

REGIONAL FIBER CONSORTIUM

Annual Financial Statements

For the Years Ended
June 30, 2023 and 2022



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REGIONAL FIBER CONSORTIUM

ANNUAL FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

Prepared by:

City of Springfield
Finance Department

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REGIONAL FIBER CONSORTIUM

FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

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Introductory Section

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REGIONAL FIBER CONSORTIUM BOARD OF DIRECTORS

Matt Michel	Chair	City of Veneta 88184 8 th Street Veneta, OR 97487
Bryan Cutchen	Vice Chair	City of Oakridge 48318 E 1 st Street Oakridge, OR 97463
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
Jude Anderson	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 th Avenue Eugene, OR 97401

ADMINISTRATION

Fiscal:

Nathan Bell
Finance Director
City of Springfield

Neil Obringer
Budget Officer
City of Springfield

Yueyin Lin
Finance Analyst
City of Springfield

Operational:

Jacob Callister
Fiber Lead / Senior Planner
Lane Council of
Governments

Anne Davies
Principal Attorney
Lane Council of
Governments

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Financial Section

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Independent Accountant's Review Report

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GROVE, MUELLER & SWANK

redw
Advisors & CPAs

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, 2023 and 2022, 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
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, CPA
December 15, 2023

Management's Discussion and Analysis

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Regional Fiber Consortium
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

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, 2023, 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, 2023. 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, 2023 and June 30, 2022, the cost of such services was \$12,000 for each year.

Financial Highlights

- The Consortium's total assets at June 30, 2023 increased \$21,891 from \$1,276,469 to \$1,298,360, or 1.7% from the prior year. This increase in total assets was primarily due to an increase in cash and investments of \$98,140, a decrease of \$107,994 in lease receivables, as well as an increase in accounts receivable of \$31,134.
- The Consortium's total liabilities increased by \$43,259 from \$40,126 to \$83,385. This increase was due to an increase in accounts payable.
- The net position of the Consortium (assets less liabilities) at June 30, 2023 increased \$90,657 from \$554,450 to \$645,107, or 16.4% from the prior year.
- The Consortium's total operating revenues decreased \$14,094 (7.8%) from the prior year of \$181,720 to \$167,626. This decrease in revenue was primarily due to a prior year accrual of fiber lease revenue for a lease that was in negotiations but ultimately not executed.
- The Consortium's total operating expenses decreased \$11,768 (10.3%) from the prior year of \$114,623 to \$102,855. The net decrease was primarily due to a \$12,202 decrease in contractual service payments to Lane Council of Governments. The \$12,202 decrease in contractual service payments to Lane Council of Governments was due to reduced administration costs.

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 2023 as compared to 2022. Revenues decreased related to a prior year accrual for fiber lease revenues for a lease that was in negotiations but ultimately not executed, however expenses decreased as Lane Council of Governments contractual services administrative costs decreased.

Regional Fiber Consortium Net Position

	June 30,		
	2023	2022	Restated 2021
ASSETS			
Current assets	\$ 821,203	\$ 702,765	\$ 627,877
Noncurrent assets	477,157	573,704	687,217
Total assets	1,298,360	1,276,469	1,315,094
LIABILITIES			
Current liabilities	83,385	40,126	38,025
DEFERRED INFLOWS OF RESOURCES			
Deferred lease resources	569,868	681,893	799,409
Net position:			
Unrestricted	<u>\$ 645,107</u>	<u>\$ 554,450</u>	<u>\$ 477,660</u>

As of June 30, 2023, unrestricted net position was \$645,107, an increase of \$90,657 (16.4%) from the prior year, as compared to an unrestricted net position of \$554,450 as of June 30, 2022, which was an increase of \$76,790 (16.1%) from fiscal year 2021. The increase in 2023 can be primarily attributed to an increase in cash and investments as explained earlier.

Regional Fiber Consortium Change in Net Position

	Year Ended June 30,		
	2023	2022	2021
Operating revenues	\$ 167,626	\$ 181,720	\$ 179,190
Operating expenses	102,855	114,623	123,659
Operating income	64,771	67,097	55,531
Non-operating revenues	25,886	9,693	2,506
Change in net position	90,657	76,790	58,037
Net position, beginning of year	554,450	477,660	419,623
Net position, end of year	<u>\$ 645,107</u>	<u>\$ 554,450</u>	<u>\$ 477,660</u>

Overall, lease revenues decreased by \$14,094 or 7.8% from fiscal 2022 to 2023 as compared to an increase of \$2,530 or 1.4% from fiscal 2021 to 2022. In 2023 the decrease in revenue was primarily due to a prior year accrual of fiber lease revenue for a lease that was in negotiations but ultimately not executed. In 2023 Consortium expenses were \$102,855 as compared to \$114,623 in 2022 and \$123,659 in 2021. In 2023 there was a decrease in contractual services related to lower administration costs than in 2022.

