

# REGIONAL FIBER CONSORTIUM

## Annual Financial Statements

For the Years Ended  
June 30, 2022 and 2021



This page intentionally left blank

REGIONAL FIBER CONSORTIUM

**ANNUAL FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2022 and 2021**

Prepared by:

City of Springfield  
Finance Department

This page intentionally left blank

REGIONAL FIBER CONSORTIUM

FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Board of Directors	9
<b>FINANCIAL SECTION</b>	
Independent Accountant's Review Report	15-16
Management's Discussion & Analysis	19-23
Basic Financial Statements:	
Comparative Statements of Net Position	27
Comparative Statements of Revenues, Expenses and Changes in Net Position	28
Comparative Statements of Cash Flows	29
Notes to Financial Statements	30-34
Supplemental Information:	
Schedule of Revenues, Expenses and Changes in Fund Net Position (Non GAAP Budgetary Basis) - Budget and Actual	37
<b>COMPLIANCE SECTION</b>	
Management Representation of Fiscal Affairs	41

This page intentionally left blank

# Introductory Section

This page intentionally left blank



# REGIONAL FIBER CONSORTIUM BOARD OF DIRECTORS

Anne Heath	Chair	City of Coburg 91136 N. Willamette St Coburg, OR 97408
Matt Michel	Vice Chair	City of Veneta 88184 8 <sup>th</sup> Street Veneta, OR 97487
Richard Meyers	Executive Committee	City of Cottage Grove 400 East Main Street Cottage Grove, OR 97424
Nathan Bell	Executive Committee	City of Springfield 225 Fifth Street Springfield, OR 97477
Austin Ramirez	Executive Committee	Lane County 125 East Eighth Ave Eugene, OR 97401
Robert Cowie	Executive Committee	City of Chiloquin 127 South First Ave Chiloquin, OR 97624
Karl Felten	Executive Committee	City of Eugene 61 W. 8 <sup>th</sup> Avenue Eugene, OR 97401
Sarah Moehrke	Executive Committee	City of Florence 250 Highway 101 Florence, OR 97439

## ADMINISTRATION

### Fiscal:

Nathan Bell  
Finance Director  
City of Springfield

Neil Obringer  
Budget Officer  
City of Springfield

Samuel Kelly-Quattrocchi  
Finance Management Analyst  
City of Springfield

### Operational:

Jacob Callister  
Fiber Lead / Senior Planner  
Lane Council of  
Governments

Anne Davies  
Principal Attorney  
Lane Council of  
Governments

This page intentionally left blank

# Financial Section

This page intentionally left blank

# **Independent Accountant's Review Report**

This page intentionally left blank



**GROVE, MUELLER & SWANK, P.C.**

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301

(503) 581-7788 • FAX (503) 581-0152 • [www.gms.cpa](http://www.gms.cpa)

## ***INDEPENDENT ACCOUNTANT'S REVIEW REPORT***

Board of Directors  
Regional Fiber Consortium  
Springfield, Oregon

We have reviewed the accompanying financial statements of Regional Fiber Consortium (the Consortium), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### ***Accountant's Conclusion***

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


### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, 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, a conclusion, nor provide any assurance on it.

### ***Supplemental Information***

The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

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

By:   
Ryan T. Pasquarella, CPA  
December 6, 2022



# **Management's Discussion and Analysis**

This page intentionally left blank

**Regional Fiber Consortium**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2022**

The Regional Fiber Consortium (Consortium) was established on August 1, 1999 through an intergovernmental agreement among a group of Oregon cities and counties and the agreement was subsequently amended as cities and counties joined or left the consortium. As of June 30, 2022, the current membership includes the Cities of Springfield, Lowell, Coburg, Westfir, Oakridge, Klamath Falls, Merrill, Bandon, Coquille, Coos Bay, North Bend, Roseburg, Sutherlin, Eugene, Florence, Cottage Grove, Drain, Yoncalla, Veneta, Creswell, Lane County, Coos County and Douglas County.

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, 2022. Please read it in conjunction with the Consortium's financial statements, which begin on Page 27.

**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. That project has been completed and over one-hundred 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 Homes for Good (previously 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 PeaceHealth 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 Lane Council of Governments (LCOG) provides general staffing for the Consortium, including scheduling and staffing meetings, managing and negotiating the leases, and recordkeeping. The City of Springfield performs all financial 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, 2022 and June 30, 2021, the cost of such services was \$12,000 for each year.

