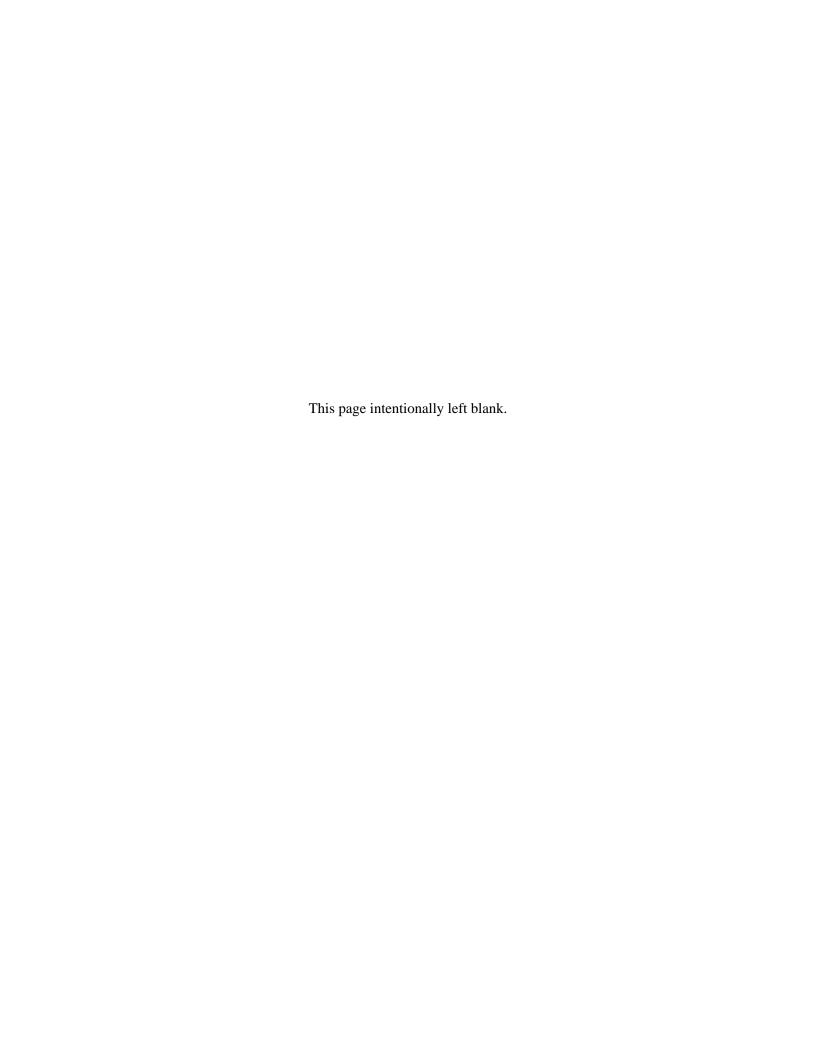
REGIONAL FIBER CONSORTIUM

Annual Financial Statements

For the Years Ended June 30, 2015 and 2014





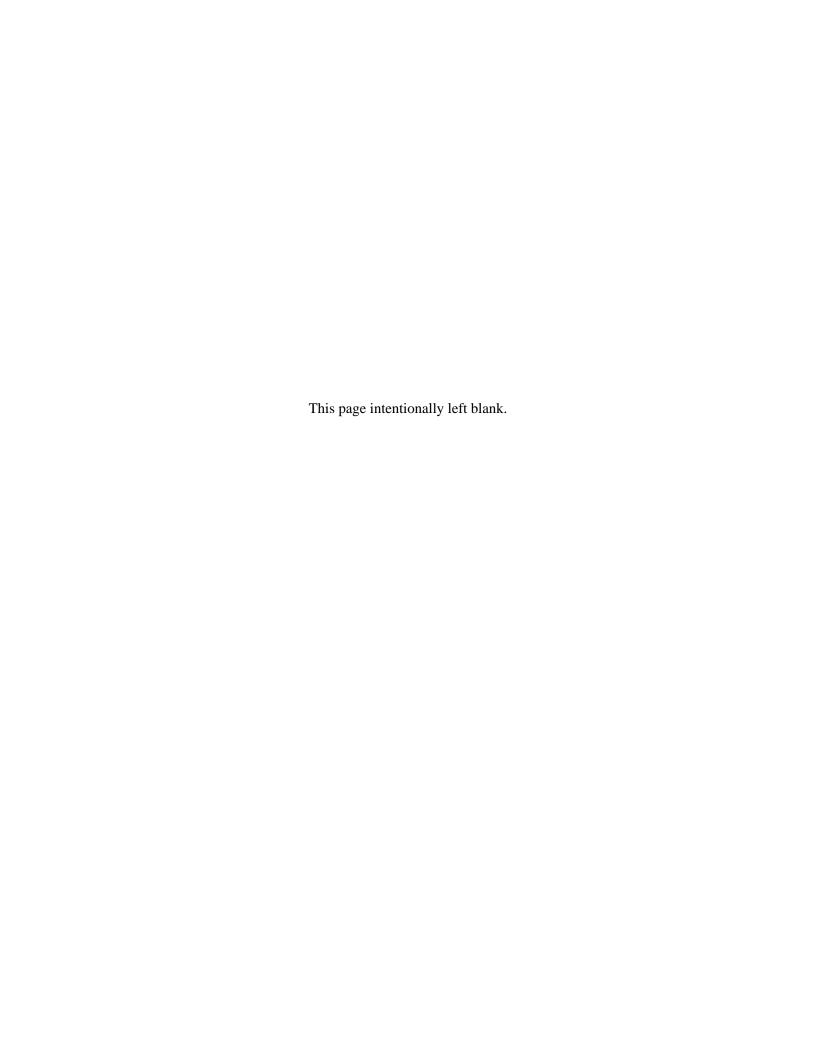
REGIONAL FIBER CONSORTIUM

ANNUAL FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

Prepared by:

City of Springfield Finance Department



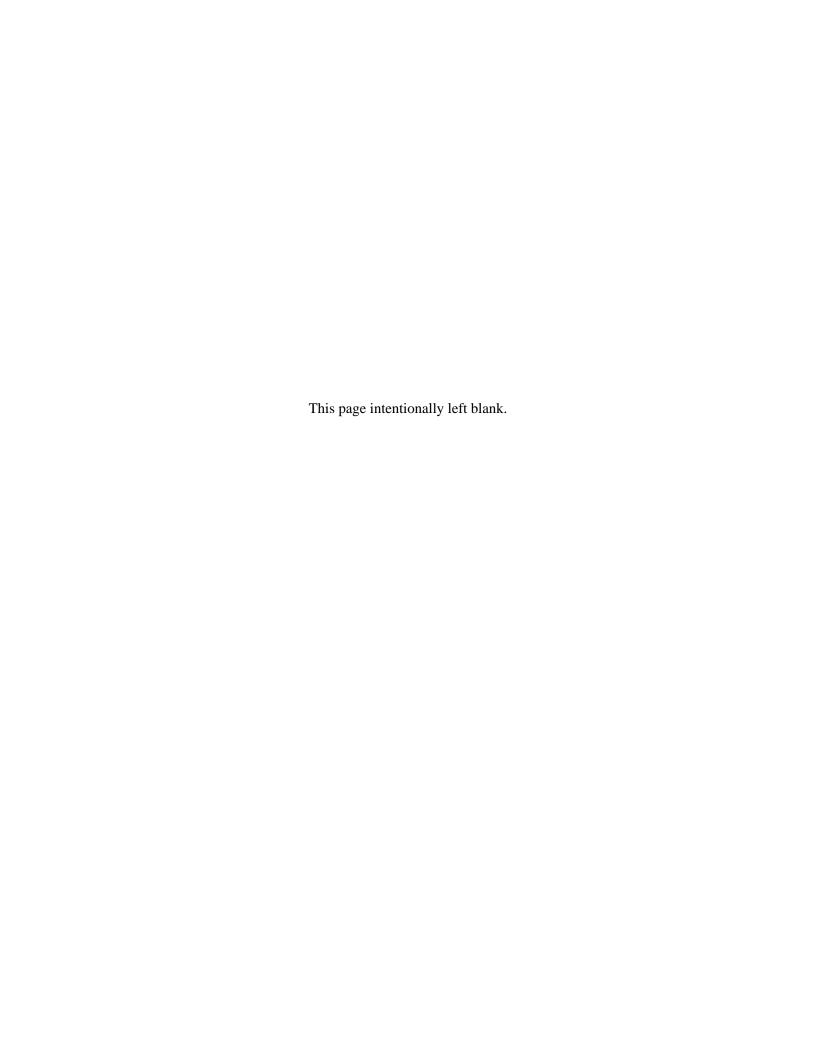
REGIONAL FIBER CONSORTIUM

FINANCIAL STATEMENTS

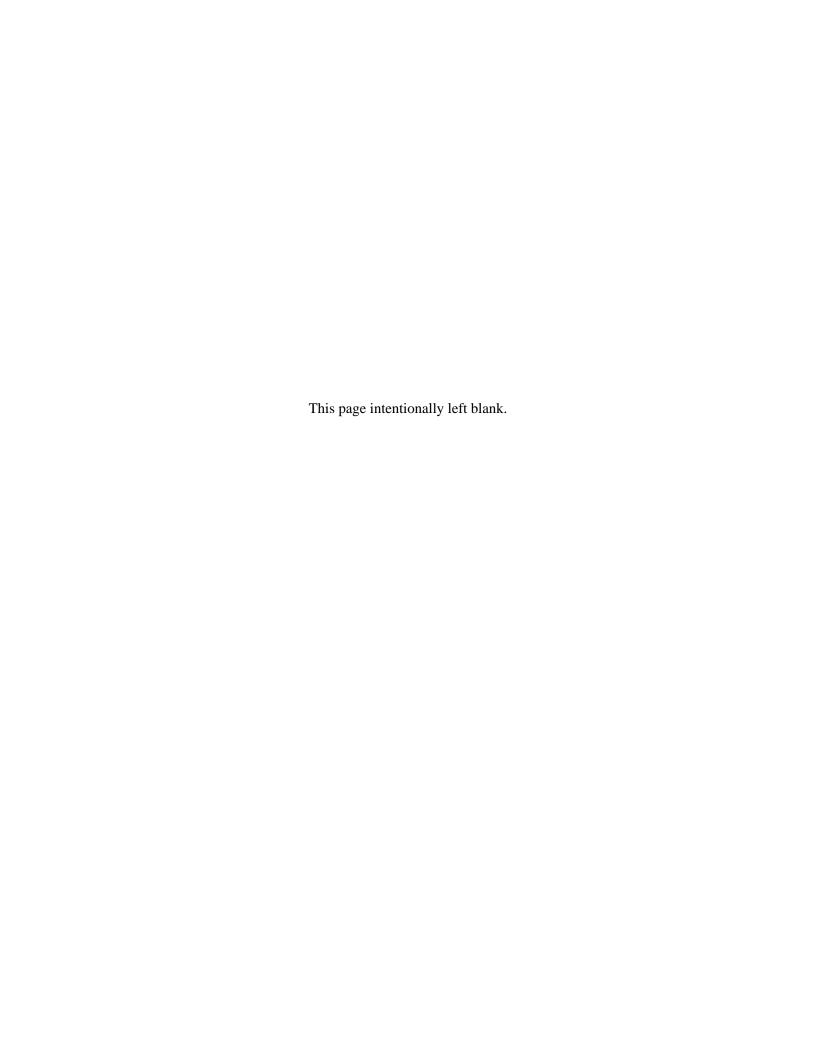
For the years ended June 30, 2015 and 2014

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Introductory Section



REGIONAL FIBER CONSORTIUM BOARD OF DIRECTORS

Hon. Faye Stewart	Chair	Lane County Courthouse 125 E. 8 th Avenue Eugene, OR 97401
Hon. Carl Patenode	Vice-Chair	City of Drain PO Box 158 Drain, OR 97435
Anette Spickard	Executive Committee	City of Springfield 225 Fifth Street Springfield, OR 97477
Petra Schuetz	Executive Committee	City of Coburg PO Box 8316 Coburg, OR 97408
Pam Berrian	Executive Committee	City of Eugene, 61 W. 8 th Avenue Eugene, OR 97401
Richard Meyers	Executive Committee	City of Cottage Grove 400 East Main Street Cottage Grove, OR 97424

ADMINISTRATION

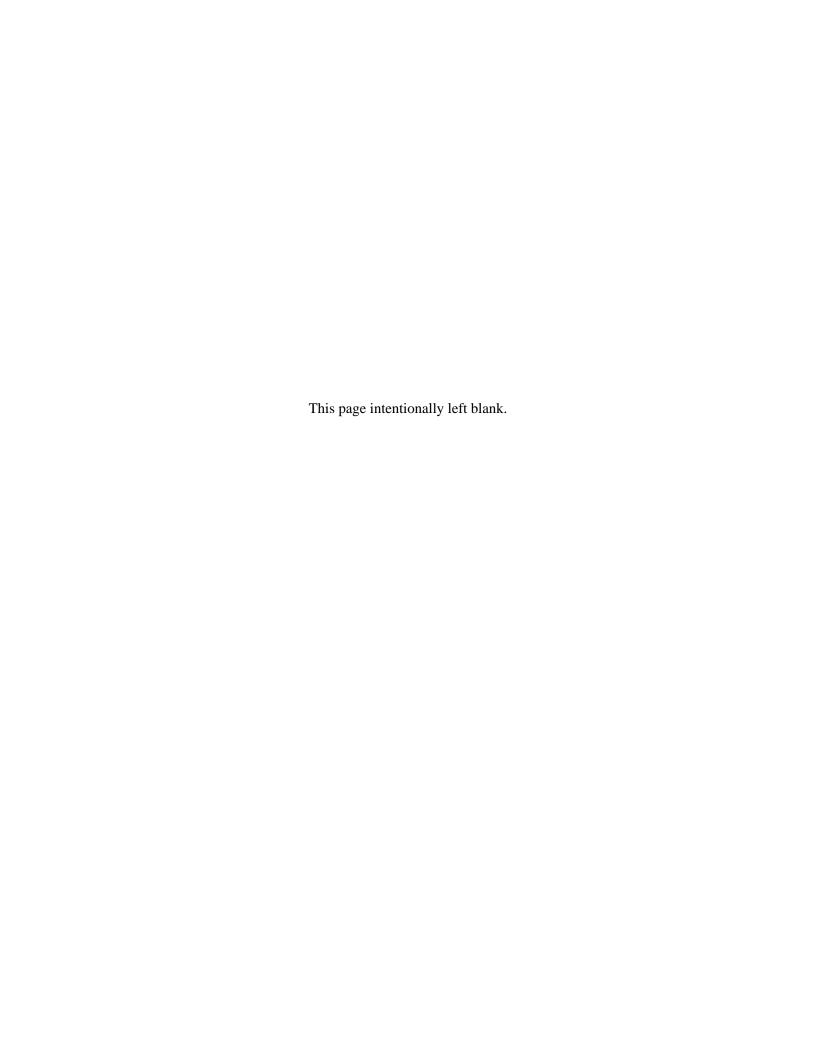
Fiscal:

Anette Spickard Development & Public Works Director City of Springfield

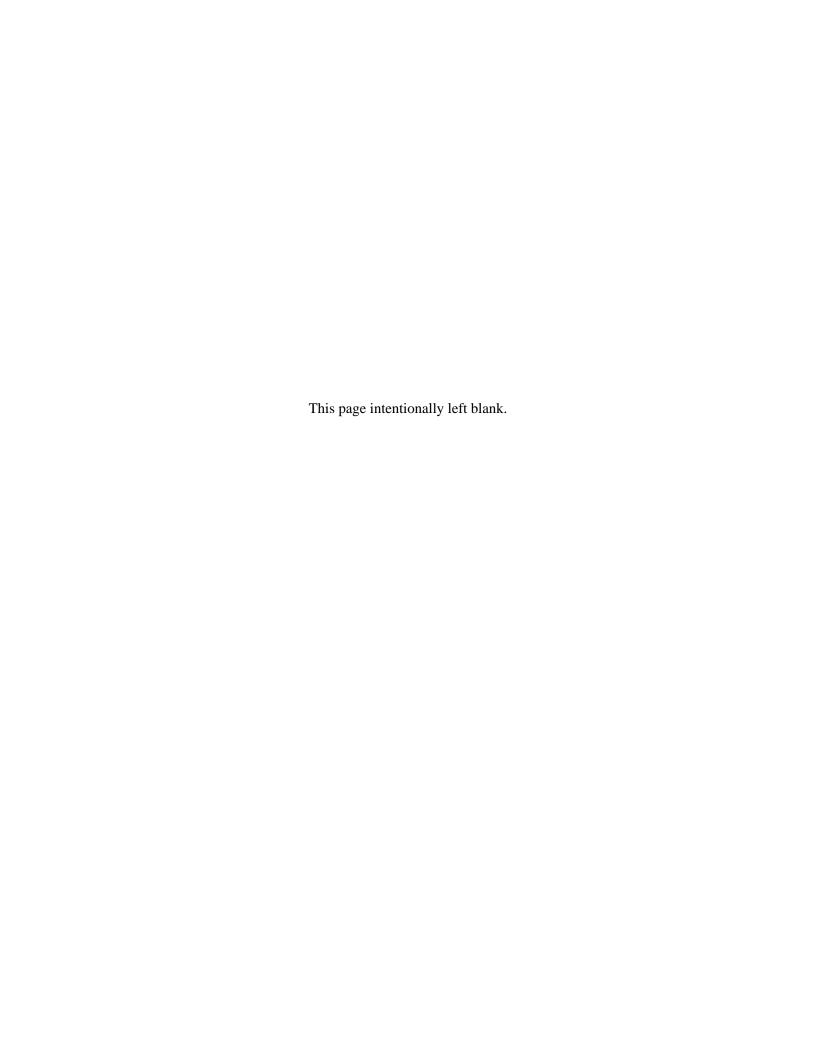
Rhonda Rice Senior Management Analyst City of Springfield

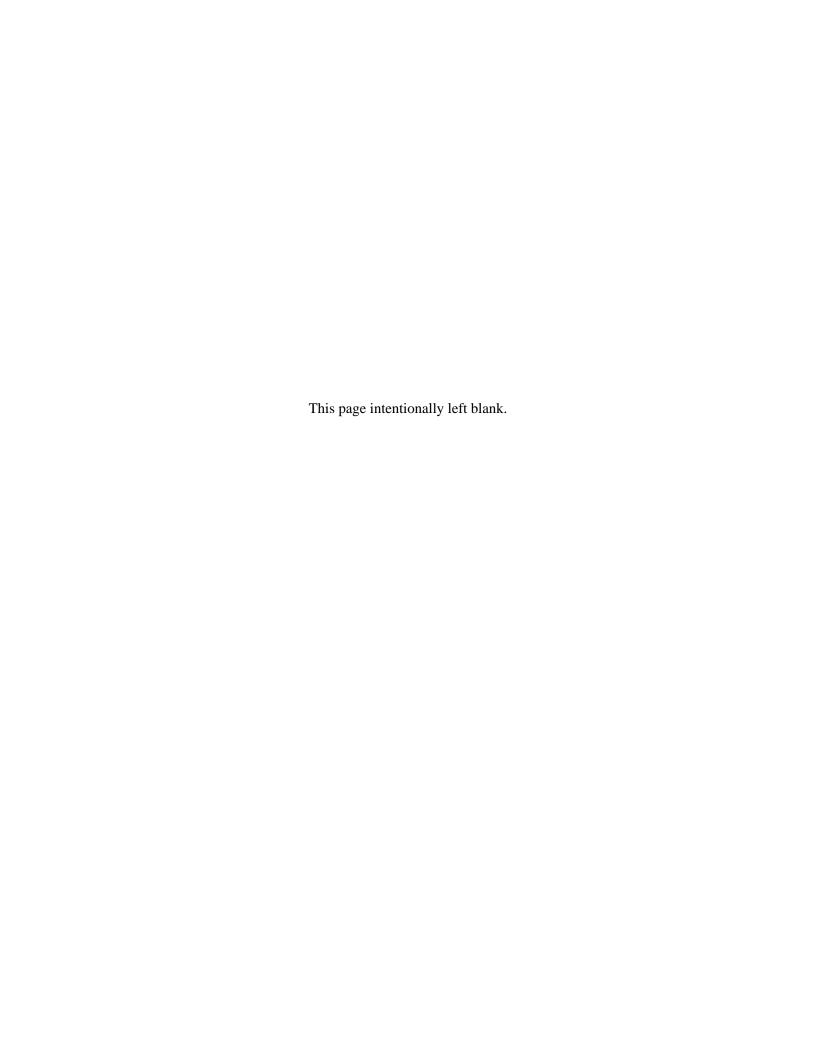
Operational:

Milo Mecham Program Director Lane Council of Governments



Financial Section







CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS 475 Cottage Street NE, Suite 200, Salem, Oregon 97301 (503) 581-7788

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors Regional Fiber Consortium 225 Fifth Street Springfield, Oregon 97477

We have reviewed the accompanying financial statements of the Regional Fiber Consortium (the Consortium), as of and for the years ended June 30, 2015 and 2014, which collectively comprise the Consortium's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Consortium. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Consortium is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on page 3 through page 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

Our reviews were made for the purpose of expressing limited assurance that there were no material modifications that should be made to the basic financial statements in order for them to be in conformity with generally accepted accounting principles. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