Budgetary Highlights

The original budget was not amended in 2023. The differences between the original budget and the actual budget basis revenues and expenditures can be summarized as follows:

- Revenues were over budget by \$6,352 (3.3%).
- Expenditures were under budget by \$171,390 (68.0%).

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 a new 20-year Indefeasible Right of Use (IRU) with Lumen for continued rights to the original fibers in 2021. The renewal increased expenditures to include payment to Lumen for the use of the fiber; however, with the concurrent increase in Consortium rates for sublessees of that fiber, there wasn't a major negative financial impact to the Consortium. The Consortium anticipates losing at least one lease that generates significant revenue, which will impact annual revenues. The loss of that lease will free up fibers for lease to a different entity, but this particular segment of strands requires that a lessee use the strands for government purposes only. This constraint makes such a lease harder to secure. The Consortium is working to find new lessee(s) to minimize the impact and transition strategically. Potential interest in the strands exists, including the potential interest, by the original lessee, for a shorter segment of the strands. In any case, there is no guarantee that the RFC will secure a lease agreement with comparable revenue.

The Consortium continues to be thoughtful of ways to offset anticipated loss of revenues. 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. In the fiscal year 2022-2023 budget the board allowed for a \$100,000 for grants. While no awards were issued in 2022-2023, there has been interest in continuing to offer these awards and the \$100,000 was included in the 2023-2024 budget. One \$25,000 award was approved in Summer of 2023, but has not been formally awarded as of December 2023. Consortium staff will continue grant discussions in the coming fiscal year and evaluate how revenue outlook and reserve balance impact grant awards. The Consortium has identified several future revenue opportunities. These are primarily related to federal and state funding opportunities that will add demand and value to resources like RFC assets that provide middle mile connectivity to rural areas of the region. Expenditures and revenues are anticipated to achieve a sustainable balance, and the previous general health of the Consortium budget 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.

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Basic Financial Statements

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Regional Fiber Consortium

COMPARATIVE STATEMENTS OF NET POSITION

	June 30,	
	2023	2022
ASSETS		
Current assets:		
Cash and investments	\$ 655,957	\$ 557,817
Receivables:		
Accounts receivable	61,074	29,940
Lease receivables, current portion	102,066	113,513
Accrued interest	2,106	1,495
Total current assets	821,203	702,765
Other assets:		
Lease receivables	477,157	573,704
Total assets	1,298,360	1,276,469
LIABILITIES		
Current liabilities:		
Accounts payable	83,385	40,126
DEFERRED INFLOWS OF RESOURCES		
Deferred lease resources	569,868	681,893
NET POSITION		
Unrestricted	\$ 645,107	\$ 554,450

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,	
	2023	2022
Operating revenues:		
Lease revenue	\$ 167,626	\$ 181,720
Operating expenses:		
Materials and services	102,855	114,623
Operating income	64,771	67,097
Non-operating revenues:		
Interest on investments	25,886	9,693
Change in net position	90,657	76,790
Net position, beginning of year	554,450	477,660
Net position, end of year	\$ 645,107	\$ 554,450

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,	
	2023	2022
Cash flows from operating activities:		
Operating receipts	\$ 136,492	\$ 179,597
Cash paid to suppliers for goods and services	<u>(63,627)</u>	<u>(117,846)</u>
Net cash provided by operating activities	72,865	61,751
Cash flows from investing activities:		
Interest received	<u>25,275</u>	<u>8,879</u>
Net change in cash and investments	98,140	70,630
Cash and investments, beginning of year	<u>557,817</u>	<u>487,187</u>
Cash and investments, end of year	<u><u>\$ 655,957</u></u>	<u><u>\$ 557,817</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 64,771	\$ 67,097
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(31,134)	(2,123)
Accounts payable	43,259	2,101
Net lease receivable	<u>(4,031)</u>	<u>(5,324)</u>
Net cash provided by operating activities	<u><u>\$ 72,865</u></u>	<u><u>\$ 61,751</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, 2023 and 2022

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, 2023, 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, 2023 and 2022

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, 2023 and 2022

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 \$61,074 and \$29,940, respectively, as of June 30, 2023 and June 30, 2022. 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, 2023 and 2022

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

In July 2021, Regional Fiber Consortium entered into a 54 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$31,600. As of June 30, 2023, the value of the lease receivable is \$23,260. The lessee is required to make quarterly fixed payments of \$2,360.00. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$23,046 and Regional Fiber Consortium recognized lease revenue of \$9,219 during the fiscal year.

