

REGIONAL FIBER CONSORTIUM

Annual Financial Statements

For the Years Ended
June 30, 2024 and 2023



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REGIONAL FIBER CONSORTIUM

ANNUAL FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

Prepared by:

City of Springfield
Finance Department

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Regional Fiber Consortium
FINANCIAL STATEMENTS
(UNAUDITED)
For the Years Ended June 30, 2024 and 2023

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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 St Veneta, OR 97487
Bryan Cutchen	Vice Chair	City of Oakridge 48318 E 1 st St Oakridge, OR 97463
Nathan Bell	Executive Committee	City of Springfield 225 Fifth St Springfield, OR 97477
Jenna Cusimano	Executive Committee	Lane County 125 E 8 th Ave Eugene, OR 97401
Robert Cowie	Executive Committee	City of Chiloquin 127 S 1 st Ave Chiloquin, OR 97624
Karl Felten	Executive Committee	City of Eugene 100 W. 10th Ave. Suite 450 Eugene, OR 97401
Adam Hanks	Executive Committee	City of Coburg 91136 N Willamette Street Coburg, Oregon 97408
Chantelle Meyer	Executive Committee	City of Florence 250 Highway 101 Florence, OR 97439
Michael Saurwein	Executive Committee	City of Cottage Grove 400 E Main St Cottage Grove, OR 97424

ADMINISTRATION

Fiscal:

Nathan Bell
Finance Director
City of Springfield

Jessica Mumme
Budget Officer
City of Springfield

Yueyin Lin
Finance Analyst
City of Springfield

Operational:

Jacob Callister
Fiber Lead / Senior Planner
Lane Council of
Governments

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Financial Section

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Management's Discussion and Analysis

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Regional Fiber Consortium
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

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, 2024, 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, 2024. Please read it in conjunction with the Consortium's financial statements, which begin on page 23.

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.

The Consortium has continued to play a crucial role in broadband deployment in the Southwestern Oregon, providing key endorsements and support for a successful application for ARPA Capital

Projects funds to deploy fiber to 1,937 unserved and underserved locations in Lane and Douglas Counties. This project will commence in early 2025 and continue till the end of 2026.

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, 2024 and 2023, the cost of such services was \$12,000 for each year.

Financial Highlights

- The Consortium's total assets decreased \$11,013, or 0.8% from \$1,298,360 in FY2023 to \$1,287,347 in FY2024. This decrease was primarily due to an increase in cash and investments of \$125,224, a decrease of \$76,796 in lease receivables, as well as a decrease in accounts receivable of \$61,074.
- The Consortium's total liabilities, consisting of accounts payable, increased by \$10,041, or 12%, from \$83,385 in FY2023 to 93,426 in FY2024.
- Deferred inflows of resources, which represent lease revenue that will be earned in future years, decreased by \$80,517, or 14.1%, from \$569,868 in FY2023 to \$489,351 in FY2024.
- The net position of the Consortium (assets less liabilities) increased \$59,463, or 9.2%, from \$645,107 in FY2023 to \$704,570 in FY2024.
- The Consortium's total operating revenues decreased by \$43,393, or 25.9%, from \$167,626 in FY2023 to \$124,233 in FY2024. This decrease in revenue was primarily due to a lease that ended in FY2023 and was not renewed in FY2024.
- The Consortium's total operating expenses increased by \$8,483, or 8.2%, from \$102,855 in FY2023 to \$111,338 in FY2024. The net increase was primarily due to an increase in administrative costs for the Lane Council of Governments.

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

Net position over time may serve as a useful indicator of an entity’s financial position. In the case of the Consortium, assets exceeded liabilities and deferred inflows by \$704,570 at the close of the most recent fiscal year.

Regional Fiber Consortium Net Position

	June 30,		
	2024	2023	2022
Assets			
Current assets	\$ 880,239	\$ 821,203	\$ 702,765
Noncurrent assets	407,108	477,157	573,704
Total assets	<u>1,287,347</u>	<u>1,298,360</u>	<u>1,276,469</u>
Total liabilities	<u>93,426</u>	<u>83,385</u>	<u>40,126</u>
Total deferred inflows of resources	<u>489,351</u>	<u>569,868</u>	<u>681,893</u>
Total unrestricted net position	<u>\$ 704,570</u>	<u>\$ 645,107</u>	<u>\$ 554,450</u>

Current assets are increasing as the Consortium collects on its receivables. This causes an increase in cash balances while reducing both lease receivables (noncurrent assets) and deferred inflows of resources.

