



**AGENDA**  
**QLife Regular Board Meeting**  
Thursday January 25, 2018  
12:00 pm  
Wasco County Courthouse, 511 Washington Street, The Dalles Oregon  
**Deschutes Room – BO8**

- 12:00 Call to Order
- 12:00 Approval of Agenda
- 12:05 [Consent Agenda](#) *(items of a routine nature: minutes, documents, items previously discussed)*
  - [Technical Management Report](#) – John Amery
  - [Administrative Report](#) – Tyler Stone
- 12:05 [Financial Reports](#) – Mike Middleton
- 12:20 [Financial Priorities Discussion](#) – Tyler Stone, Mike Middleton
- 12:40 [Appointment of Budget Officer](#) – Tyler Stone
- 12:45 [Reappointment of Budget Committee Member/s](#) – Tyler Stone
- 12:50 [Maupin Update](#) – Dan McNeely, Lynn Ewing
- 1:10 [Auditor’s Report Discussion](#)
- 1:20 [Fiber Replacement Project](#) – John Amery
- 1:35 [Executive Session: \(2\)\(g\) Competitive trade or commerce negotiations and \(2\)\(m\)\(E\) Discuss information regarding security of telecom systems and data transmission.](#)

Old/New Business

Next Meeting Dates: Regular Board Meeting – February 22, 2018 at 12:00 pm

Adjourn

*\*Agenda subject to change*

An executive session may, in the discretion of the presiding officer, be called based on one or more of the following: ORS 192.660 (2)(a) Consider employment issues; (2)(e) Real property; (2)(f) Consider exempt records or information; (2)(g) Competitive trade or commerce negotiations; (2)(h) Consult with counsel re litigation; (2)(m)(D) & (E) Discuss information regarding security of telecom systems and data transmission.



## *Consent Agenda*

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- [Technical Management Report](#)
- [Administrative Report](#)

Aristo Networks LLC  
Technical Management Report  
By  
John Amery  
01/19/2018

Items of Discussion:

- NWCPUD is planing to replace all their customer meters with smart meters in 2018. Qlife is working with NWCPUD to see if there is potential collaborative value.
- Failing Fiber project
  - Manufacturer provided report indicating the fiber cable was installed incorrectly (placed under too much tension).
  - Qlife is working on cost estimates and potential replacement plans.
- Homeland Security Grant
  - Qlife is in communications with MCEDD and Wasco County Emergency Management to determine if there is a potential application opportunity.



## ***January 20, 2018***

### ***Administrative Report***

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#### **Current Projects**

- 221 Webber Street – Commstructure is currently working to develop the engineering for this project. John will coordinate with the appropriate contractors to complete the build-out when engineering is complete.
- 250 Steelhead Way - This build-out is now complete and Administrative Staff will begin billing as of 1/19/18.

#### **Project Accounting**

QLife Administrative Staff has been exploring ways to better capture project accounting data for review, analysis and planning purposes. Ms. Cramer is now moving forward with a solution. Ms. Cramer will begin utilizing the same financial software used by Wasco County, beginning with the project at 221 Webber Street. This will allow QLife to track project costs, contractor's billings, pass-through funds and other aspects that will be helpful in budgeting, cost estimating and project planning.

#### **Budget Committee Vacancy**

The QLife Budget Committee currently has one vacancy. This vacancy was created by Ken Farner and his wish to not be reappointed. Although Mr. Farner no longer sits on the Committee, he very much enjoyed being involved in the process and asked to be notified of meetings in hopes of attending.

#### **Oregon Telecommunications Planning Committee**

Ms. Cramer now sits on the Oregon Telecommunications Conference Planning Committee for 2018. She may give periodic reports to update the Board of any opportunities that may come available to QLife or the Board (awards, presenters, hosts, etc.).

#### **December 5, 2017 Minutes**

The minutes taken from the December 5, 2017 Board Meeting will be included in the February 22, 2018 packet.



## *Financial Reports*

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- [Financial Analysis](#)
- [Financial Statement](#)
- [A/R Aging Report](#)

## Qlife – Financial Analysis – January 25<sup>th</sup> meeting

### Financial Statements

The financial statements through December are presented. The information is unaudited and meant for Management use.

### Operations Fund

As of the end of December, Utility Service Charges are at 53% of budget execution. This is slightly ahead of the planned budgeted amount of 50% expected at the end of December.

Receivables as of 12/31/17 have a current due balance of \$21,410. There is one account in the 30-60 day overdue range for \$3,040 – however it was paid as of 1/9/18. In the over 120 days overdue there are 2 invoices totaling \$7,040 overdue. These are the same invoices reported on in December and due to the holiday timing the issue has not been discussed with the customers. To restate – both customers have paid invoices since this date in a timely manner and these appear to be over confusion in the descriptions of the invoices during the change over. Total receivable balance as of 12/31/17 is \$31,490. Even if the overdue invoices are removed from revenue, the budget execution is still 51.9%.

Expenses in total are 41.5% of the budget execution. Comparing this to the straight-line assumption of 50% is favorable. Specific line items are exceeding the budgeted expectations though.