## **Financial Highlights**

- The Consortium's total assets at June 30, 2022 decreased \$38,625 from \$1,315,094, as restated, to \$1,276,469, or 2.9% from the prior year. This decrease in total assets was primarily due to a decrease of \$112,192 in lease receivables, as well as an increase in cash and investments of \$70,630.
- The Consortium's total liabilities increased by \$2,101 from \$38,025 to \$40,126. This increase was due to an increase in accounts payable.
- The net position of the Consortium (assets less liabilities) at June 30, 2022 increased \$76,790 from \$477,660 to \$554,450, or 16.1% from the prior year.
- The Consortium's total operating revenues increased \$2,530 (1.4%) over the prior year from \$179,190 to \$181,720. This increase in revenue was due to an increase in the fiber lease rates for two customers.
- The Consortium's total operating expenses decreased \$9,036 (7.3%) over the prior year from \$123,659 to \$114,623. The net decrease was primarily due to a \$19,878 decrease in contractual service payments to Lane Council of Governments and a \$9,204 increase for the new annual ISP payment to Lumen (fka CenturyLink). The \$19,878 decrease in contractual service payments to Lane Council of Governments was due to reduced administration costs as the negotiation and renewal of existing subleases resulted in higher costs in the prior year. The \$9,204 increase in operating expenses is a result of the new annual payment liability due to Lumen (fka CenturyLink), whereas for the prior year reporting was only for 6 months, as the change was effective 1/1/2021.

## 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, a comparative statement of revenues, expenses, and changes in net position and a comparative statement of cash flows. The statement of net position presents the financial position on a full accrual 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 statement of cash flows presents the increases and/or decreases to cash during the fiscal year from operating activities and investing activities.

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 position increased in fiscal year 2022 as compared to 2021. Revenues increased related to an annual fiber lease rate increase and an amendment to an existing lease, expenses decreased as Lane Council of Governments contractual services costs decreased as the negotiations and execution of the renewal of existing subleases was mostly completed in the prior year.

### Regional Fiber Consortium Net Position

	June 30, Restated		
	2022	2021	2020
ASSETS			
Current assets	\$ 702,765	\$ 627,877	\$ 444,369
Noncurrent assets	573,704	687,217	-
Total assets	1,276,469	1,315,094	444,369
LIABILITIES			
Current liabilities	40,126	38,025	24,746
DEFERRED INFLOWS OF RESOURCES			
Deferred lease resources	681,893	799,409	-
Net position:			
Unrestricted	\$ 554,450	\$ 477,660	\$ 419,623

As of June 30, 2022, unrestricted net position was \$554,450, an increase of \$76,790 (16.1%) from the prior year, as compared to an unrestricted net position of \$477,660 as of June 30, 2021, which was an increase of \$58,037 (13.8%) from fiscal year 2020. The increase in 2022 can be primarily attributed to an increase in lease receivables, related to the implementation of GASB87, as well as an increase in cash and investments as explained earlier.

#### **Regional Fiber Consortium Change in Net Position**

	Year Ended June 30,		
	2022	2021	2020
Operating revenues	\$ 181,720	\$ 179,190	\$ 170,337
Operating expenses	114,623	123,659	100,257
Operating income	67,097	55,531	70,080
Non-operating revenues	9,693	2,506	6,975
Change in net position	76,790	58,037	77,055
Net position, beginning of year	477,660	419,623	342,568
Net position, end of year	<u>\$ 554,450</u>	<u>\$ 477,660</u>	<u>\$ 419,623</u>

Overall, lease revenues increased by \$2,530 or 1.4% from fiscal 2021 to 2022 as compared to an increase of \$8,853 or 5.2% from fiscal 2020 to 2021. Both years experienced modest increases resulting from increases to the fiber lease rates, with 2021 seeing a higher increase related to the renegotiation of existing leases. In 2022 Consortium expenses were \$114,623 as compared to \$123,659 in 2021 and \$100,257 in 2020. In 2022 there was a decrease in contractual services related to lower administration costs than in 2021, as the negotiation and renewal of existing subleases was mostly complete by the end of the 2021 fiscal year.

#### **Budgetary Highlights**

The original budget was not amended in 2022. The differences between the original budget and the actual budget basis revenues and expenditures can be summarized as follows:

- Revenues were under budget by \$24,064 (11.7%).
- Expenditures were under budget by \$96,527 (45.7%).

## **Economic Factors and Next Year's Budget and Rates**

As explained above, 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, including Level 3 Communications and Williams Communications, in consideration of right-of-way user fees payable to the cities who are members of the Consortium. Both Level 3 and Williams have since been purchased or absorbed by Lumen (fka CenturyLink). The Consortium negotiated new 20-year Indefeasible Rights of Use (IRUs) with Lumen for continued rights to the original fibers. The renewal increased expenditures to include payment to Lumen for the use of the fiber. The finalized agreement results in a payment of 20% of select fiber lease revenues, but with the concurrent increase (20%) in Consortium rates for sublessees of that fiber, there will not be a major negative financial impact to the Consortium. The Consortium was able to renegotiate leases with nearly all its current lessees. Some of the leases are different than they were historically. One significant lessee has indicated that they may not require the leases they currently have. Loss of this lessee would result in a significant impact to annual revenues. It would free up fibers for lease but would require that a lessee use the strands for government purpose only. This constraint makes such a lease harder to secure. The Consortium is working with the lessee to minimize impacts and transition strategically.

