

Telecommunications

Fiscal Year 2024

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 2024 budget, a 12% decrease of \$89,480 is expected based on current market conditions.

Expenditures

Operations Decrease of \$30,780 due to decrease in internal allocations

Source of Supply No change for FY24

Capital Expenses Regular Capital increased by \$25,000 for contractor expenses

Adopted Budget - FY 2024

Telecommunications

Calculation of Contribution to(from) Fund Balance/General Fund

	Adopted Budget FY 2023	Adopted Budget FY 2024
Estimated Revenue		
Rev-Use Money/Property	2,620	7,150
Charges for Services	768,680	679,200
Total Estimated Revenue	771,300	686,350
Operating Expenses		
Administration Services	2,300	4,000
Operations	939,340	862,420
Purchased Services	60,000	60,000
Capital Expenses	25,000	50,000
Capital Projects	0	0
Total Operating Expenses	<u>1,026,640</u>	<u>976,420</u>
Net Operating Income (Loss)	-255,340	-290,070
Add:		
Depreciation	485,610	437,520
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>149,270</u>	<u>66,450</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.

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

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	Increase/ (Decrease)
Revenues:					
Rev-Use Money & Property	\$ 15,068	\$ 13,584	\$ 2,620	\$ 7,150	\$ 4,530
Charges for Services	735,227	733,261	768,680	679,200	(89,480)
Miscellaneous Rev	(5,495)	12,747	-	-	-
Totals	\$ 744,800	\$ 759,592	\$ 771,300	\$ 686,350	\$ (84,950)

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 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 128,164	\$ 136,536	\$ 141,790	\$ 159,240	\$ 17,450
Employee Benefits	17,947	18,157	18,740	19,070	330
Purchased Services	96,685	84,698	111,220	114,780	3,560
Internal Service	32,307	22,508	35,970	20,010	(15,960)
Other Operating Exp	11,663	22,328	23,380	33,130	9,750
Source of Supply	65,305	73,613	60,000	60,000	-
Cost Allocation	133,099	134,901	123,930	81,760	(42,170)
Capital Outlay	-	-	1,000	1,000	-
Depreciation	435,076	438,220	485,610	437,520	(48,090)
Transfer Out	81,000	81,000	81,000	81,000	-
Totals	\$ 1,001,246	\$ 1,011,961	\$ 1,082,640	\$ 1,007,510	\$ (75,130)

Personnel

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 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 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	Increase/ (Decrease)
Expenditures:					
Purchased Services	\$ 89,696	\$ 84,905	\$ 25,000	\$ 50,000	\$ 25,000
Other Operating Exp	104,523	19,885	-	-	-
Totals	\$ 194,219	\$ 104,790	\$ 25,000	\$ 50,000	\$ 25,000

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.