



FY 2019-2020
Proposed Budget Document

**Frontier Telenet
PO Box 171
Fossil, OR 97830**

**2019-2020 Budget Calendar
Revised 4/16/2019**

- April 24, 2019 Approve Budget Calendar
- April 24, 2019 Appoint Budget Committee Members
- May 3, 2019 Proposed Budget Available for Review
- May 9, 2019 Publication of Budget Committee Meeting Notice
- May 23, 2019 Budget Committee Meeting - Gilliam County
- May 30, 2019 Publication of Budget Hearing Notice
- June 12, 2019 Budget Hearing and Adoption of Proposed Budget

Budget Officer – Brenda Snow Potter (541) 763-2912



PO Box 171
Fossil, OR 97830

Budget Message

Fiscal Year 2019 -2020

(Revised May 2, 2019)

Frontier TeleNet is an ORS 190 intergovernmental entity whose members include of Gilliam, Sherman and Wheeler Counties. As an ORS 190, Frontier TeleNet is a legally distinct and independent from its three member counties and does not have the authority to levy taxes. The Frontier Telenet budget properly reflects the legal requirements of the State of Oregon.

Frontier TeleNet is a competitive telecommunication provider providing data transport and internet access bandwidth to schools, local governments, law enforcement, Frontier Regional 911 Agency, ambulance services, fire services, public health facilities, and private internet service providers and entities within its network service area that lack competitive alternatives.

Throughout fiscal year 2018-2019 Frontier TeleNet's legal counsel spent a great deal of time responding to information requests issued by the Universal Service Administration Company (USAC), the entity that oversees disbursements from the Federal Schools & Libraries (E-Rate) subsidy program, as part of a post-commitment review of Frontier TeleNet's E-rate invoices. Although Frontier TeleNet continues to believe is has a legitimate claim to payment of a substantial amount of its timely submitted E-rate invoices, at the present time there is no means by which Frontier TeleNet can predict with reasonable certainty what portion (if any) of these funds will be released or if any payment is likely to be received in the forthcoming fiscal year. Accordingly, although past budgets were based on the expectation that E-rate payments would be released, the proposed 2019-2020 does not.

In recent years Frontier TeleNet expenses have steadily increased to the extent that they substantially exceed the level of fees collected for the services that have been provided to public safety agencies in prior years. This has greatly contributed to the financial difficulties that the entity now faces. The 2019-2020 budget reflects a proposed collection of user fees from public safety agencies that is more consistent with the expenses Frontier TeleNet anticipates incurring in connection with providing such services.

Frontier TeleNet utilizes a contracted services model for all repair, maintenance, and regulatory compliance and services. A contracted marketing manager and a contracted bookkeeper were used in previous fiscal years but, due to financial restraints, will not be appropriate in the upcoming fiscal year.

The Wheeler County broadband project and the Sherman County fiber project will continue to move forward. Frontier TeleNet and its contracted service providers will continue to provide assistance throughout this process. Frontier TeleNet will continue to utilize the representatives of Day Wireless for their technical expertise and system knowledge.

The Frontier TeleNet financial records are audited yearly by the firm of Solutions CPA. These audits are fully compliant and satisfy all requirements of Oregon State Law. The Wheeler County finance officer has been appointed by the Frontier TeleNet Board to manage the bookkeeping requirements of the business at no charge to Frontier TeleNet. With the assistance of the auditors, changes will be made in how all financial transactions are recorded. There will be a clear definition and separation of all financial transactions for the public safety and the bandwidth aspects of the business.

Prepared and submitted under the direction of legal counsel,

Brenda Snow Potter
Budget Officer

Frontier TeleNet

Fiscal Year 2019-2020 Proposed Budget

	<u>FY 16-17 Actual</u>	<u>FY 17-18 Actual</u>	<u>FY 18-19 Budget</u>	<u>FY 19-20 Proposed Budget</u>
Beginning Fund Balance			598,603.00	275,500.00
Ordinary Income/Expense				
Income				
415 - Interest Earned				
415A - Interest Earned- Bandwidth				625.00
415B - Interest Earned - Public Safety				4,175.00
Total 415 - Interest Earned	4,139.85	4,486.91	10,000.00	4,800.00
430 - County Subsidy				
431 - Gilliam County-Motorola SUA				76,666.67
431B - Gilliam County-Day Wireless				80,908.04
432 - Sherman County-Motorola SUA				76,666.67
432B - Sherman County-Day Wireless				80,908.04
433 - Wheeler County-Motorola SUA				76,666.67
433B - Wheeler County-Day Wireless				80,908.04
Total 430 - County Subsidy	1,676,908.17	256,702.05	320,000.00	472,724.13
435 Frontier Regional 911		133,589.00	100,000.00	
436 - User Fees-Public Safety			50,000.00	400,000.00
440 - Bandwidth Income	1,507,327.53	179,772.65	345,000.00	168,000.00
E-Rate			1,300,000.00	
Cottonwood Development Site			324,000.00	
Burns Piate Tribe Project				
Frontier Digital Loan Repayment				
Sherman Fiber Project			820,000.00	
460-In-Kind Rent (DNU)	9,000.00	9,000.00		
461 - Rental Income-Bandwidth	27,735.59	12,205.23	53,000.00	9,800.00
490 - Income Miscellaneous				
490A - Misc Income-Bandwidth				1,300.00
490B - Misc Income- Public Safety				8,700.00
Total 490 - Income Miscellaneous	(215,315.00)	42,609.90	60,000.00	10,000.00
Total Income	3,009,796.14	638,365.74	3,980,603.00	1,340,824.13
Gross Profit	3,009,796.14	638,365.74	3,980,603.00	1,340,824.13
Expense				
49002-State Interoperability Project A	(265,465.00)			
502 Bank Service Charge		5.00		
506 - Electricity				
506A - Electricity-Bandwidth				4,290.00
506B - Electricity-Public Safety				28,710.00
Total 506 - Electricity	31,743.12	32,074.83	40,000.00	33,000.00
508 - Insurance				
508A - Insurance-Bandwidth				3,380.00
508B - Insurance-Public Safety				22,620.00
Total 508 - Insurance	13,521.85	21,675.10	25,000.00	26,000.00
509 - Licenses/ Fees/Taxes				
509A - Lic/Fees/Taxes-Bandwidth				300.00