The Consortium may be able to offset anticipated loss of revenues in several ways. In fiscal year 2015, the Consortium started an annual grant program to provide members with funds to improve broadband services in their communities. If necessary, this grant program can be terminated or suspended, or the Consortium could reduce the frequency of grant expenditures. It was decided that the fiscal year 2022-2023 budget could allow for a \$100,000 budget for grants, and the decision was unanimously approved. Continuation of the COVID-19 pandemic, and discovery of uncertainty around future leases created continuing uncertainty around revenues for the Consortium and no grant awards were pursued in fiscal year 2021-2022. Consortium staff will continue grant discussions in the coming fiscal year. Despite longer term uncertainty, both expenditures and revenues are anticipated to increase, and the previous general health of the Consortium budget following completion of negotiations with Lumen will be maintained. As described above, the Consortium has means for maintaining budget health going forward in any reasonably conceivable scenario. 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.

This page intentionally left blank



# **Basic Financial Statements**

This page intentionally left blank

Regional Fiber Consortium

COMPARATIVE STATEMENTS OF NET POSITION

	June 30,	
	2022	Restated 2021
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 557,817	\$ 487,187
Receivables:		
Accounts receivable	29,940	27,817
Lease receivables, current portion	113,513	112,192
Accrued interest	1,495	681
Total current assets	702,765	627,877
Other assets:		
Lease receivables	573,704	687,217
Total assets	1,276,469	1,315,094
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	40,126	38,025
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred lease resources	681,893	799,409
<b>NET POSITION</b>		
Unrestricted	\$ 554,450	\$ 477,660

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,	
	2022	2021
Operating revenues:		
Lease revenue	\$ 181,720	\$ 179,190
Operating expenses:		
Materials and services	114,623	123,659
Operating income	67,097	55,531
Non-operating revenues:		
Interest on investments	9,693	2,506
Change in net position	76,790	58,037
Net position, beginning of year	477,660	419,623
Net position, end of year	<u>\$ 554,450</u>	<u>\$ 477,660</u>

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,	
	2022	2021
Cash flows from operating activities:		
Operating receipts	\$ 179,597	\$ 225,397
Cash paid to suppliers for goods and services	<u>(117,846)</u>	<u>(110,380)</u>
Net cash provided by operating activities	61,751	115,017
Cash flows from investing activities:		
Interest received	<u>8,879</u>	<u>2,553</u>
Net change in cash and investments	70,630	117,570
Cash and investments, beginning of year	<u>487,187</u>	<u>369,617</u>
Cash and investments, end of year	<u><u>\$ 557,817</u></u>	<u><u>\$ 487,187</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 67,097	\$ 55,531
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(2,123)	46,207
Accounts payable	2,101	13,279
Net lease receivable	<u>(5,324)</u>	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 61,751</u></u>	<u><u>\$ 115,017</u></u>

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

## Regional Fiber Consortium

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Fiber Consortium (Consortium) was established on August 1, 1999, through an intergovernmental agreement among a group of Oregon cities and counties and the agreement was subsequently amended as cities and counties joined or left the Consortium. The Consortium was initially formed for the purpose of taking control of and managing certain fiber optic cable transferred to the Consortium in the form of a 20-year indefeasible right of use (IRU) by Pacific Fiber Link, LLC, in exchange for a waiver of payment for the right of way use fees that Pacific Fiber Link, LLC would otherwise owe to the cities that were members of the Regional Fiber Consortium. Pacific Fiber Link, LLC later became known as 360° Networks, and was subsequently, acquired by Zayo Group, LLC. Another Consortium, Fiber South Consortium, was later formed for a similar arrangement with Williams Communications, Inc., now known as WilTel Communications, LLC, and Level 3 Communications, LLC. The two Consortia were ultimately consolidated into what is now known as the Regional Fiber Consortium. As of June 30, 2022, the current membership includes the Cities of Springfield, Lowell, Coburg, Westfir, Oakridge, Klamath Falls, Merrill, Bandon, Coquille, Coos Bay, North Bend, Roseburg, Sutherlin, Eugene, Florence, Cottage Grove, Drain, Yoncalla, Veneta, Creswell, Lane County, Coos County and Douglas County.

It is the purpose 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 the 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.

