

Telecommunications

Fiscal Year 2023

Revenue

Charges for Services

Revenues are forecasted based upon actual data from the prior fiscal year and known changes in contracts for Telecommunication services. For the FY 2023 budget, a 15% increase of \$100,110 is expected based on current market conditions and previous rate study information.

Expenditures

Operations Decrease of \$9,120 due to decrease in internal allocations

Source of Supply Increase of \$2,000 which includes phone service for City of Danville schools

Capital Expenses No change to expenses for Regular Capital which is used to repair any outside plant issues that arise. This is line work involved in maintaining the current cabling.

City Council's Introductory - FY 2023
Telecommunications
Calculation of Contribution to(from) Fund Balance/General Fund

	Adopted Budget FY 2022	City Council's Introductory FY 2023
Estimated Revenue		
Rev-Use Money/Property	8,880	2,620
Charges for Services	662,310	768,680
Total Estimated Revenue	671,190	771,300
Operating Expenses		
Administration Services	4,400	2,300
Operations	936,460	939,340
Purchased Services	58,000	60,000
Capital Expenses	25,000	25,000
Capital Projects	50,000	0
Total Operating Expenses	<u>1,073,860</u>	<u>1,026,640</u>
Net Operating Income (Loss)	-402,670	-255,340
Add:		
Depreciation	479,950	485,610
Deduct:		
Debt Service Principal	0	0
Capital Expenditures from Current Operating Funds	0	0
Contribution to City's General Fund	81,000	81,000
Contribution To(From) Retained Earnings	<u><u>(3,720)</u></u>	<u><u>149,270</u></u>

REVENUE – USE OF MONEY/PROPERTY: This revenue category includes: **Interest on Investments** - All of the City’s funds are invested in secured accounts in an attempt to earn the highest possible return. Investment earnings are a function of the money marketplace and swings in the revenues reflect higher or lower interest rates. **Rental Income** that is offset by vehicle and equipment charges to the division for monthly usage... **Sale-Salvage and Surplus Property** - This revenue represents the sale of surplus vehicles and equipment and funds received from the sale of scrap metal.

CHARGES FOR SERVICES: This revenue category include consumer fees for services. Other revenues in this category include infrastructure charges to other divisions and departments of the City, charges for telephone and internet services to the School system and revenue for line charges, wide access network and internet service for the School systems reimbursed by the federal e-rate program. Other revenues in this category include penalties for non-payment. The change in revenue from FY18 to FY19 is from the loss of the Danville Public Schools e-rate contract. The loss of revenue from FY19-FY20 is from the updated proposed rates from the biennial rate study that will allow services to be closer to market.

MISCELLANEOUS REVENUE: This revenue represents contribution in aid received from the Virginia Department of Transportation.

Revenues:	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Rev-Use Money & Property	\$ 35,814	\$ 15,068	\$ 8,880	\$ 2,620	\$ (6,260)
Charges for Services	606,974	735,227	662,310	768,680	106,370
Miscellaneous Rev	-	(5,495)	-	-	-
Totals	\$ 642,788	\$ 744,800	\$ 671,190	\$ 771,300	\$ 100,110

Description

The mission of the Telecommunications Fund is to provide premium network services at affordable costs. The Telecommunications Fund is an e-rate service provider to Pittsylvania County Schools and maintains and operates nDanville, a high-tech fiber optic network. nDanville is currently connected 100 government buildings, 200 businesses, and over 300 residential customers. The City serves its own needs, but is not a commercial telecommunications service provider. nDanville is open to any internet or telecommunications provider. The City and public school districts use nDanville to improve communications and data transmission, support shared use of computer applications and data files enable distance conferencing and learning, expand internet access, monitor and control equipment, and improve the reliability of utility systems.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 130,726	\$ 128,164	\$ 133,690	\$ 143,050	\$ 9,360
Employee Benefits	16,313	17,947	19,090	18,740	(350)
Purchased Services	134,671	96,685	108,470	111,220	2,750
Internal Service	34,986	32,307	38,440	35,970	(2,470)
Other Operating Exp	21,197	11,663	24,870	23,380	(1,490)
Source of Supply	60,544	65,305	58,000	60,000	2,000
Cost Allocation	165,348	133,099	135,350	123,930	(11,420)
Capital Outlay	-	-	1,000	1,000	-
Depreciation	427,794	435,076	479,950	485,610	5,660
Transfer Out	81,000	81,000	81,000	81,000	-
Totals	\$ 1,072,579	\$ 1,001,246	\$ 1,079,860	\$ 1,083,900	\$ 4,040

Personnel

Position Title	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs
BROADBAND NETWORK ENGNRNG TECH	1.000	1.000	1.000	1.000
DIVSN DIR OF TELECOMMUNICATION	1.000	1.000	1.000	1.000
Total	2.000	2.000	2.000	2.000

Description

This project includes the expansion of fiber optics into residential communities. To date, nDanville has helped attract economic prospects to Southside Virginia and has passed over 2,000 homes. All industrial parks are nDanville fiber ready. The deployment will continue the residential expansion of nDanville. Revenue accumulated from residential and commercial connections will be reinvested into future neighborhood deployments pending City Council's approval. This project will act as an investment towards the future of our community that is driven by information and technology. The change in revenue from FY18 to FY19 is from the loss of the Danville Public Schools e-rate contract. The loss of revenue from FY19-FY20 is from the updated proposed rates from the biennial rate study that will allow services to be closer to market.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Svcs	\$ 1,713	\$ -	\$ -	\$ -	
Employee Benefits	208	-	-	-	
Purchased Services	167,956	89,696	25,000	25,000	-
Other Operating Exp	128,402	104,523	-	-	-
Capital Projects	-	-	50,000	-	(50,000)
Totals	\$ 296,358	\$ 194,219	\$ 75,000	\$ 25,000	\$ (50,000)

The capital project, nDanville, includes a loan from the Gas Fund in the amount of \$1,250,000. However, this is not reflected in the budget above as this is handled as an administrative entry and does not require a budget entry.

Personnel

There are no employees exclusively or specifically assigned to telecommunication capital projects. Installations are performed by contractors.

Goals

Continue to expand the nDanville network into the selected neighborhood based on the feasibility study. Staff is also reviewing newer wireless technologies that will allow nDanville to be deployed faster without having to deploy fiber in every neighborhood.