

Telecommunications Fund

Fiscal Year 2025 Operating Budget

Fund Overview

| ADOPTED BUDGET | | ADOPTED BUDGET |
|---|--------------------|--------------------|
| | FY2024 | FY2025 |
| Estimated Revenues | | |
| Revenue-Use Money/Property | \$7,150 | \$8,620 |
| Charges for Services | \$679,200 | \$744,180 |
| Miscellaneous Revenue | \$0 | – |
| ESTIMATED REVENUES TOTAL | \$686,350 | \$752,800 |
| Operating Expenses | | |
| Administration Services | \$4,000 | \$4,904 |
| Capital Outlay | \$50,000 | \$100,000 |
| Service | \$922,420 | \$971,604 |
| OPERATING EXPENSES TOTAL | \$976,420 | \$1,076,508 |
| Net Operating Income (Loss) | (\$290,070) | (\$323,708) |
| Less Depreciation: | \$437,520 | \$440,540 |
| Net Operating Income (Loss) less depreciation | \$147,450 | \$116,832 |
| Less Debt Service: | – | – |
| Net Operating Income (Loss) less debt service | \$147,450 | \$116,832 |
| Less Capital Expenditures: | – | – |
| Net Operating Income (Loss) less capital expenditures | \$147,450 | \$116,832 |
| Less Cont. to General Fund: | \$81,000 | \$81,000 |
| Calculation of Contribution to(from) Fund Balance/General Fund | \$66,450 | \$35,832 |

Major Revenue Sources

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 services to City schools and transport services to the County school systems reimbursed by the federal e-rate program. Other revenues in this category include penalties for non-payment.

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

| | ACTUAL | | ADOPTED BUDGET | | Increase/ (Decrease) |
|----------------------------|------------------|------------------|------------------|------------------|----------------------|
| | FY2022 | FY2023 | FY2024 | FY2025 | |
| Revenues | | | | | |
| Revenue-Use Money/Property | \$13,583 | \$16,261 | \$7,150 | \$8,620 | \$1,470 |
| Charges for Services | \$733,261 | \$859,843 | \$679,200 | \$744,180 | \$64,980 |
| Miscellaneous Revenue | \$12,747 | – | \$0 | – | \$0 |
| Not Applicable | (\$9,137) | (\$8,246) | \$0 | – | \$0 |
| REVENUES TOTAL | \$750,454 | \$867,857 | \$686,350 | \$752,800 | \$66,450 |

Telecommunication Administration

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, over 200 businesses, and over 700 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

| | ACTUAL | ADOPTED BUDGET | | ADOPTED BUDGET | |
|-------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| | FY2022 | FY2023 | FY2024 | FY2025 | Increase/(Decrease) |
| Expenses | | | | | |
| Personnel Services | \$134,318 | \$154,783 | \$159,170 | \$172,715 | \$13,545 |
| Employee Benefits | \$18,157 | \$17,909 | \$19,070 | \$22,790 | \$3,720 |
| Purchased Services | \$154,980 | \$169,035 | \$174,780 | \$187,894 | \$13,114 |
| Internal Service | \$18,413 | \$19,732 | \$20,010 | \$22,320 | \$2,310 |
| Other Operating Expense | \$26,377 | \$16,395 | \$33,130 | \$34,640 | \$1,510 |
| Source of Supply | \$3,331 | \$2,023 | \$0 | – | \$0 |
| Cost Allocation | \$134,901 | \$123,928 | \$81,740 | \$94,610 | \$12,870 |
| Capital Outlay | – | – | \$1,000 | \$1,000 | \$0 |
| Depreciation | \$438,220 | \$439,023 | \$437,520 | \$440,540 | \$3,020 |
| Labor Expense Cross | \$45 | \$132 | \$0 | – | \$0 |
| Transfer Out | \$81,000 | \$81,000 | \$81,000 | \$81,000 | \$0 |
| EXPENSES TOTAL | \$1,009,742 | \$1,023,959 | \$1,007,420 | \$1,057,508 | \$50,088 |

Personnel

| Position Title | FY2022 | FY2023 | FY2024 | FY2025 |
|--------------------------------|----------|----------|----------|----------|
| FTEs | | | | |
| BROADBAND NETWORK ENGRNRG TECH | 1 | 1 | 1 | 1 |
| DIVSN DIR OF TELECOMMUNICATION | 1 | 1 | 1 | 1 |
| FTEs | 2 | 2 | 2 | 2 |

Telecommunication Capital

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.

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.

Expenditures

| | ACTUAL | | ADOPTED BUDGET | | Increase/(Decrease) |
|-------------------------|------------------|------------|-----------------|------------------|---------------------|
| | FY2022 | FY2023 | FY2024 | FY2025 | |
| Expenses | | | | | |
| Purchased Services | \$0 | \$0 | \$50,000 | \$100,000 | \$50,000 |
| Other Operating Expense | (\$1,622) | \$0 | \$0 | \$0 | \$0 |
| Capital Outlay | – | – | – | \$0 | \$0 |
| Capital Projects | – | – | \$0 | \$0 | \$0 |
| EXPENSES TOTAL | (\$1,622) | \$0 | \$50,000 | \$100,000 | \$50,000 |

Personnel

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