Liabilities are increasing due to the build-up of the amount owed for the Indefeasible Right of Use (IRU) to Lumen. This amount will be reduced to zero once the payment to Lumen is made.

Regional Fiber Consortium Change in Net Position

	Year Ended June 30,		
	2024	2023	2022
Operating revenues	\$ 124,233	\$ 167,626	\$ 181,720
Operating expenses	111,338	102,855	114,623
Operating income	12,895	64,771	67,097
Non-operating revenues	46,568	25,886	9,693
Change in net position	59,463	90,657	76,790
Net position, beginning of year	645,107	554,450	477,660
Net position, end of year	\$ 704,570	\$ 645,107	\$ 554,450

Management is in the process of securing new leases to replace expired ones which is causing the downward trend in operating revenues. However, this loss in lease revenue is being offset by increasing interest revenue (non-operating revenues). Interest earnings have been on the rise due to an increase in interest rates.

As stated earlier, there is an increase in operating expenses due to additional administrative costs for the Lane Council of Governments.

Budgetary Highlights

The original budget was not amended in 2024. The differences between the original budget and the actual budget basis revenues and expenses are summarized as follows:

- Total revenues were over budget by \$31,619, or 29.9%, due to higher-than-expected interest earnings.
- Total expenses were under budget by \$91,253, or 40.6%, due to unawarded grants.

Economic Factors and Outlook

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 (formerly 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. One lease that generates significant

revenue ended and was not renewed, which will impact annual revenues moving forward. The loss of that lease will free up fibers to 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 2024 budget the board allowed for \$100,000 for grants. No awards were issued during the 2024 Fiscal year, but Consortium interest in continuing to offer these awards resulted in one award in 2025 to the City of Coburg. 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 and secured a number of them. These are related to provider expansion outside of the Eugene-Springfield area (both north and south) utilizing RFC assets that provide middle mile connectivity to rural areas of the region. Expenditures and revenues are anticipated to regain 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
 (UNAUDITED)

	June 30,	
	2024	2023
ASSETS		
Current assets:		
Cash and investments	\$ 781,181	\$ 655,957
Receivables:		
Accounts receivable	-	61,074
Lease receivables, current portion	95,319	102,066
Accrued interest	3,739	2,106
Total current assets	880,239	821,203
Other assets:		
Lease receivables	407,108	477,157
Total assets	1,287,347	1,298,360
LIABILITIES		
Current liabilities:		
Accounts payable	93,426	83,385
DEFERRED INFLOWS OF RESOURCES		
Deferred lease resources	489,351	569,868
NET POSITION		
Unrestricted	\$ 704,570	\$ 645,107

The accompanying notes are an integral part of these statements.

Regional Fiber Consortium

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(UNAUDITED)

	Year Ended June 30,	
	2024	2023
Operating revenues:		
Lease revenue	\$ 122,941	\$ 167,626
Other operating revenue	1,292	-
Total operating revenues	<u>124,233</u>	<u>167,626</u>
Operating expenses:		
Materials and services	<u>111,338</u>	<u>102,855</u>
Total operating expenses	<u>111,338</u>	<u>102,855</u>
Operating income	12,895	64,771
Non-operating revenues:		
Interest on investments	<u>46,568</u>	<u>25,886</u>
Change in net position	59,463	90,657
Net position, beginning of year	<u>645,107</u>	<u>554,450</u>
Net position, end of year	<u>\$ 704,570</u>	<u>\$ 645,107</u>

The accompanying notes are an integral part of these statements.

Regional Fiber Consortium
 COMPARATIVE STATEMENTS OF CASH FLOWS
 (UNAUDITED)

	Year Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Operating receipts	\$ 185,307	\$ 136,492
Cash paid to suppliers for goods and services	\$ (105,018)	(63,627)
Net cash provided by operating activities	\$ 80,289	72,865
Cash flows from investing activities:		
Interest received	\$ 44,935	25,275
Net change in cash and investments	\$ 125,224	98,140
Cash and investments, beginning of year	\$ 655,957	557,817
Cash and investments, end of year	\$ 781,181	\$ 655,957
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 12,895	\$ 64,771
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	61,074	(31,134)
Accounts payable	10,041	43,259
Net lease receivable	(3,721)	(4,031)
Net cash provided by operating activities	\$ 80,289	\$ 72,865

The accompanying notes are an integral part of these statements.