In July 2021, Regional Fiber Consortium entered into a 54 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$5,267. As of June 30, 2023, the value of the lease receivable is \$2,957. The lessee is required to make quarterly fixed payments of \$300. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$2,927, and Regional Fiber Consortium recognized lease revenue of \$1,170 during the fiscal year.

In July 2021, Regional Fiber Consortium entered into a 60 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$96,303. As of June 30, 2023, the value of the lease receivable is \$58,390. The lessee is required to make quarterly fixed payments of \$4,950. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$57,781, and Regional Fiber Consortium recognized lease revenue of \$19,261 during the fiscal year.

In July 2021, Regional Fiber Consortium entered into a 54 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$34,760. As of June 30, 2023, the value of the lease receivable is \$19,514. The lessee is required to make quarterly fixed payments of \$1,980. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$19,310, and Regional Fiber Consortium recognized lease revenue of \$7,725 during the fiscal year.

See Independent Accountant's Review Report

Regional Fiber Consortium

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE B – LEASE RECEIVABLES – Continued

In July 2021, Regional Fiber Consortium entered into a 54 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$18,960. As of June 30, 2023, the value of the lease receivable is \$10,644. The lessee is required to make quarterly fixed payments of \$1,080. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$10,534, and Regional Fiber Consortium recognized lease revenue of \$4,213 during the fiscal year.

In July 2021, Regional Fiber Consortium entered into a 30 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$74,257. As of June 30, 2023, the value of the lease receivable is \$14,959. The lessee is required to make quarterly fixed payments of \$7,500. The lease has an interest rate of 0.7270%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$14,851, and Regional Fiber Consortium recognized lease revenue of \$29,703 during the fiscal year.

In July 2021, Regional Fiber Consortium entered into a 174 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$464,528. As of June 30, 2023, the value of the lease receivable is \$408,104. The lessee is required to make quarterly fixed payments of \$9,240. The lease has an interest rate of 1.9910%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$400,455, and Regional Fiber Consortium recognized lease revenue of \$32,036 during the fiscal year.

In July 2021, Regional Fiber Consortium entered into a 54 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$31,600. As of June 30, 2023, the value of the lease receivable is \$17,740. The lessee is required to make quarterly fixed payments of \$1,800. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$17,556, and Regional Fiber Consortium recognized lease revenue of \$7,022 during the fiscal year.

In July 2021, Regional Fiber Consortium entered into a 54 month lease as Lessor for the use of Optical Fiber strand(s). An initial lease receivable was recorded in the amount of \$42,134. As of June 30, 2023, the value of the lease receivable is \$23,655. The lessee is required to make quarterly fixed payments of \$2,400. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$23,408, and Regional Fiber Consortium recognized lease revenue of \$9,363 during the fiscal year.

For the years ended June 30, 2023 and June 30, 2022, lease receivables were \$579,223 and \$687,217, and deferred inflow of resources were \$569,868 and \$681,893, respectively.

See Independent Accountant's Review Report

Regional Fiber Consortium

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE B – LEASE RECEIVABLES – Continued