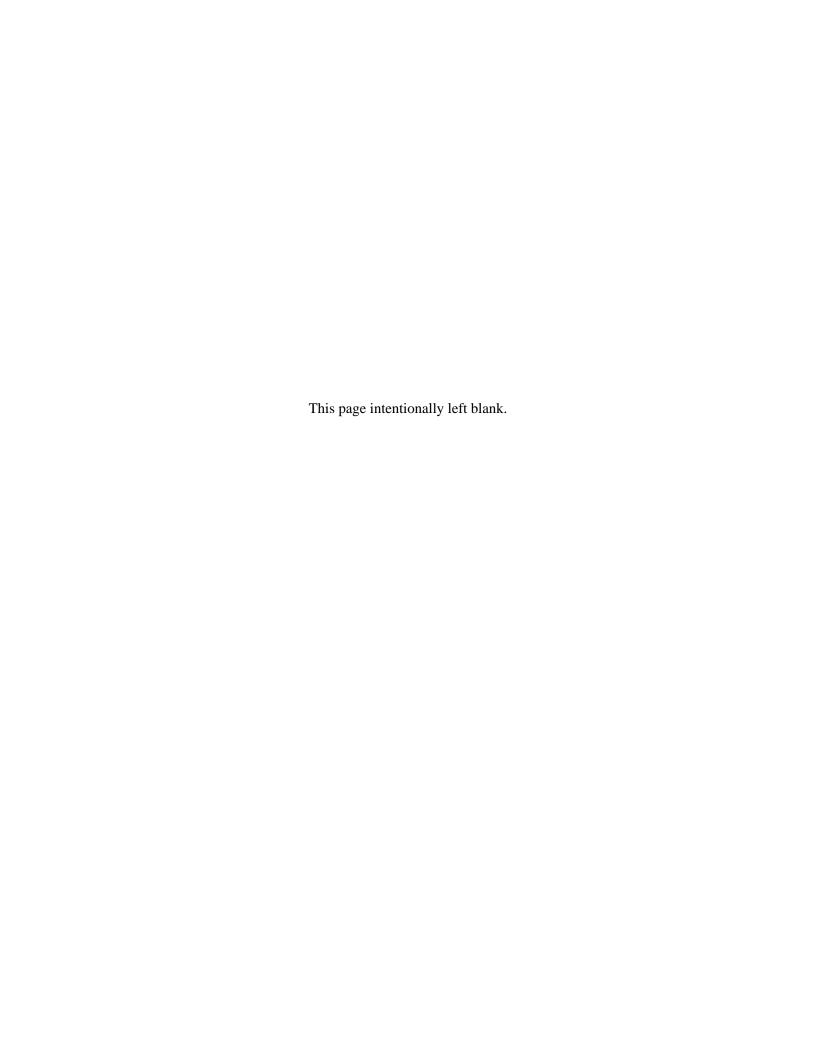
GROVE, MUELLER & SWANK, P.C. CERTIFIED PUBLIC ACCOUNTANTS

By:

Ryan T. Pasquarella, CPA

January 8, 2016

Management's Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Regional Fiber Consortium (Consortium) was established on August 1, 1999 through an intergovernmental agreement between the Cities of Springfield, Lowell, Coburg, Westfir, Oakridge, Klamath Falls, and Merrill, and Lane and Klamath counties. In February of 2009, the Consortium merged with Fiber South Consortium and the intergovernmental agreement was expanded to include the Cities of Eugene, Bandon, Roseburg, Florence, Coos Bay, North Bend, Cottage Grove, Drain, and Yoncalla, and Creswell, Coos, and Lincoln Counties. Most of the entities have ceased to be active members of the Consortium, but the core membership remains committed to the Consortium.

Our discussion and analysis of the financial performance of the Consortium provides an overview of the Consortium's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Consortium's financial statements, which begin on Page 9.

Mission

The Consortium was formed for the purpose of taking control of and managing certain fiber optic cable transferred to the Consortium by a number of fiber providers in consideration of right-of-way user fees payable to the cities who are members of the Consortium. It is the intention of the Consortium to develop an appropriate level of communication services for the citizens of the member jurisdictions and to serve the public interest by stimulating economic development in the communities through which the fiber optic cable passes. In February of 2010, the Lane Council of Governments (LCOG) was awarded \$8.4 million in American Recovery and Reinvestment Act funding as part of the national broadband stimulus program sponsored by the National Telecommunications and Information Administration (NTIA). The Consortium played a key role in this stimulus program by providing the bulk of the required \$2.2 million match. That funding has been used to provide "middle mile" connectivity between the Consortium's fiber and local facilities of telecommunications providers, greatly simplifying the task of energizing the network. Over the past three years, that project has been completed and a number of anchor institutions have gained connectivity. In the Springfield area, the project financed the construction of fiber to the City's Operations and Emergency Management facility, as well as providing connectivity to the Volunteers in Medicine facility, the HACSA low income housing facility, and to the Walterville School. In the three counties served by the project, thirty-one medical facilities, including two hospitals, were connected, giving them access to the already connected McKenzie-Willamette and Peace Health hospitals. In addition, thirty-nine school buildings were connected in ten different school districts, twenty-six police and fire stations, ten libraries, and thirty-three government buildings, including nine city halls. The fiber constructed during the Broadband Technology Opportunities Program (BTOP) project has led to development of a call center in Veneta and expansion of a call center and other businesses in Cottage Grove.

Responsibility and Controls

The City of Springfield performs all administrative duties for the Consortium in accordance with the provisions of an intergovernmental agreement between the City of Springfield and Regional Fiber Consortium.

The Intergovernmental Agreement between the City of Springfield and the Consortium provides that the City of Springfield may charge a reasonable administrative fee for budgeting and administrative services. For the years ended June 30, 2015 and June 30, 2014, the cost of such services was \$12,000.

Financial Highlights

- The Consortium's total assets at June 30, 2015 increased \$52,726 from \$168,233 to \$220,959, or 31.3% from the prior year. This increase in total assets was primarily due to an increase in cash of \$78,901 due to the timing of the collection of lease revenues, offset by a decrease in accounts receivable of \$26,271.
- The Consortium's total liabilities increased by \$40,391 from \$5,042 to \$45,433. This increase was primarily due to an increase in accounts payable.
- The net position of the Consortium (assets less liabilities) at June 30, 2015 increased \$12,335 from \$163,191 to \$175,526, or 7.6% from the prior year.
- The Consortium's total operating revenues increased \$14,467 over the prior year from \$120,735 to \$135,202. This increase in revenue was primarily due to an increase in lease revenues that resulted from a new fiber lease customer, Casco-Dark Fiber, and a substantial increase in the Douglas Fast Net lease revenues.
- The Consortium's total operating expenses increased \$79,682 over the prior year from \$43,551 to \$123,233. This increase was primarily due to the Consortium awarding funding to the City of Veneta (\$20,000) and the City of Coburg (\$40,000) to install fiber optic cable.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Consortium's condition and performance.

The financial statements report information about the Consortium using the accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The financial statements include a comparative statement of net position and a comparative statement of revenues, expenses, and changes in net position. The statement of net position presents the financial position on a full accrual historical cost basis and provides

information about the nature and amount of resources and obligations at year-end; the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year.

The financial statements were prepared by the City of Springfield's staff from the detailed books and records of the Consortium. The financial statements were reviewed by independent accountants as required by the State of Oregon.

Financial Analysis

The Consortium's overall financial results displayed an improvement for the fiscal year 2015 as compared to 2014. During fiscal 2015, the Consortium acquired a new lease customer as well as receiving a sizable increase in lease revenue from a current lease customer, both of which contributed to an increase in lease revenue of over \$14,000 for the fiscal year. Along with the increase in lease revenues, expenses increased substantially in fiscal 2015, primarily due to the Consortium awarding funding to the City of Veneta (\$20,000) and the City of Coburg (\$40,000) to install fiber lines resulting in increased connectivity. An increase in LCOG services also resulted in an increase in contractual service payments of over \$16,000. As the Consortium and LCOG continue to negotiate and acquire new lease customers, the expectation is that the growth trend in lease revenues that occurred in 2014 and 2015 will continue as more providers gain connectivity.