Regional Fiber Consortium
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
June 30, 2024 and 2023

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 infeasible 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 WiTel 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
(UNAUDITED)
June 30, 2024 and 2023

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
(UNAUDITED)
June 30, 2024 and 2023

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 are 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 consisted of customer receivables of \$0 and \$61,074, respectively, as of June 30, 2024, and June 30, 2023. No allowance for doubtful accounts is considered necessary.

6. Lease Receivables

The Consortium sets up financing arrangements (leases) for the right to use its fiber strands (assets). These arrangements create lease receivables and 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 net position includes a separate section for deferred inflows of resources, which represent an acquisition of net assets 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
(UNAUDITED)
June 30, 2024 and 2023

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

The following paragraphs describe each optical fiber strand(s) lease that the Consortium has entered into as the lessor. The optical fiber strands are not owned by the Consortium and so, do not carry an infrastructure value.

In July 2021, the Consortium entered a 54-month lease with an interest rate of 1.0590% and required quarterly payments of \$2,360. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$14,030 and \$13,068, respectively. The Consortium recognized lease revenue of \$8,712 and interest revenue of \$210 during the 2024 fiscal year.

In July 2021, the Consortium entered a 54-month lease with an interest rate of 1.0590% and required quarterly payments of \$300. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$1,783 and \$1,756, respectively. The Consortium recognized lease revenue of \$1,170 and interest revenue of \$26 during the 2024 fiscal year.

In July 2021, the Consortium entered a 60-month lease with an interest rate of 1.0590% and required quarterly payments of \$4,950. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$39,132 and \$38,520, respectively. The Consortium recognized lease revenue of \$19,260 and interest revenue of \$542 during the 2024 fiscal year.

In July 2021, the Consortium entered a 54-month lease with an interest rate of 1.0590% and required quarterly payments of \$1,980. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$11,771 and \$11,586, respectively. The Consortium recognized lease revenue of \$7,724 and interest revenue of \$176 during the 2024 fiscal year.

In January 2024, the Consortium entered a 48-month lease with an interest rate of 2.3270% and required quarterly payments of \$1,885. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$25,270 and \$25,126, respectively. The Consortium recognized lease revenue of \$3,589 and interest revenue of \$324 during the 2024 fiscal year.

Regional Fiber Consortium
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
June 30, 2024 and 2023

NOTE B – LEASE RECEIVABLES – Continued

In July 2021, the Consortium entered a 54-month lease with an interest rate of 1.0590% and required quarterly payments of \$1,080. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$6,420 and \$6,320, respectively. The Consortium recognized lease revenue of \$4,213 and interest revenue of \$96 during the 2024 fiscal year.

In July 2021, the Consortium entered a 30-month lease with an interest rate of 0.7270% and required quarterly payments of \$7,500. The lease ended on December 31, 2023, and was not renewed, however, the lessee is continuing to utilize the optical fiber strands and making the \$7,500 quarterly payments. Since the lease was not renewed, the value of the lease receivable and deferred inflow of resources were \$0 and \$0, respectively, as of June 30, 2024. The Consortium recognized lease revenue of \$14,851 and interest revenue of \$41 under the lease agreement and \$15,000 in lease revenue under the quarter-to-quarter continuation during the 2024 fiscal year.

In July 2021, the Consortium entered a 174-month lease with an interest rate of 1.9910% and required quarterly payments of \$9,240. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$379,052 and \$368,398, respectively. The Consortium recognized lease revenue of \$32,034 and interest revenue of \$7,909 during the 2024 fiscal year.

In July 2021, the Consortium entered a 54-month lease with an interest rate of 1.0590% and required quarterly payments of \$1,800. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$10,701 and \$10,533, respectively. The Consortium recognized lease revenue of \$7,022 and interest revenue of \$160 during the 2024 fiscal year.

In July 2021, the Consortium entered a 54-month lease with an interest rate of 1.0590% and required quarterly payments of \$2,400. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were \$14,268 and \$14,044, respectively. The Consortium recognized lease revenue of \$9,363 and interest revenue of \$213 during the 2024 fiscal year.

Regional Fiber Consortium
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
June 30, 2024 and 2023

NOTE B – LEASE RECEIVABLES – Continued

Principal and interest payments expected to maturity are as follows:

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 95,319	\$ 8,660	\$ 103,979
2026	76,835	7,304	84,139
2027	38,179	6,320	44,499
2028	35,190	5,540	40,730
2029	32,084	4,876	36,960
2030 - 2034	170,334	14,466	184,800
2035 - 2036	54,487	953	55,440
Totals	<u>\$ 502,427</u>	<u>\$ 48,120</u>	<u>\$ 550,547</u>

A few minor remeasurements were made to the values of the deferred inflows of resources and can be seen in the table below along with the overall changes in values during fiscal years 2024 and 2023.

