

# Telecommunications Fund Summary

## 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 2022 budget, a 2% increase of \$15,420 is expected based on current market conditions and previous rate study information.

## Expenditures

**Operations:** Increase of \$7,230 due an increase in materials and supplies.

**Source of Supply:** Increase of \$1,000 which includes phone service for City of Danville schools.

**Capital Expenses:** Regular Capital is used to repair any outside plant issues that arise. This is line work involved in maintaining the current cabling.

## **Projects**

- nDanville Phase 3 Fiber to the Home project - \$50,000

Adopted Budget - FY 2022

Telecommunications

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

	Adopted Budget FY 2021	Adopted Budget FY 2022
<b>Estimated Revenue</b>		
Rev-Use Money/Property	31,000	8,880
Charges for Services	624,770	662,310
<b>Total Estimated Revenue</b>	<b>655,770</b>	<b>671,190</b>
<b>Operating Expenses</b>		
Administration Services	7,980	4,400
Operations	925,750	936,460
Purchased Services	57,000	58,000
Capital Expenses	25,000	25,000
Capital Projects	250,000	50,000
<b>Total Operating Expenses</b>	<b><u>1,265,730</u></b>	<b><u>1,073,860</u></b>
Net Operating Income (Loss)	-609,960	-402,670
Add:		
Depreciation	482,230	479,950
Deduct:		
Debt Service Principal	0	0
Capital Expenditures from Current Operating Funds	0	0
Contribution to City's General Fund	81,000	81,000
<b>Contribution To(From) Retained Earnings</b>	<b><u>(208,730)</u></b>	<b><u>(3,720)</u></b>

**TELECOMMUNICATION FUND**  
**ADOPTED - CAPITAL & SPECIAL PROJECTS - FY 2022-2026**

Detail Page No.	Project/Source	PL#	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	5 Yr Total
	<b>nDanville</b>							
3-73	Fiber to the Home	60844	\$ 50,000	\$ 300,000	\$ 300,000	\$ 300,000		\$ 950,000
	<b>nDanville Total</b>		<b>\$ 50,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 950,000</b>
	<b>Funding Source:</b>							
	Utility Fund Revenues		\$ 50,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ 950,000
	<b>Total Funding</b>		<b>\$ 50,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 950,000</b>

**TELECOMMUNICATIONS FUND  
ADOPTED BUDGET - CAPITAL & SPECIAL PROJECTS - FY 2022  
FUNDING SOURCES**

	<b>Current Revenues</b>	<b>Fund Balance</b>	<b>Debt Financing</b>	<b>Grants/CIA</b>	<b>Other</b>	<b>Project Total</b>
<i>n Danville</i>						
Fiber to the Home	\$ 50,000					\$ 50,000
<b>Total n Danville</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,000</b>
<b>Total Projects:</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,000</b>

**REVENUE – USE OF MONEY/PROPERTY:** This revenue category includes:

**Interest on Investments** - The City's funds are invested in secured accounts in an attempt to earn the highest possible return. Investments earnings are a function of the money marketplace and swings in the revenues reflect higher or lower interest rates.

**Rental Income:** 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.

**TRANSFER FROM FUND BALANCE:** The transfer from the Telecommunication fund balance is in support of Fiber to the Home, Telecommunication's Capital Project.

Revenues:	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted	Increase/ (Decrease)
Rev-Use Money & Property	\$ 38,900	\$ 35,814	\$ 31,000	\$ 8,880	\$ (22,120)
Charges for Services	886,955	606,974	624,770	662,310	37,540
Miscellaneous Rev	15,744	-	-	-	-
<b>Totals</b>	<b>\$ 941,599</b>	<b>\$ 642,788</b>	<b>\$ 655,770</b>	<b>\$ 671,190</b>	<b>\$ 15,420</b>

### 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

	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Adopted</b>	<b>FY 2022 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Expenditures:</b>					
Personnel Services	\$ 124,713	\$ 130,726	\$ 135,680	\$ 133,690	\$ (1,990)
Employee Benefits	18,541	16,313	21,900	19,090	(2,810)
Purchased Services	89,463	134,671	105,650	108,470	2,820
Internal Service	36,361	34,986	40,500	38,440	(2,060)
Other Operating Exp	15,778	21,197	16,370	24,870	8,500
Source of Supply	57,549	60,544	57,000	58,000	1,000
Cost Allocation	83,324	165,348	131,400	135,000	3,600
Capital Outlay	-	-	-	1,000	1,000
Depreciation	413,066	427,794	482,230	479,950	(2,280)
Transfer Out	81,000	81,000	81,000	81,000	-
<b>Totals</b>	<b>\$ 919,795</b>	<b>\$ 1,072,579</b>	<b>\$ 1,071,730</b>	<b>\$ 1,079,510</b>	<b>\$ 7,780</b>

### Personnel

<b>Position Title</b>	<b>FY 2019 FTEs</b>	<b>FY 2020 FTEs</b>	<b>FY 2021 FTEs</b>	<b>FY 2022 FTEs</b>
BROADBAND NETWORK ENGNRNG TECH	2.000	1.000	1.000	1.000
DIVSN DIR OF TELECOMMUNICATION	1.000	1.000	1.000	1.000
<b>Total</b>	<b>3.000</b>	<b>2.000</b>	<b>2.000</b>	<b>2.000</b>

**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**

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.

	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Adopted</b>	<b>FY 2022 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Expenditures:</b>					
Personnel Svcs	\$ -	\$ 1,713	\$ -		
Employee Benefits	-	208	-		
Purchased Services	382,311	167,956	25,000	25,000	-
Other Operating Exp	182,751	128,402			-
Capital Projects	-	-	250,000	50,000	(200,000)
<b>Totals</b>	<b>\$ 565,062</b>	<b>\$ 296,358</b>	<b>\$ 275,000</b>	<b>\$ 75,000</b>	<b>\$ (200,000)</b>

**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.

**FY 2022 FIVE-YEAR CAPITAL & SPECIAL PROJECTS PLAN**  
**PROJECT DESCRIPTION**

**Project Title:** nDanville Ph 3 Fiber to the Home  
**Project No:** 60844

**Department:** Utilities  
**Division:** Telecommunications  
**Section:** N/A

**Description:**

This project will involve installing nDanville fiber optics in residential neighborhoods that are considered unserved broadband areas. The Federal Communications Commission defines broadband as being able to have access to high-speed connection of at least 25 mbps down and 3 mbps upload. The deployment areas will be determined by surveys completed and areas that do not have access to broadband.

**Justification:**

The deployment will continue to expand nDanville into residential neighborhoods. Revenue accumulated from these residential 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.

**Comments:**

N/A

<b>Funding</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Total</b>
Utility Revenues	50,000	300,000	300,000	300,000	-	950,000
<b>Total Funding Sources</b>	<b>50,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>950,000</b>

**Goals/Milestones:**

FY 2022	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2023	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2024	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2025	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2026	N/A