Overall, lease revenues increased by \$14,467 or 12.0% from fiscal 2014 to 2015 as compared to an increase of \$45,636 or 60.8% from fiscal 2013 to 2014. The increase for 2015 was primarily due to a new lease acquisition with the CASCO Dark Fiber in the amount of \$5,500 as well a \$7,100 increase in a current lease customer, Douglas Fast Net. Revenues from current lease customers, excluding CASCO and Douglas Fast Net, increased only moderately at \$94,524. In 2015, Consortium expenditures were \$123,233 as compared to \$43,551 in 2014 and \$40,610 in 2013. The 2015 increase was the result of an increase in contractual services with LCOG as well as connectivity funding to both the City of Veneta and the City of Coburg.

The net position of the Consortium (assets less liabilities) improved 8% and 90.5%, respectively, for 2015 and 2014. At June 30, 2015, the Consortium's assets exceeded liabilities by \$175,526. This increase in net position was primarily due to an increase in cash of \$78,901, a decrease in lease receivables of \$26,271, and an increase in accounts payable of \$40,391. The decrease in the receivable can be attributed to the timing of the year-end receipts for current lease customers, whereas the increase in accounts payable is attributed to the timing of a payment to Coburg City Hall for \$40,000 for fiber installation. Furthermore, expenditures increased by \$79,682 over the prior year. The majority of the increased expense was the result of the awarding of funding to City of Veneta and City of Coburg as well as an increase in contractual service costs paid to LCOG. The ability of the Consortium to keep expenses relatively steady has assisted in this continued improvement of net position.

Regional Fiber Consortium Net Position

	June 30,								
	2015			2014	2013				
Current assets	\$	220,959	\$	168,233	\$	87,228			
Current liabilities		45,433		5,042		1,556			
Net position: Unrestricted	\$	175,526	\$	163,191	\$	85,672			

As of June 30, 2015, unrestricted net position was \$175,526, an increase of \$12,335 (8%) from the prior year, as compared to an unrestricted net position of \$163,191 as of June 30, 2014, an increase of \$77,519 (90%) from fiscal year 2013. The moderate increase in 2015 can be attributed to moderate growth in fiber lease revenues and a material increase in expenses primarily due to the Consortium awarding funds to both the City of Veneta and the City of Coburg and an increase in contractual service payments to LCOG.

Regional Fiber Consortium Change in Net Position

	Year Ended June 30,								
	2015			2014		2013			
Operating revenues	\$ 135,202		\$ 120,735		\$	75,099			
Operating expenses		123,233		43,551		40,610			
Operating income (loss)		11,969		77,184		34,489			
Non-operating revenues		366		335		142			
Change in net position		12,335		77,519		34,631			
Net position, beginning of year		163,191		85,672		51,041			
Net position, end of year	\$	175,526	\$	163,191	\$	85,672			

Operating revenues increased by \$14,467 over the prior year primarily due to a lease signed with the CASCO Dark Fiber and a measurable increase in lease revenue from a current customer, Douglas Fast Net, while expenditures increased substantially mainly due

to the Consortium awarding funding to the City of Veneta and the City of Coburg to increase fiber connectivity as well as an increase in contractual service payments to LCOG over the prior year. For fiscal year 2014, operating revenues increased \$45,636 from the prior year due to a lease signed with the University of Oregon in the amount of \$45,000.

Budgetary Highlights

The difference between the original budget and the final amended budget was a net decrease of \$101,351. This decrease was comprised of the following:

- \$67,051 decrease in beginning cash was due to an unanticipated delay in customer lease revenues from FY14.
- \$8,500 increase in operating revenue and an increase in expenditures of \$42,800.

The differences between the final amended budget and the actual budget basis revenues and expenditures can be summarized as follows:

- Revenues were over budget by \$24,447 (16%).
- Expenditures were under budget by \$5,667 (4.4%).

Economic Factors and Next Year's Budget and Rates

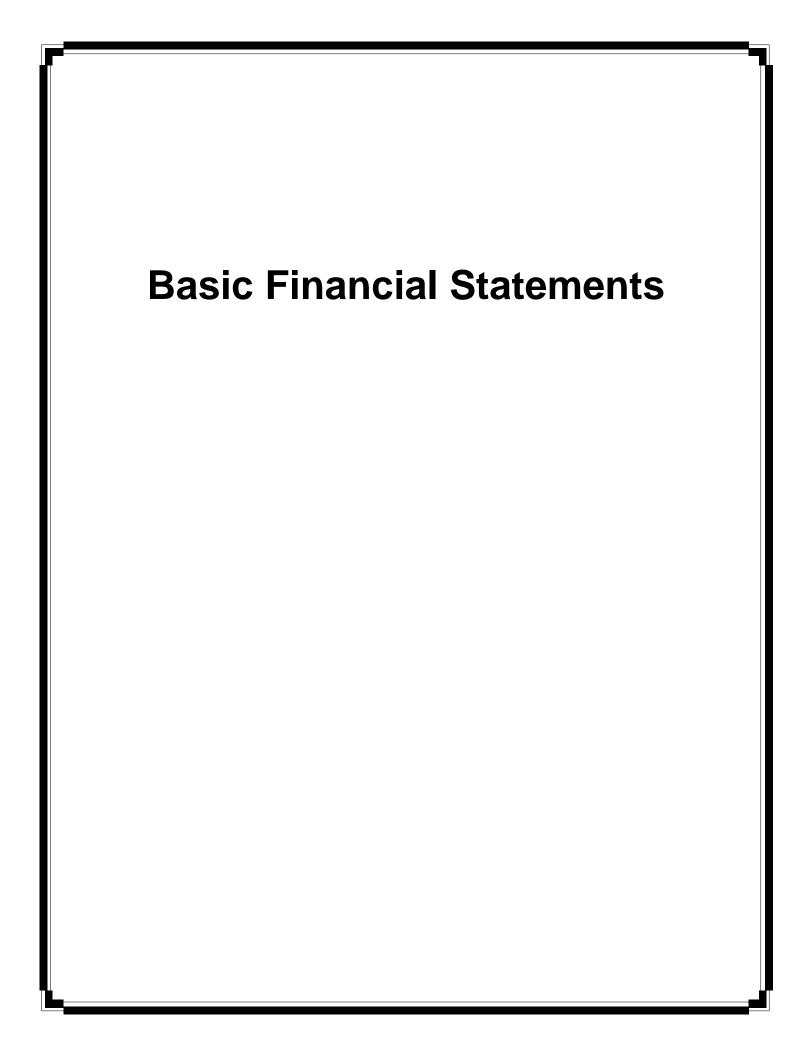
Revenues are expected to increase with the addition of new lease customers as the Consortium continues to negotiate with potential lease customers. Expenditures for the Consortium are projected to remain relatively stable. The awarding of funding to increase connectivity will likely continue in future years. In fiscal year 2015, the Consortium started a grant program to provide members with funds to improve broadband services in their communities. It is expected that this program will be used primarily by small cities and rural communities to connect to the Consortium fiber or to the LCOG fiber installed as a part of the BTOP project. Revenues are projected to continue to increase due to the continued acquisition of new lease customers as well as the reinstated lease payment schedule with the University of Oregon, which was reinstated in 2014. In addition, due to a new lease with Douglas Fast Net, there is also an expected increase in revenue as more fiber is leased by Douglas Fast Net to be used throughout Douglas and Coos Counties. The Consortium is also negotiating leases of additional fiber to providers serving Junction City, Veneta, the Gimple Hill area, Albany, and Salem.

