81		1,032,331.67
Sep-04	2,826,873.48	512,642.82	1,442,850.38	1,896,665.92	(930,207.56)	1,961,229.01		(64,563.09)
Oct-04	1,896,665.92	394,437.98	506,400.55	1,784,703.35	(111,962.57)	1,927,471.33		(142,767.98)
Nov-04	1,784,703.35	679,602.95	181,843.08	2,282,463.22	497,759.87	1,755,149.60		527,313.62
Dec-04	2,282,463.22	875,126.38	1,393,591.43	1,763,998.17	(518,465.05)	1,999,898.78		(235,900.61)
Jan-05	1,763,998.17	814,634.69	1,048,958.93	1,529,673.93	(234,324.24)	2,210,231.43		(680,557.50)
Feb-05	1,529,673.93	1,272,722.06	669,397.22	2,132,998.77	603,324.84	2,219,194.92		(86,196.15)
Mar-05	2,132,998.77	1,003,093.38	583,343.13	2,552,749.02	419,750.25	2,176,262.39		376,486.63
Apr-05	2,552,749.02	457,672.47	262,973.66	2,747,447.83	194,698.81	2,136,238.15		611,209.68
May-05	2,747,447.83	637,724.70	567,993.76	2,817,178.77	69,730.94	2,114,456.51		702,722.26
Jun-05	2,817,178.77	1,381,333.43	605,048.67	3,600,883.59	776,284.76	2,032,897.61		1,567,985.98
						AVERAGE:		408,241.73
FY 2006								
Jul-05	3,600,883.59	418,454.98	1,175,110.61	2,844,227.96	(756,655.63)	2,270,185.32	112,741.72	574,042.64
Aug-05	2,844,227.96	580,113.15	831,333.51	2,593,007.60	(251,220.36)	2,317,211.23	3,428.00	275,796.37
Sep-05	2,593,007.60	695,822.00	455,214.00	2,833,615.63	240,608.00	2,070,302.14	3,788.00	763,313.49
Oct-05	2,833,615.63	613,596.00	573,770.36	2,873,441.32	39,825.64	2,087,144.59	40,172.00	786,296.73
Nov-05	2,873,441.32	527,360.98	583,235.38	2,817,566.92	(55,874.40)	2,187,492.67		630,074.26
Dec-05	2,817,566.92	263,943.10	550,277.93	2,531,232.09	(286,334.83)	1,976,664.29	29,067.00	554,567.80
Jan-06	2,531,232.09	725,118.00	449,765.50	2,806,584.72	275,352.50	1,826,865.93	52,048.00	979,718.79
Feb-06	2,806,584.72	589,919.00	167,711.02	3,228,792.00	422,207.98	1,701,444.38		1,527,347.62
Mar-06	3,228,792.00	864,692.20	1,069,707.80	3,023,776.40	(205,015.60)	1,823,035.55		1,200,740.85
Apr-06	3,023,776.40	781,986.75	276,409.45	3,529,353.70	505,577.30	1,826,394.50		1,702,959.20
May-06	3,529,353.70	771,723.42	660,780.67	3,640,296.45	110,942.75	1,849,591.23	175,766.39	1,790,705.23
Jun-06	3,640,296.45	957,603.88	997,067.12	3,600,833.21	(39,463.24)	1,947,595.84		1,653,237.37
							417,011.11	1,036,566.70
FY 2007								
Jul-06	3,600,833.33	512,322.40	582,792.16	3,530,363.57	(70,469.76)	1,799,516.23	66,000.00	1,730,847.35
Aug-06	3,530,363.57	431,370.78	548,674.87	3,413,059.48	(117,304.09)	1,728,851.57	67,418.96	1,684,207.92
Sep-06	3,413,059.48	330,143.49	552,999.07	3,190,203.90	(222,855.58)	1,753,297.83	19,711.25	1,436,906.07
Oct-06	3,190,203.90	881,190.45	870,531.25	3,200,863.10	10,659.20	1,827,488.06		1,373,375.05
Nov-06	3,200,863.10	200,518.07	565,308.87	2,836,072.30	(364,790.80)	1,823,006.43	2,200.00	1,013,065.87
Dec-06	2,836,072.30	412,463.93	1,046,427.96	2,202,108.27	(633,964.03)	1,947,043.94	309,586.55	255,064.33
Jan-07	2,202,108.27	748,737.90	420,129.72	2,530,716.45	328,608.18	1,939,634.99		591,081.46
Feb-07	2,530,716.45	757,932.81	383,160.70	2,905,488.56	374,772.11	1,993,497.41		911,991.15
Mar-07	2,905,488.56	586,756.20	1,021,069.51	2,471,175.25	(434,313.31)	1,981,337.84	20,937.50	489,837.41
Apr-07	2,471,175.25	749,826.64	292,881.14	2,928,120.75	456,945.50	1,985,455.76		942,664.99
May-07	2,928,120.75	651,686.59	305,961.35	3,273,845.99	345,725.24	1,896,750.93		1,377,095.06
Jun-07	3,273,845.99	1,309,915.85	351,463.96	4,232,297.88	958,451.89	1,735,350.14		2,496,947.74
							485,854.26	1,191,923.70