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509B · Lic/Fees/Taxes-Public Safety				2,000.00
Total 509 · Licenses/ Fees/Taxes	1,848.75	1,525.00	2,000.00	2,300.00
512 · Legal Services				
512A · Legal Services-Bandwidth				6,500.00
512B · Legal Services-Public Safety				43,500.00
Total 512 · Legal Services	1,400.00	3,743.00	20,000.00	50,000.00
513 Bandwidth Expense	187,166.98	136,808.45	149,000.00	
516 · Miscellaneous				
516A · Misc Exp-Bandwidth				234.00
516B · Misc Exp-Public Safety				1,566.01
Total 516 · Miscellaneous	237.66	50,653.70	10,000.00	1,800.01
517 · Audit Fees				
517A · Audit Fees-Bandwidth				2,210.00
517B · Audit Fees-Public Safety				14,790.00
Total 517 · Audit Fees	6,360.00	13,220.00	20,000.00	17,000.00
518 Office Expense	4,842.91	4,712.45	5,000.00	
520 Personal Services	136,837.81	127,538.00	135,000.00	
522 Taxes	541.67	676.03		
523 Internet Service Expense	4,565.90	3,740.00	50,000.00	
525 · Professional Services				
525A · Management Contract-Bandwidth				10,400.00
525B · Management Contract-Public Safe				69,600.00
Total 525 · Professional Services	3,456.25	8,762.75		80,000.00
526 Tower Construction	1,498.00			
528 · Tower Maintenance				
528A · Tower Maint-Bandwidth				25,090.00
528B · Tower Maint-Public Safety				167,910.00
Total 528 · Tower Maintenance	143,444.22		298,000.00	193,000.00
530 Tower Site	(1,900.00)	70.32		
531 · Equipment Maintenance				
531A · Equipment Maint-Bandwidth				25,090.00
531B · Equipment Maint-Public Safety				167,910.00
Total 531 · Equipment Maintenance	163,579.84	2,016.04	400,000.00	193,000.00
532 · Fuel/Propane Expense				
532A · Fuel/Propane Exp-Bandwidth				260.00
532B · Fuel/Propane Exp-Public Safety				1,740.00
Total 532 · Fuel/Propane Expense	361.84	1,591.43	5,000.00	2,000.00
533 Equip Install/Optim/Test	(51,492.75)			
535 · Lease Expense				
535A · Lease Exp-Bandwidth				11,000.00
535B · Lease Exp-Public Safety				13,000.00
Total 535 · Lease Expense	35,150.00	35,150.00	60,000.00	24,000.00
537 · Rental Expense				
537A · Rent Exp-Bandwidth				11,000.00

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537B · Rent Exp-Public Safety				13,000.00
Total 537 · Rental Expense	13,128.84	9,220.64	10,500.00	24,000.00
538 FDN Operating Loan		190,544.96		
540 · Cottonwood Site Development		50,477.50	250,000.00	197,000.00
541 Core Network Upgrade	405,490.71			
542 Equipment Replacement	36,400.00		500,000.00	
544 Sherman County Fiber Project	1,313,231.00		820,000.00	
60500 Interest ExpenseA	107,307.08	107,307.08		
64900 Interest Expense2	8,558.03	8,570.73		
64901 Office ExpenseA	282.50	180.00		
64902 AuditA	6,360.00			
67201 · Day Wireless Contract	65,562.60		70,000.00	242,724.12
67202 · Motorola SUA	190,807.49	190,544.96	357,308.00	230,000.00
68500 State Interoperability ProjectA	286,722.00			
Wheeler Loan Payment				25,000.00
Total Expense	2,851,549.30	1,000,807.97	3,226,808.00	1,340,824.13
Net Ordinary Income	158,246.84	(362,442.23)	753,795.00	0.00
Other Income/Expense				
Other Income				
495 · Wheeler County Wireless Grant				
Total Other Income		678,212.04	650,000.00	1,018,000.00
Other Expense				
546 · Wheeler County Wireless Project				
Total Other Expense		678,209.04	650,000.00	1,018,000.00
Net Other Income	0.00	3.00	0.00	0.00
Net	158,246.84	(362,439.23)	753,795.00	0.00
			Contingency	