Regional Fiber Consortium

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Basis of Accounting

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.

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. Budgetary Accounting

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.

Regional Fiber Consortium

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Cash and Investments

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. Accounts Receivable

Accounts receivable consist of lease payments receivable of \$29,940 and \$27,817, respectively, as of June 30, 2022 and June 30, 2021. No allowance for doubtful accounts is considered necessary.

6. Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the Regional Fiber Consortium, reduced by principal payments received.

7. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.



Regional Fiber Consortium

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. 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 – LEASE RECEIVABLES**

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables as of June 30, 2022 are \$687,217 and a deferred inflow of resources of \$681,893.

<b>BUSINESS-TYPE ACTIVITIES:</b>	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Receivable				
Infrastructure				
Optical Fiber strand(s)	\$ 31,600	\$ -	\$ 6,894	\$ 24,706
Optical Fiber strand(s)	5,267	-	1,149	4,118
Optical Fiber strand(s)	96,303	-	18,858	77,445
Optical Fiber strand(s)	34,760	-	7,583	27,177
Optical Fiber strand(s)	18,960	-	4,136	14,824
Optical Fiber strand(s)	74,257	-	29,542	44,715
Optical Fiber strand(s)	464,528	-	27,945	436,583
Optical Fiber strand(s)	31,600	-	6,894	24,706
Optical Fiber strand(s)	42,134	-	9,191	32,943
Total Lease Receivable	<u>\$ 799,409</u>	<u>\$ -</u>	<u>\$ 112,192</u>	<u>\$ 687,217</u>

Regional Fiber Consortium

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE B – LEASE RECEIVABLES – Continued

<b>BUSINESS-TYPE ACTIVITIES:</b>	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Deferred Inflow of Resources				
Infrastructure				
Optical Fiber strand(s)	\$ 31,600	\$ -	\$ 7,022	\$ 24,578
Optical Fiber strand(s)	5,267	-	1,170	4,097
Optical Fiber strand(s)	96,303	-	19,261	77,042
Optical Fiber strand(s)	34,760	-	7,725	27,035
Optical Fiber strand(s)	18,960	-	4,213	14,747
Optical Fiber strand(s)	74,257	-	29,703	44,554
Optical Fiber strand(s)	464,528	-	32,037	432,491
Optical Fiber strand(s)	31,600	-	7,022	24,578
Optical Fiber strand(s)	42,134	-	9,363	32,771
Total Deferred Inflow of Resources	<u>\$ 799,409</u>	<u>\$ -</u>	<u>\$ 117,516</u>	<u>\$ 681,893</u>

Future maturities are as follows:

Principal and Interest Expected to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 113,513	\$ 10,687	\$ 124,200
2024	99,876	9,324	109,200
2025	86,093	8,107	94,200
2026	68,543	6,937	75,480
2027	30,834	6,126	36,960
2028 - 2032	163,700	21,100	184,800
2033 - 2037	124,658	4,702	129,360
	<u>\$ 687,217</u>	<u>\$ 66,983</u>	<u>\$ 754,200</u>

NOTE C – 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, 2022 and June 30, 2021, the cost of such services was \$12,000 per year.

See Independent Accountant's Review Report

# **Supplemental Information**

This page intentionally left blank

Regional Fiber Consortium  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
(NON GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2022

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 203,760	\$ 203,760	\$ 184,121	\$ (19,639)	\$ (2,401)	\$ 181,720
Interest on investments	<u>1,500</u>	<u>1,500</u>	<u>(2,925)</u>	<u>(4,425)</u>	<u>12,618</u>	<u>9,693</u>
Total revenues	<u>205,260</u>	<u>205,260</u>	<u>181,196</u>	<u>(24,064)</u>	<u>10,217</u>	<u>191,413</u>
Expenditures/Expenses:						
Current operating:						
Finance	<u>211,150</u>	<u>211,150</u>	<u>114,623</u>	<u>96,527</u>	<u>-</u>	<u>114,623</u>
Change in net position	(5,890)	(5,890)	66,573	72,463	10,217	76,790
Net position, beginning of year	<u>460,235</u>	<u>468,282</u>	<u>468,282</u>	<u>-</u>	<u>9,378</u>	<u>477,660</u>
Net position, end of year	<u>\$ 454,345</u>	<u>\$ 462,392</u>	<u>\$ 534,855</u>	<u>\$ 72,463</u>	<u>\$ 19,595</u>	<u>\$ 554,450</u>

See Independent accountant's review report

This page intentionally left blank

# **Compliance Section**

This page intentionally left blank





Management Representation of Fiscal Affairs  
Required by Oregon Regulation  
For the Year Ended June 30, 2022

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).**
- § **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.

Nathan Bell, Finance Director

12-6-22

Date