**WVNET Computer Advisory Board
November 28, 2007**

ITEM: FY08 First Quarter Financial Reports

RECOMMENDED RESOLUTION: Information Item

STAFF MEMBER: Roberta Haddix

BACKGROUND:

The FY08 First Quarter Financial Report consists of four (4) items. These are as follows:

- FY08 Variance Analysis for the Quarter Ending September 30, 2007.
- Budget Status for the Quarter Ending September 30, 2007.
- FY08 Budget Amendments for the Quarter Ending September 30, 2007.
- WVNET Calculated Cash Reserve Summary (Fund 4780).

The FY08 Variance Analysis for the Quarter Ending September 30, 2007, lists the FIMS budget line items in which more than 25% of the total amount budgeted for the year has been spent as of September 30, 2007. Line items which are over 25% are investigated and an explanation is given for the variance. In some cases, it is not unusual or unexpected if more than 25% is spent. However, in other cases, a percentage over 25% could indicate a line item in danger of going over budget for the year. In either case an explanation is given.

The Budget Status for the Quarter Ending September 30, 2006, contains the following columns. The first column in the report is the FY08 budget as approved. The second column is the FY08 budget amendments to date. The third column is the FY08 amended budget. The fourth column is the year to date amount collected or expensed. The fifth column is the FY08 balance remaining and the last column is the percent of the FY08 amended budget used. As of September 30, 2007, WVNET had a cash balance of \$3,568,220. This is the result of \$1,561,927 in revenues and \$2,226,005 in expenses.

The FY08 Budget Amendments for the Quarter Ending September 30, 2007, shows the increase or decrease in the budgeted amount of those line items affected. An explanation is given for the changes. In the WVNET budget revenues and expenses are always equal. Therefore, the total change in expected revenues will equal the expected change in expenses. The explanation for a change, including the source of any additional funds needed, is given in the expense section of the report. Pass-through items automatically result in an increase or decrease in revenues. Pass-through items have been marked by an asterisk.

The WVNET Calculated Cash Reserve Summary (for fund 4780) shows the estimated reserve necessary based on the prior twelve (12) month's activity. The average difference is used to estimate a surplus over the necessary reserve or a reserve deficit. The chart also displays the actual cash flow for each month.

**West Virginia Network for Educational Telecomputing
FY 2008 Variance Analysis for the Quarter Ending September 30, 2007**

<i>Budget Line Item</i>	<i>Used</i>	<i>Explanation</i>
<i>Printing and Binding</i>	104%	Conference Expenses (Over total budget \$111; over conference budget \$611)
<i>Contractual & Professional</i>	64%	Conference Speaker payment, WVU Grounds maintenance (6 months), Kelly Services for temp employee.
<i>Equipment Rental</i>	29%	Additional expense for postage machine. (Supplies)
<i>Association Dues</i>	77%	Educause dues are paid in full in July of each year. Educause is 75% of the total budget of this line item.
<i>Vehicle Maintenance</i>	35%	Gasoline, tires, and detailing.
<i>Maintenance Contracts</i>	28%	Cisco maintenance for all of FY07; SunGard TCP Agreement for 4 th Quarter FY07 included.
<i>Miscellaneous Expense</i>	104%	Conference giveaways and other expenses.
<i>Computer Expenses <\$5,000</i>	61%	SAS Annual Fees; Microsoft Campus Agreement for WVU Annual Fee; Redhat Annual Fee.
<i>Bank Fees</i>	35%	Increasing use of credit cards for payment.