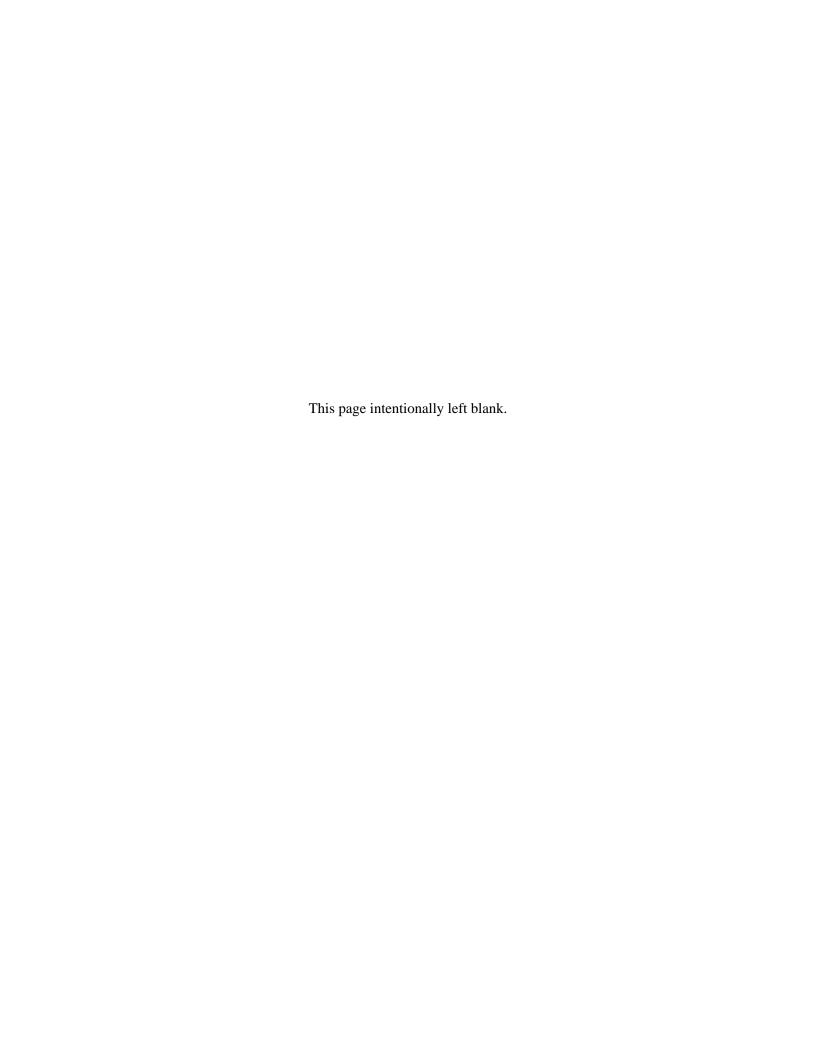
The Consortium will pay the City of Springfield \$12,000 for administrative services in the coming year.

Requests for Information

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Regional Fiber Consortium and to show the Consortium's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information

should be addressed to the City of Springfield, Accounting Manager, 225 Fifth Street, Springfield, Oregon 97477.





Regional Fiber Consortium

COMPARATIVE STATEMENTS OF NET POSITION

	June 30,						
		2015		2014			
ASSETS Current assets:							
Cash and investments Receivables:	\$	159,411	\$	80,510			
Accounts receivable		60,921		87,192			
Accrued interest		627		531			
Total current assets		220,959		168,233			
LIABILITIES Current liabilities:							
Accounts payable		45,433		5,042			
NET POSITION							
Unrestricted	\$	175,526	\$	163,191			

The independent accountant's review report and accompanying notes are an integral part of these statements.

Regional Fiber Consortium

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year Ended June 30,						
	2015			2014			
Operating revenues: Lease revenue	\$	135,202	\$	120,735			
Operating expenses: Materials and services		123,233		43,551			
Operating income (loss)		11,969		77,184			
Non-operating revenues: Interest on investments		366		335			
Change in net position		12,335		77,519			
Net position, beginning of year		163,191		85,672			
Net position, end of year	\$	175,526	\$	163,191			

The independent accountant's review report and accompanying notes are an integral part of these statements.

Regional Fiber Consortium

COMPARATIVE STATEMENTS OF CASH FLOWS

		Year Ended June 30,					
		2015		2014			
Cash flows from operating activities: Operating receipts	\$	161,473	\$	57,543			
Cash paid to suppliers for goods and services	Ψ	(82,842)	Ψ	(40,065)			
Net cash provided by operating activities		78,631		17,478			
Cash flows from investing activities: Interest received		070		25			
Interest received		270		35			
Net change in cash and investments		78,901		17,513			
Cash and investments, beginning of year		80,510		62,997			
Cash and investments, end of year	\$	159,411	\$	80,510			
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss) Adjustments to reconcile operating income to net cash provided by (used in) operating activities: Changes in assets and liabilities:	\$	11,969	\$	77,184			
Accounts receivable		26,271		(63,192)			
Accounts payable		40,391		3,486			
Net cash used by operating							
activities	\$	78,631	\$	17,478			

The independent accountant's review report and accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Fiber Consortium (Consortium) was established on August 1, 1999 through an intergovernmental agreement between the Cities of Springfield, Lowell, Coburg, Westfir, Oakridge, Klamath Falls, and Merrill, and Lane and Klamath counties. In February of 2009, the Consortium merged with Fiber South Consortium and the intergovernmental agreement was expanded to include the Cities of Bandon, Roseburg, Florence, Coos Bay, North Bend, Cottage Grove, and Creswell, and Douglas, Coos, and Lincoln Counties. The Consortium was formed for the purpose of taking control of and managing certain fiber optic cable transferred to the Consortium by Pacific Fiber Link, LLC, now 360° Networks, in consideration of right of way use fees payable to the cities who are members of the Consortium.

It is the intention of the Consortium to develop an appropriate level of communication services to citizens of the member jurisdictions to serve the public interest by stimulating economic development in the communities through which the fiber optic cable passes.

The financial operations of the Consortium are reported using enterprise fund accounting. It is the intent of the Consortium that the costs of providing fiber access to users on a continuing basis will be financed or recovered primarily through an equitable fee levied on all users.

The City of Springfield performs all administrative duties for the Consortium in accordance with the provisions of an intergovernmental agreement between the City of Springfield and the Regional Fiber Consortium.

1. Reporting Entity

The Regional Fiber Consortium, under the criteria established by GASB, is considered a primary government and is not a component unit of another entity nor is there any component units for which the Consortium is financially accountable.

2. <u>Basis of Accounting</u>

The financial operations of the Regional Fiber Consortium are accounted for using the full accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

All activities of the Consortium are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The accounting and financial reporting treatment applied to the Consortium is determined by its measurement focus. The transactions of the Consortium are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into two categories: restricted and unrestricted. Currently there is no restricted net position.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates.

3. <u>Budgetary Accounting</u>

The Consortium adopts an annual budget. The budget is adopted on the modified accrual basis of accounting. All unexpended and unencumbered appropriations in the budget remaining at the end of the fiscal year, lapse. During the year, management is authorized to transfer budgeted amounts between line items within the operating budget.

4. <u>Cash and Investments</u>

The Consortium participates in a cash and investment pool maintained by the City of Springfield for all funds under the City's administrative control. The amount reported as cash and investments is the Consortium share of the total City of Springfield cash and investment pool. The Consortium does not maintain bank accounts or investments separate from the City's investment pool. The bank deposits are collateralized pursuant to Oregon Revised Statutes, Chapter 295. The investment in the Oregon State Treasurer's Investment Pool is not required to be categorized by level of risk because this investment is not evidenced by securities.