BUSINESS-TYPE ACTIVITIES:

	June 30, 2024				Balance as of June 30, 2024
	Balance as of July 1, 2023	Adjustments	Additions	Reductions	
Deferred Inflows of Resources					
Infrastructure					
Optical fiber strand(s)	\$ 23,047	\$ (1,266)	\$ -	\$ (8,712)	\$ 13,068
Optical fiber strand(s)	2,926	-	-	(1,170)	1,756
Optical fiber strand(s)	57,782	(2)	-	(19,260)	38,520
Optical fiber strand(s)	19,311	(1)	-	(7,724)	11,586
Optical fiber strand(s)	-	-	28,715	(3,589)	25,126
Optical fiber strand(s)	10,533	-	-	(4,213)	6,320
Optical fiber strand(s)	14,851	-	-	(14,851)	-
Optical fiber strand(s)	400,454	(22)	-	(32,035)	368,398
Optical fiber strand(s)	17,556	(1)	-	(7,022)	10,533
Optical fiber strand(s)	23,408	(1)	-	(9,363)	14,044
Total deferred inflows of resources	<u>\$ 569,868</u>	<u>\$ (1,292)</u>	<u>\$ 28,715</u>	<u>\$ (107,941)</u>	<u>\$ 489,351</u>

Regional Fiber Consortium
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
June 30, 2024 and 2023

NOTE B – LEASE RECEIVABLES – Continued

	June 30, 2023			Balance as of June 30, 2023
	Balance as of July 1, 2022	Additions	Reductions	
Deferred Inflow of Resources				
Infrastructure				
Optical fiber strand(s)	\$ 24,578	\$ 7,687	\$ (9,219)	\$ 23,046
Optical fiber strand(s)	4,097	-	(1,170)	2,927
Optical fiber strand(s)	77,042	-	(19,261)	57,781
Optical fiber strand(s)	27,035	-	(7,725)	19,310
Optical fiber strand(s)	14,747	-	(4,213)	10,534
Optical fiber strand(s)	44,554	-	(29,703)	14,851
Optical fiber strand(s)	432,491	-	(32,036)	400,455
Optical fiber strand(s)	24,578	-	(7,022)	17,556
Optical fiber strand(s)	32,771	-	(9,363)	23,408
Total deferred inflows of resources	<u>\$ 681,893</u>	<u>\$ 7,687</u>	<u>\$ (119,712)</u>	<u>\$ 569,868</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, 2024, and June 30, 2023, the cost of such services was \$12,000 per year.

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Supplemental Information

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Regional Fiber Consortium
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(NON GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
(UNAUDITED)
Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 133,640	\$ 133,640	\$ 132,570	\$ (1,070)	\$ (9,629)	\$ 122,941
Interest on investments and leases	4,531	4,531	37,220	32,689	9,348	46,568
Miscellaneous receipts	-	-	-	-	1,292	1,292
Total revenues	<u>138,171</u>	<u>138,171</u>	<u>169,790</u>	<u>31,619</u>	<u>1,011</u>	<u>170,801</u>
Expenses:						
Current operating:						
Finance	<u>224,686</u>	<u>224,686</u>	<u>133,433</u>	<u>91,253</u>	<u>(22,095)</u>	<u>111,338</u>
Total expenses	<u>224,686</u>	<u>224,686</u>	<u>133,433</u>	<u>91,253</u>	<u>(22,095)</u>	<u>111,338</u>
Excess of revenues over (under) expenses	<u>(86,515)</u>	<u>(86,515)</u>	<u>36,357</u>	<u>122,872</u>	<u>23,106</u>	<u>59,463</u>
Change in net position	(86,515)	(86,515)	36,357	122,872	23,106	59,463
Net position, beginning of year	<u>498,620</u>	<u>654,055</u>	<u>654,055</u>	<u>-</u>	<u>(8,948)</u>	<u>645,107</u>
Net position, end of year	<u>\$ 412,105</u>	<u>\$ 567,540</u>	<u>\$ 690,412</u>	<u>\$ 122,872</u>	<u>\$ 14,158</u>	<u>\$ 704,570</u>