Faculty Senate

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Vice President for Administration and Finance

November 8, 2010
1. Annual Financial Statements Report FY2010
2. Financial Trends and Key Issues
3. Major Capital Projects Update
4. Revenue Generating or Cost Saving Ideas
5. MyTime
West Virginia University (Combined) Annual Financial Statements Report FY 2010
FY 2010 Financial Statements and Audit Report

• FY 2010 Statements Include
  - West Virginia University
  - Potomac State College of West Virginia University
  - West Virginia University Institute of Technology (WVUIT)
  - West Virginia University Research Corporation

• Audit Report
  - Unqualified (Clean) Opinion
  - No Management Letter
Summary of Overall FY10 Financial Activity

- Financial Results Were Consistent With Established Plan
- Positive Trends in Revenues and Expenses
- GASB 45 Continues to be Problematic
- Positive Operating Margin (excluding GASB 45 Accrual and Unrealized Investment Gains)
- Stable Balance Sheet
## Statement of Net Assets (Balance Sheet)

**as of 6/30/10**

### Analysis of Assets and Liabilities

<table>
<thead>
<tr>
<th>FY 10 Amount</th>
<th>Change from Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>$172</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td>$1,191</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,363</td>
</tr>
</tbody>
</table>

| **Current Liabilities** | $151 | $15 | 11% |
| **Non-Current Liabilities** | $470 | $66 | 16% |

*Including GASB 45*

| **Total Liabilities** | $621 | $81 | 15% |
| **Total Net Assets** | $742 | ($10) | 14% |

$ amounts in millions
## Analysis of Operations – FY10
From Statement of Revenues, Expenses and Changes in Net Assets
(Income Statement)

<table>
<thead>
<tr>
<th>FY10 Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td>$594</td>
</tr>
<tr>
<td><strong>Non-Operating Revenues (net)</strong></td>
<td>$242</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$835</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>$881</td>
</tr>
<tr>
<td><strong>Income Before Capital Related Revenues</strong></td>
<td>($46)</td>
</tr>
<tr>
<td><strong>Impact of Extraordinary Items</strong> :</td>
<td></td>
</tr>
<tr>
<td>+ GASB 45 Accrual</td>
<td>$51</td>
</tr>
<tr>
<td>+ Unrealized Investment Losses</td>
<td>-</td>
</tr>
<tr>
<td>- Unrealized Investment Gains</td>
<td>($5)</td>
</tr>
<tr>
<td><strong>Adjusted Operating Margin</strong></td>
<td>$0.4</td>
</tr>
</tbody>
</table>

$ amounts in millions
### Impact of GASB 45

*(Retiree Health Insurance Subsidy)*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Historical Impact</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net GASB 45 Expense</td>
<td>$0</td>
<td>$7</td>
<td>$8</td>
<td>$51</td>
</tr>
<tr>
<td>Cumulative GASB 45 Liability</td>
<td>$0</td>
<td>$7</td>
<td>$15</td>
<td>$66</td>
</tr>
</tbody>
</table>

*$ amounts in millions*
Conclusions

• GASB 45 – a Long Term State Wide Solution is Needed

• Excluding GASB 45:
  ❖ The University Continues to Experience Positive Operating Margins
  ❖ Active Investments in Strategic Items

• Continued Dependence on Tuition Revenue

• Continuation (and Enhancement) of Current Financial Planning Process to Augment the 2020 Strategic Plan
Financial Trends and Key Issues
FY 2010 Actuals:

- 55% of the revenues are generated from a combination of tuition and state appropriations.
- Grants and contracts contribute 25% of the revenue and is the second largest source of funds.
USES

FY 2010 Forecast
Operating & Non Operating Expenses $900 Million

- Salaries and wages: $414,451,000 (46%)
- Supplies and Other Services: $181,525,000 (20%)
- Utilities: $25,242,000 (3%)
- Scholarship and Fellowship: $30,012,000 (3%)
- Benefits: $172,720,000 (19%)
- Depreciation: $51,937,000 (6%)
- Other Expenses: $6,283,000 (1%)
- Debt Service: $17,685,000 (2%)

FY 2010 Forecast:
Salaries, wages, and benefits consume 65% of the budget.
SHIFTS IN REVENUE MIX

FY 2010 Actuals
Operating & Non Operating Revenues - $890 Million

- State Appropriations: $205,930,000 (23%)
- Tuition and Fees: $286,455,000 (32%)
- Grants and Contracts: $224,547,000 (25%)
- Other Appropriations: $9,760,000 (1%)
- Auxiliary Enterprise Revenue: $111,950,000 (13%)
- Other Revenues: $51,327,000 (6%)
REVENUE CHALLENGE