BUSINESS-TYPE ACTIVITIES:	Year Ended June 30							
	2023				2022			
	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Receivable								
Infrastructure								
Optical Fiber strand(s)	\$ 24,706	\$ 7,687	\$ 9,133	\$ 23,260	\$ 31,600	\$ -	\$ 6,894	\$ 24,706
Optical Fiber strand(s)	4,118	-	1,161	2,957	5,267	-	1,149	4,118
Optical Fiber strand(s)	77,445	-	19,055	58,390	96,303	-	18,858	77,445
Optical Fiber strand(s)	27,177	-	7,663	19,514	34,760	-	7,583	27,177
Optical Fiber strand(s)	14,824	-	4,180	10,644	18,960	-	4,136	14,824
Optical Fiber strand(s)	44,715	-	29,756	14,959	74,257	-	29,542	44,715
Optical Fiber strand(s)	436,583	-	28,479	408,104	464,528	-	27,945	436,583
Optical Fiber strand(s)	24,706	-	6,966	17,740	31,600	-	6,894	24,706
Optical Fiber strand(s)	32,943	-	9,288	23,655	42,134	-	9,191	32,943
Total Lease Receivable	<u>\$ 687,217</u>	<u>\$ 7,687</u>	<u>\$115,681</u>	<u>\$ 579,223</u>	<u>\$ 799,409</u>	<u>\$ -</u>	<u>\$112,192</u>	<u>\$ 687,217</u>

BUSINESS-TYPE ACTIVITIES:	Year Ended June 30							
	2023				2022			
	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Deferred Inflow of Resources								
Infrastructure								
Optical Fiber strand(s)	\$ 24,578	\$ 7,687	\$ 9,219	\$ 23,046	\$ 31,600	\$ -	\$ 7,022	\$ 24,578
Optical Fiber strand(s)	4,097	-	1,170	2,927	5,267	-	1,170	4,097
Optical Fiber strand(s)	77,042	-	19,261	57,781	96,303	-	19,261	77,042
Optical Fiber strand(s)	27,035	-	7,725	19,310	34,760	-	7,725	27,035
Optical Fiber strand(s)	14,747	-	4,213	10,534	18,960	-	4,213	14,747
Optical Fiber strand(s)	44,554	-	29,703	14,851	74,257	-	29,703	44,554
Optical Fiber strand(s)	432,491	-	32,036	400,455	464,528	-	32,037	432,491
Optical Fiber strand(s)	24,578	-	7,022	17,556	31,600	-	7,022	24,578
Optical Fiber strand(s)	32,771	-	9,363	23,408	42,134	-	9,363	32,771
Total Deferred Inflow of Resources	<u>\$ 681,893</u>	<u>\$ 7,687</u>	<u>\$119,712</u>	<u>\$ 569,868</u>	<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
2024	\$ 102,066	\$ 9,374	\$ 111,440
2025	88,307	8,133	96,440
2026	69,659	6,941	76,600
2027	30,834	6,126	36,960
2028	31,453	5,507	36,960
2029 - 2033	166,984	17,816	184,800
2034 - 2037	89,920	2,480	92,400
	<u>\$ 579,223</u>	<u>\$ 56,377</u>	<u>\$ 635,600</u>

See Independent Accountant's Review Report

Regional Fiber Consortium

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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, 2023 and June 30, 2022, the cost of such services was \$12,000 per year.

Supplemental Information

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

Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 190,114	\$ 190,114	\$ 185,194	\$ (4,920)	\$ (17,568)	\$ 167,626
Interest on investments	3,494	3,494	14,766	11,272	11,120	25,886
Total revenues	<u>193,608</u>	<u>193,608</u>	<u>199,960</u>	<u>6,352</u>	<u>(6,448)</u>	<u>193,512</u>
Expenditures/Expenses:						
Current operating:						
Finance	<u>252,150</u>	<u>252,150</u>	<u>80,760</u>	<u>171,390</u>	<u>22,095</u>	<u>102,855</u>
Change in net position	(58,542)	(58,542)	119,200	177,742	(28,543)	90,657
Net position, beginning of year	<u>471,824</u>	<u>534,855</u>	<u>534,855</u>	<u>-</u>	<u>19,595</u>	<u>554,450</u>
Net position, end of year	<u>\$ 413,282</u>	<u>\$ 476,313</u>	<u>\$ 654,055</u>	<u>\$ 177,742</u>	<u>\$ (8,948)</u>	<u>\$ 645,107</u>

See Independent accountant's review report

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Compliance Section

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CITY OF SPRINGFIELD, OREGON

FINANCE DEPARTMENT

ACCOUNTING / REPORTING
ACCOUNTS RECEIVABLE / PAYABLE
ASSESSMENTS
BUDGETING / TREASURY
PAYROLL
PURCHASING



225 FIFTH STREET
SPRINGFIELD, OR 97477
(541) 726-3704
FAX (541) 726-3782
www.springfield-or.gov

Management Representation of Fiscal Affairs

Required by Oregon Regulation

For the Year Ended June 30, 2023

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

12-18-23

Date