State statutes authorize the City to invest in obligations of the U. S. Treasury and its agencies, bankers' acceptances, high grade commercial paper, the State of Oregon Local Government Investment Pool and repurchase agreements. Investments are stated at fair value.

For purpose of the statement of cash flows, cash and investments in the City-wide investment pool (including restricted cash and investments) are considered cash and cash equivalents. The pool has the general characteristics of a demand deposit account for the Consortium in that the Consortium may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty.

5. <u>Accounts Receivable</u>

Accounts receivable consist of lease payments receivable of \$60,921 and \$87,192, respectively, as of June 30, 2015 and June 30, 2014. No allowance for doubtful accounts is considered necessary.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Risk Management

The Consortium is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets. The Consortium carries commercial insurance for such risks of loss. There have been no claims resulting from these risks.

NOTE B – INTERGOVERNMENTAL AGREEMENTS

The Intergovernmental Agreement between the City of Springfield and the Consortium provides that the City of Springfield may charge a reasonable administrative fee for budgeting and accounting services. For the years ended June 30, 2015 and June 30, 2014, the cost of such services was \$12,000 per year.

NOTE C - NEW PRONOUNCEMENTS

The Consortium implemented the following pronouncements during the fiscal year:

GASB Statement No. 68 "Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27." The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement was implemented in the current year.

GASB Statement No. 69 "Government Combinations and Disposals of Government Operations." The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement was implemented in the current year.

GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement was implemented in the current year.

The Consortium will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 72 "Fair Value Measurement and Application" addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. The statement is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets

NOTE C - NEW PRONOUNCEMENTS - Continued

That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", completes the suite of pension standards. The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. The statement is generally effective for fiscal years beginning after June 15, 2015.

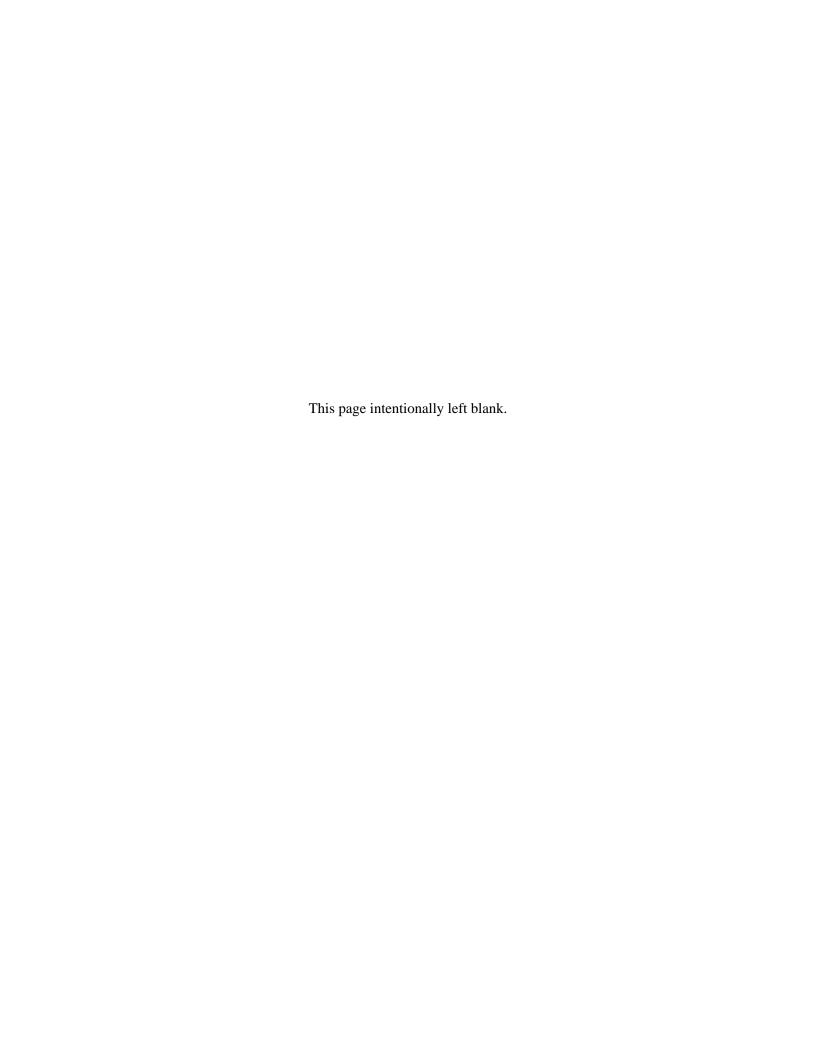
GASB Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement replaces Statement No. 46, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" as amended, and Statement 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans". It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", as amended, and Statement No. 50, "Pension Disclosures". This statement is effective for financial statement periods beginning after June 15, 2016.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

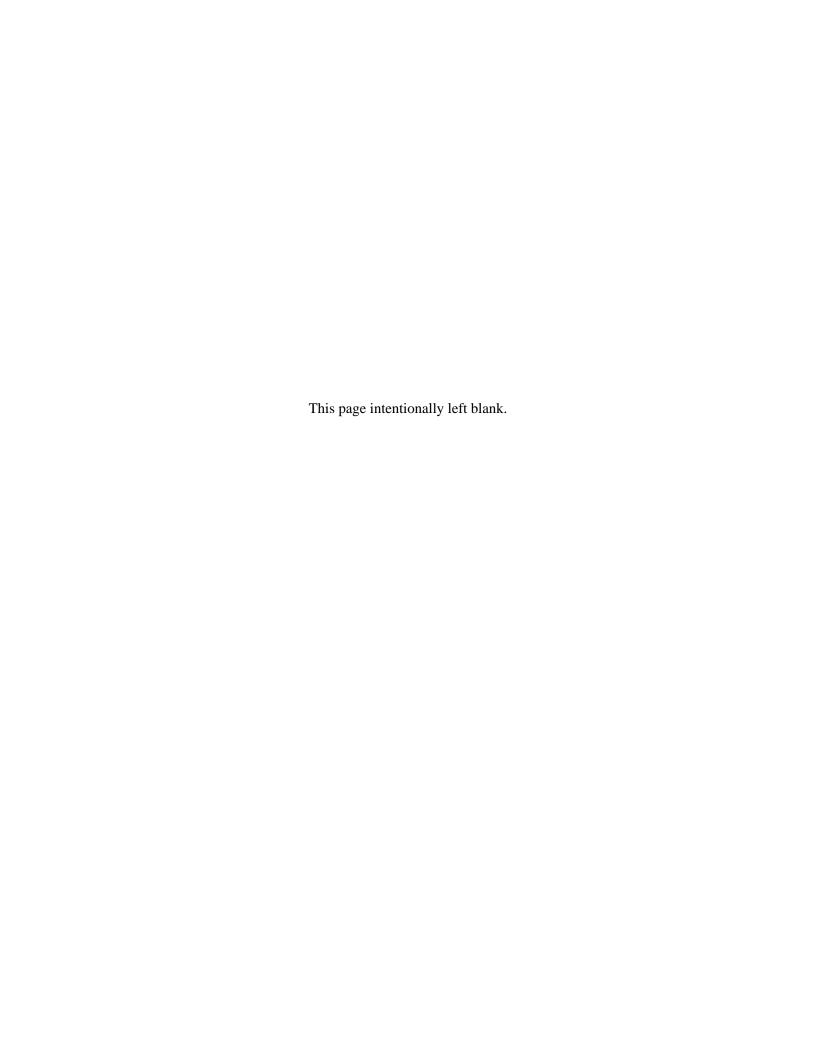
GASB Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement supersedes Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement is effective for fiscal years beginning after June 15, 2015.