**West Virginia Network for Educational Telecomputing
Budget Status for the Quarter Ending September 30, 2007**

FY 2008 Budget As Approved	FY 2008 Budget Amendments	FY 2008 Amended Budget	FY 2008 YTD 07/01 -9/30	FY 2008 Balance	% of FY 2008 Budget
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Beginning Cash Balance

\$4,232,298

REVENUES:

State Appropriation	\$1,915,008		\$1,915,008	\$383,002	\$1,532,006	20%
HERA Funding	\$200,000		\$200,000	\$100,000	\$100,000	50%
Other Revenues	\$7,426,640	(\$78,600)	\$7,348,040	\$1,078,925	\$6,269,115	15%
	\$9,541,648	(\$78,600)	\$9,463,048	\$1,561,927	\$7,901,121	17%

EXPENDITURES:

Personal Services	\$2,469,765		\$2,469,765	\$622,701	\$1,847,065	25%
Fringe Benefits	\$617,624		\$617,624	\$150,990	\$466,634	24%
Office Expense	\$47,244		\$47,244	\$4,689	\$42,555	10%
Printing and Binding	\$3,000		\$3,000	\$3,111	(\$111)	104%
Rent (Storage space)	\$35,000		\$35,000	\$0	\$35,000	0%
Utilities (Electricity)	\$112,373		\$112,373	\$28,127	\$84,246	25%
Telecommunications	\$2,427,804	(\$131,175)	\$2,296,629	\$433,453	\$1,863,176	19%
Contractual & Professional	\$94,900		\$94,900	\$60,864	\$34,036	64%
Travel	\$44,057		\$44,057	\$8,933	\$35,124	20%
Software Support	\$384,894	(\$5,325)	\$379,569	\$68,675	\$310,894	18%
Vehicle Rental	\$0		\$0	\$523	(\$523)	
Equipment Rental	\$4,600		\$4,600	\$1,337	\$3,263	29%
Association Dues	\$14,085		\$14,085	\$10,849	\$3,236	77%
Liability and Property Ins.	\$11,794		\$11,794	\$2,949	\$8,846	25%
Advertising	\$2,000		\$2,000	\$272	\$1,728	14%
Vehicle Maint.	\$2,500		\$2,500	\$878	\$1,622	35%
Vehicles	\$0		\$0	\$0	\$0	
Maintenance Contracts	\$1,476,755	(\$75,357)	\$1,401,398	\$392,353	\$1,009,045	28%
Cellular Charges	\$6,600		\$6,600	\$1,728	\$4,872	26%
Hospitality Expense	\$76,000		\$76,000	\$193	\$75,807	0%
Miscellaneous Expense	\$15,275		\$15,275	\$15,942	(\$667)	104%
Training and Development	\$39,000		\$39,000	\$2,251	\$36,749	6%
Postage and Freight	\$4,500		\$4,500	\$749	\$3,751	17%
Computer Expenses < \$5000	\$563,053	\$2,082	\$565,135	\$343,267	\$221,868	61%
Office Equipment Repairs	\$1,000		\$1,000	\$0	\$1,000	0%
Building Repairs	\$30,627		\$30,627	\$5,047	\$25,580	16%
Routine Maintenance of Grounds	\$0		\$0	\$2,879	(\$2,879)	0%
Office and Communications Equip.	\$5,000		\$5,000	\$1,146	\$3,854	23%
Office Furniture	\$4,000		\$4,000	\$599	\$3,401	15%
Building Equipment	\$100,000		\$100,000	\$0	\$100,000	0%
Books	\$1,600		\$1,600	\$116	\$1,484	7%
Bank Fees	\$15,000		\$15,000	\$5,237	\$9,763	35%
Land Improvements	\$0		\$0	\$0	\$0	
Debt Service	\$20,000		\$20,000	\$1,530	\$18,470	8%
Computer Hardware	\$605,587	\$131,175	\$736,762	\$48,603	\$688,159	7%
Computer Software	\$306,011		\$306,011	\$6,015	\$299,996	2%
	\$9,541,648	(\$78,600)	\$9,463,048	\$2,226,005	\$6,248,888	24%