FY2010 Actuals
Operating & Non Operating Revenues - $890 Million

- State Appropriations
  $205,930,000
  23%

- Tuition and Fees
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- Other Appropriations
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- Other Revenues
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Major Capital Projects Update
White Hall Renovations

- Originally constructed in 1942
- Complete Renovation
- Future home of Physics Department
- 115,500 GSF
- Cost $33,300,000
- Open for Use: January 2012
White Hall Site Work
White Hall Site Work
White Hall Rendering
Basketball Practice Facility

- Future home of Men’s & Women’s Basketball offices
- (2) Full-Size practice courts, player locker rooms, training and weight rooms
- 64,000 GSF
- New Construction
- Cost $26,000,000
- Open for use January 2012
Basketball Practice Facility Site Work
Revenue Generating
And
Cost Saving Ideas
Help Wanted

http://planning.wvu.edu/treasury_operations/budget_suggestions
MyTime
Overtime Eligible Employees Will Be:

1. Guaranteed that their pay will be based on hours worked
   – Multiple process and systems across campus;
   – Kronos (time clock system) is at the end of its useful life. It needs to be replaced and it has no capacity to calculate holiday and overtime pay without significant manual intervention at multiple levels;
   – Concerns that employees are not being paid according to existing FLSA guidelines;
   – 2,700 employees eligible for overtime; and,
   – 1,400 employees are currently clocking their time through Kronos.
Overtime Eligible Employees Will Be:

2. Guaranteed that their pay is calculated in accordance with all state and federal guidelines (FSLA)
   - Ability to post audit transactions to ensure compliance;
   - Overtime must be paid based on seven, 24-hour consecutive days;
   - State Code – Bi-monthly payroll; and,
   - Weekly overtime pay calculations cross bi-monthly payroll cycles.
Overtime Eligible Employees Will Be:

3. Guaranteed a full accounting of their pay and leave
   - Current system lacks capacity to breakdown regular time, overtime, holiday and other types of pay on an employee’s pay stub;
   - Current system lacks ability to handle multiple appointments (assignments). New system will provide supervisors with a complete time card of all employee appointments and assignments over a 12-month period.
   - It is difficult for overtime eligible employees to know at what rate and for how many hours worked they are paid; and,
   - Multiple grievances – 4 million plus payroll records were reviewed – some employees were overpaid and some underpaid.
Overtime Eligible Employees Will Be:

4. Guaranteed an easy, consistent, accessible and reliable system for recording time worked
   – Physical time clocks, web delivered and off-campus internet access;
   – Seamless integration in new employee services portal (MyAccess);
   – Provided a more open and accessible system, while increasing security of employee data;
   – Installed 75+ time clocks across campus; and,
   – Internet access available at desktop or kiosk.
Overtime Eligible Employees Will Be:

5. Guaranteed that supervisors will be held accountable for all hours worked by their employees and ensures that employees are being paid appropriately and timely
   – Supervisor training related FLSA standards, and
   – Supervisors have access to employee time records.
Why is WVU Implementing MyTime – Time and Labor Component?

Overtime Eligible Employees Will Be:

6. Guaranteed that compensatory time off will be paid out or used within one year
   – FLSA guideline, and
   – Current system lacks capacity to ensure compliance.
Overtime Eligible Employees Will Be:

7. University owned the technology needed to resolve payroll problems
   – Implement the Oracle Time and Labor Module, and
   – Utilizes the current proven Oracle platform.
How are We Implementing the Module?

- 70 MyTime information sessions held across campus – thousands of participants;
- Developed a comprehensive information MyTime website (myaccessinfo.wvu.edu);
- Held a special employee fair;
- Launched a new help and support website (myaccesshelp.wvu.edu);
- Over 130 MyTime hands-on training sessions;
- Launched a website where employees and supervisors can ask questions; and,
- Released numerous “Enews” to campus;
How are We Implementing the Module?

- Mailed letters to all overtime and benefits eligible employees describing the MyTime system;
- Directly involve hundreds of employees across the campus in testing the MyTime system;
- Solicited suggestions on how to improve the system;
- Operated parallel systems (Over 298,000 punches have been recorded in the time system and 10,000 leave requests) – ensure that system is working as anticipated;
- Developed a comprehensive training program for employees and supervisors on how to use the system; and,
- Created a help desk to ensure that questions are answered during the implementation phase. Over 550 help requests handled since 9/19/2010.
- Conducting multiple training sessions at various locations throughout campus.
1. Provide capacity for Supervisors to designate an employee to review and approve time;
2. Create a common notification or alert functionality;
3. Explore options to implement mobile technology;
4. Implement ability to earn CTO; and,
5. Pursue legislative authorization to pay employees on a bi-weekly basis.