NOTE D - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 8, 2016, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.



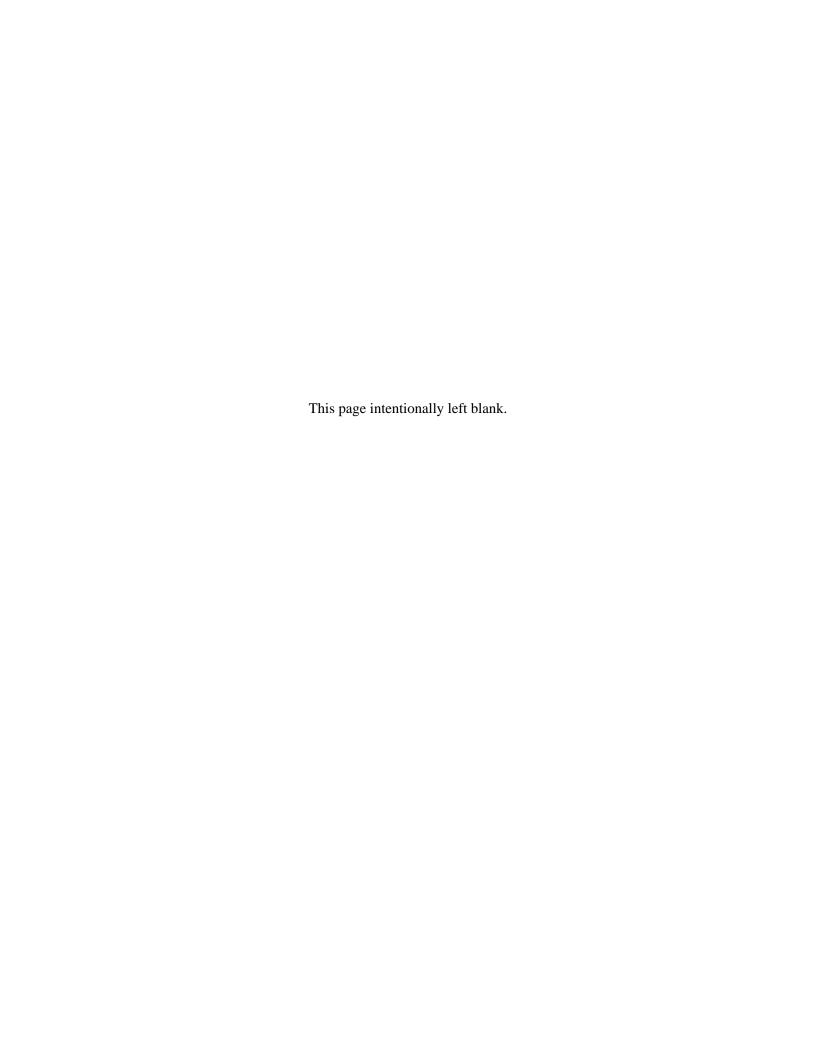
Supplementary Information



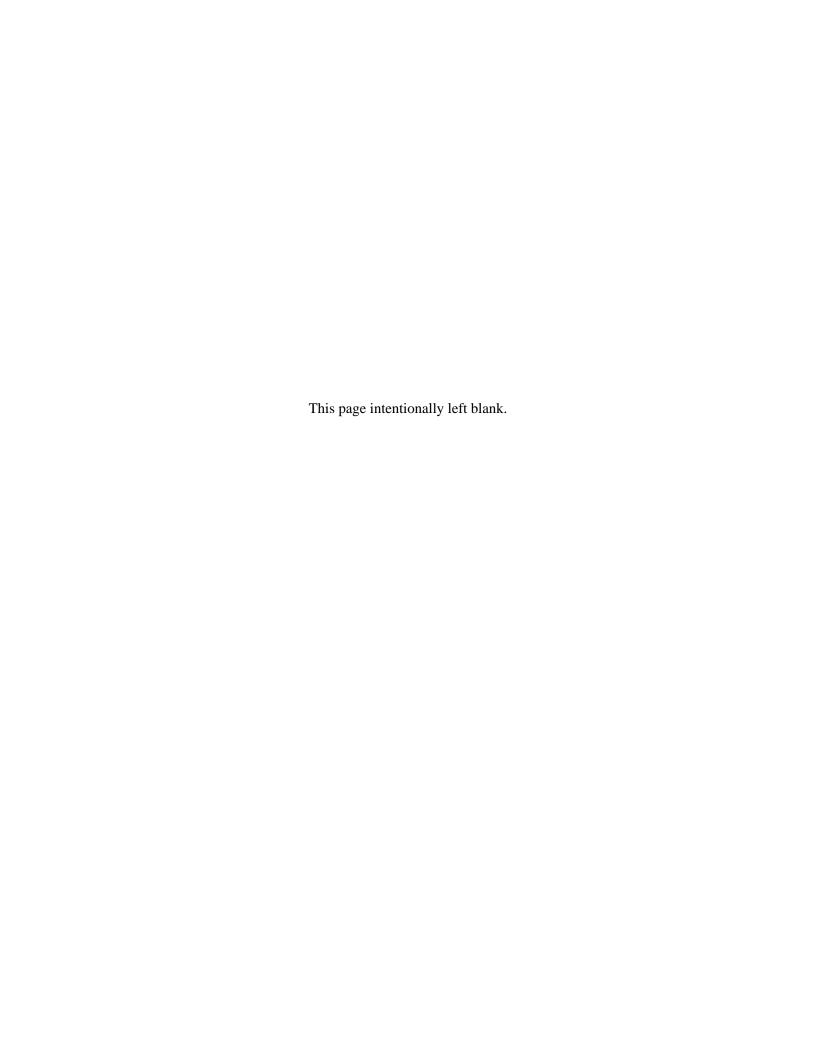
REGIONAL FIBER CONSORTIUM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2015

									Adjustments				
									to	Budget		GAAP	
	(Original		Revised	Actual Variance			Basis Actual		Basis Actual			
		Budget		Budget			Variance						
Revenues:													
Charges for services	\$	140,860	\$	149,360	\$	174,008	\$	24,648	\$	(38,806)	\$	135,202	
Investment earnings		400		400		199		(201)		167		366	
Total revenues		141,260		149,760		174,207		24,447		(38,639)		135,568	
Expenses:													
Current operating:													
Development and public works		86,100		128,900		123,233		5,667		-		123,233	
Change in net position		55,160		20,860		50,974		30,114		(38,639)		12,335	
Net position, beginning of year		184,987		117,936		117,936				45,255		163,191	
Net position, end of year	\$	240,147	\$	138,796	\$	168,910	\$	30,114	\$	6,616	\$	175,526	



Compliance Section



Management Representation of Fiscal Affairs

Required by Oregon Regulation

For the Year Ended June 30, 2015

The Regional Fiber Consortium (the Consortium) is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operations and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, Division 40) including, but not limited to:

§ Deposit of public funds with financial institutions (ORS Chapter 295).

 \S $\;$ Indebtedness limitations, restrictions and repayment.

§ Budgets legally required (ORS Chapter 294).

§ Insurance and fidelity bonds in force or required by law.

§ Programs funded from outside sources.

§ Authorized investment of surplus funds (ORS Chapter 294).

§ Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

The management of the Consortium is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

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01-08-2016

Robert Duey, Finance Director

Date