Cash Balance (EOQ)

\$3,568,220

**West Virginia Network for Educational Telecomputing
FY 2008 Budget Amendments for the Quarter Ending September 30, 2007**

<i>Budget Line Item</i>	<i>Net Amount</i>	<i>Explanation</i>
<i>Revenues</i>	(\$78,600)	In the WVNET budget revenues and expenses are always equal. The sources of funds to cover any additional expenses are explained along with the expense item. An increase in a pass-through item will result in an increase in revenues. A decrease in a pass-through item will result in a decrease in revenues. Pass-through items are marked by an asterisk.
<i>Telecommunications</i>	(\$131,175)	Decrease due to credit from Verizon for Modem Hubbing charges.
<i>Software Support</i>	(\$5,325)*	To adjust Oracle cost based on contract renewal. Source- Pass-through
<i>Maintenance Contracts</i>	(\$75,357)*	Net Effect of: Decrease in Banner Alumni Cost; Increase in Banner Institutional Specific TCP charges; Decrease in HP charges. Source-Pass-through
<i>Computer Expenses <5,000</i>	\$2,082*	To adjust for Microsoft Campus Agreement cost based on contract renewal.
<i>Computer Hardware</i>	\$131,175	Savings from Verizon Hubbing credit. Savings will be used to purchase new phone system and other hardware.
Total:	(\$78,600)	

**WVNET CALCULATED CASH RESERVE SUMMARY
(FUND 4780)**

Month	Beginning Cash Balance	Revenue	Expenditures	Ending Cash Balance	Actual Cash Flow	Calculated Reserve	Reserve Expenditures	Difference
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FY 2006								
Jul-05	3,600,883.59	418,454.98	1,175,110.61	2,844,227.96	(756,655.63)	2,270,185.32	112,741.72	574,042.64
Aug-05	2,844,227.96	580,113.15	831,333.51	2,593,007.60	(251,220.36)	2,317,211.23	3,428.00	275,796.37
Sep-05	2,593,007.60	695,822.00	455,214.00	2,833,615.63	240,608.00	2,070,302.14	3,788.00	763,313.49
Oct-05	2,833,615.63	613,596.00	573,770.36	2,873,441.32	39,825.64	2,087,144.59	40,172.00	786,296.73
Nov-05	2,873,441.32	527,360.98	583,235.38	2,817,566.92	(55,874.40)	2,187,492.67		630,074.26
Dec-05	2,817,566.92	263,943.10	550,277.93	2,531,232.09	(286,334.83)	1,976,664.29	29,067.00	554,567.80
Jan-06	2,531,232.09	725,118.00	449,765.50	2,806,584.72	275,352.50	1,826,865.93	52,048.00	979,718.79
Feb-06	2,806,584.72	589,919.00	167,711.02	3,228,792.00	422,207.98	1,701,444.38		1,527,347.62
Mar-06	3,228,792.00	864,692.20	1,069,707.80	3,023,776.40	(205,015.60)	1,823,035.55		1,200,740.85
Apr-06	3,023,776.40	781,986.75	276,409.45	3,529,353.70	505,577.30	1,826,394.50		1,702,959.20
May-06	3,529,353.70	771,723.42	660,780.67	3,640,296.45	110,942.75	1,849,591.23	175,766.39	1,790,705.23
Jun-06	3,640,296.45	957,603.88	997,067.12	3,600,833.21	(39,463.24)	1,947,595.84		1,653,237.37
							417,011.11	1,036,566.70

FY 2007								
Jul-06	3,600,833.33	512,322.40	582,792.16	3,530,363.57	(70,469.76)	1,799,516.23	66,000.00	1,730,847.35
Aug-06	3,530,363.57	431,370.78	548,674.87	3,413,059.48	(117,304.09)	1,728,851.57	67,418.96	1,684,207.92
Sep-06	3,413,059.48	330,143.49	552,999.07	3,190,203.90	(222,855.58)	1,753,297.83	19,711.25	1,436,906.07
Oct-06	3,190,203.90	881,190.45	870,531.25	3,200,863.10	10,659.20	1,827,488.06		1,373,375.05
Nov-06	3,200,863.10	200,518.07	565,308.87	2,836,072.30	(364,790.80)	1,823,006.43	2,200.00	1,013,065.87
Dec-06	2,836,072.30	412,463.93	1,046,427.96	2,202,108.27	(633,964.03)	1,947,043.94	309,586.55	255,064.33
Jan-07	2,202,108.27	748,737.90	420,129.72	2,530,716.45	328,608.18	1,939,634.99		591,081.46
Feb-07	2,530,716.45	757,932.81	383,160.70	2,905,488.56	374,772.11	1,993,497.41		911,991.15
Mar-07	2,905,488.56	586,756.20	1,021,069.51	2,471,175.25	(434,313.31)	1,981,337.84	20,937.50	489,837.41
Apr-07	2,471,175.25	749,826.64	292,881.14	2,928,120.75	456,945.50	1,985,455.76		942,664.99
May-07	2,928,120.75	651,686.59	305,961.35	3,273,845.99	345,725.24	1,896,750.93		1,377,095.06
Jun-07	3,273,845.99	1,309,915.85	351,463.96	4,232,297.88	958,451.89	1,735,350.14		2,496,947.74
							485,854.26	1,191,923.70

FY 2008								
Jul-07	4,232,298	406,670	517,893	4,121,075	(111,223)	1,719,125		2,401,950
Aug-07	4,121,075	356,010	976,041	3,501,044	(620,031)	1,825,967		1,675,077
Sep-07	3,501,044	416,246	349,069	3,568,221	67,177	1,774,984		1,793,237
Oct-07				0.00	0.00			
Nov-07				0.00	0.00			
Dec-07				0.00	0.00			
Jan-08				0.00	0.00			
Feb-08				0.00	0.00			
Mar-08				0.00	0.00			
Apr-08				0.00	0.00			
May-08				0.00	0.00			
Jun-08				0.00	0.00			
							0.00	489,189

**WVNET Computer Advisory Board
November 28, 2007**

ITEM: WVNET Property Status

RECOMMENDED RESOLUTION: Information Item

STAFF MEMBER: Henry Blosser

BACKGROUND:

When WVNET was created in 1975, the WVNET building was already seven years old. It was proclaimed to be a temporary facility. Although many building and relocation ideas have been discussed, WVNET remains in the temporary facility at the same location since its creation. In recent years, growth in the surrounding area has created a shortage of available building locations. For that reason, several entities have expressed great interest in acquiring the WVNET property.

DISCUSSION:

During the recently-completed second special Legislative session, the Legislature passed a law giving the Higher Education Policy Commission authority to dispose of real property owned by the Commission. At present, the Commission owns only one piece of property for the system's benefit, the property on which WVNET sits, and this legislation was aimed at giving the Commission authority to explore a sale of that property. As the excerpts that appear below indicate, however, the Legislature placed a series of restrictions on any transfer:

§18B-1B-4(a)

To that end, the commission has the following powers and duties relating to the institutions under its jurisdiction:

[...]

§18B-1B-4(a)(38)

(38) Notwithstanding any other provision of this code to the contrary, sell, lease, convey or otherwise dispose of all or part of any real property which it may own, either by contract or at public auction, and to retain the proceeds of any such sale or lease: Provided, That:

(A) The commission may not sell, lease, convey or otherwise dispose of any real property without first:

- (i) Providing notice to the public in the county in which the real property is located by a Class II legal advertisement pursuant to section two, article three, chapter fifty-nine of this code;
 - (ii) Holding a public hearing on the issue in the county in which the real property is located; and
 - (iii) Providing notice to the Joint Committee on Government and Finance; and
- (B) Any proceeds from the sale, lease, conveyance or other disposal of real property that is used jointly by institutions or for statewide programs under the jurisdiction of the commission or the council shall be transferred to the General Revenue Fund of the state.

In anticipation of more serious discussions concerning the WVNET property, Chancellor Noland instructed Rich Donovan to proceed with having an appraisal of the property in order to establish a value. ReMax of Morgantown was selected to perform this appraisal. We expect to have their final report soon.