- Dues and Subscriptions is over by \$1,440 but the overage has not increased since September.
- Miscellaneous Expense is over by \$2,845 – same as identified in the November report.
- Pole Connection Fees are over budget by \$12,150 – same as identified in the November report. This is due to Easement payments not considered in the budget as the expense is not annual.
- ESD E-Rate Pass Through has \$0 although budgeted at \$50,000. The process has changed so this revenue and expense will not be running through the Qlife books.
- Rent was budgeted as \$7,752 and no payments have been made at this point. It was budgeted as:
  - 1 room in City Hall \$141/mth
  - 2<sup>nd</sup> room in City Hall \$121/mth
  - 3<sup>rd</sup> additional room \$176/mth
  - Covered storage at City PW facility \$209/mth
  - Totals \$646/mth

- Legal Notices and Publishing is also \$0, but this accurate.

The fund is in good shape and progressing as planned.

### **Capital Fund**

Revenues for the Capital Fund are progressing. The transfer from the Operations fund is as planned. However, there is no transfer from the Maupin fund yet due to no available revenue there. Additionally, although budgeted at \$19,000, there have been no connection charges revenue for the Capital Fund. This puts the overall budget at 46.4% of revenue execution. Transfers from the Operations Fund are at 50%.

Expenses are at 1.3% of the budget execution. The total of \$15,401 has been expended with \$11,767 on Primary Systems and \$3,634 on Secondary Line Extension.

The fund is in good shape and following the plan. The only difficulty is the possible transfer to Maupin fund and the time to recover that expense. The fund will be able to recover and is not at risk at this time.

### **Maupin Fund**

The only revenue in the fund remains the state grant already received and remains at 43.3% budget execution for the grant. No amounts have been transferred in at this point and will not be until directed otherwise by the Board.

The Maupin fund expenses have grown to 25% of budget execution (only 1.3% increase from the November report). The Primary system is up to \$161,984 and Equipment is at \$3,148. The majority of the amounts in these accounts has been paid to Commstructure Consulting.

As a fund, the Maupin fund has not yet started receiving sustainable revenues. The fund needs to spend capital fund to be able to have an asset to use for revenue. Currently, the only revenues are a grant and potentially a transfer in.

### **Summary**

Each fund has a separate summary above. Taken as a whole, the organization is in good shape but the Maupin Fund will need to be resolved. Until a resolution regarding the Maupin fund is made, it will remain difficult to analyze.

# Qlife Monthly Report

## Operations Fund - December 2017

Filters	
Fd	600
Cat	(Multiple Items)

Data				
Account	Current Budget	Current Actual YTD	Current Year Budget Executed	
<b>Revenue</b>				
Qlife Operations				
Qlife-R				
Qlife-R				
INVESTMENT EARNINGS-R				
INTEREST EARNED	3,600	-		0.0%
INVESTMENT EARNINGS-R Total	3,600	-		0.0%
MISCELLANEOUS-R				
MISC RECEIPTS	200	1,200		600.0%
MISCELLANEOUS-R Total	200	1,200		600.0%
CHARGES FOR SERVICES-R				
UTILITY SERVICE CHARGES	658,347	348,820		53.0%
CONNECT CHARGES	1,000	1,700		170.0%
CHARGES FOR SERVICES-R Total	659,347	350,520		53.2%
PASS-THROUGH PAYMENTS-R				
E-RATE REIMBURSEMENTS	50,000	-		0.0%
PASS-THROUGH PAYMENTS-R Total	50,000	-		0.0%
Qlife-R Total	713,147	351,720		49.3%
Qlife-R Total	713,147	351,720		49.3%
Qlife Operations Total	713,147	351,720		49.3%
<b>Revenue Total</b>	<b>713,147</b>	<b>351,720</b>		<b>49.3%</b>
<b>Expense</b>				
Qlife Operations				
Qlife-E				
Qlife-E				
MATERIALS & SERVICES-E				
ADMINISTRATIVE COST	54,000	9,537		17.7%
ADVERTISING & PROMOTIONS	1,500	99		6.6%
BLDG REPAIR & MAINT	1,600	-		0.0%
CONTR SRVCS - AUDIT CONTRACT	7,050	2,150		30.5%
CONTR SRVCS - OTHER	3,000	3,673		122.4%
DUES & SUBSCRIPTIONS	1,300	2,740		210.7%
EQUIPMENT - NON CAPITAL	-	1,339		#DIV/0!
GENERAL GRANTS	2,000	2,000		100.0%
INSURANCE & BONDS	21,000	1,600		7.6%
LEGAL NOTICES & PUBLISHING	400	-		0.0%
MEALS LODGING & REGISTRATION	2,000	209		10.5%
MISC EXPENDITURES	650	3,495		537.7%

**Qlife Monthly Report  
Operations Fund - December 2017**

Account	Current Budget	Current Actual YTD	Current Year Budget Executed
NETWORK COMPONENTS	5,000	593	11.9%
POSTAGE	200	134	66.9%
SUPPLIES - OFFICE	135	59	43.9%
TAXES/PERMITS/ASSESSMENTS	400	315	78.8%
TELEPHONE	420	483	115.1%
TRAINING & EDUCATION	700	-	0.0%
UTILITIES - WALNUT ST	700	415	59.3%
RENT - OFFICE	7,752	-	0.0%
CONTR SRVCS - LEGAL COUNSEL CONTR	9,000	4,032	44.8%
ESD E-RATE PASS THROUGH	50,000	-	0.0%
OUTSIDE PLANT MAINTENANCE	43,000	7,557	17.6%
CONTRACTED SVCS - ENGINEERING	50,000	19,778	39.6%
CONTRACTED SVCS - NETWORK SYSTEM MANAGEMENT	68,000	22,367	32.9%
POLE CONNECTION FEES	10,500	22,650	215.7%
RIGHT OF WAY FEES	19,750	12,203	61.8%
SCHOLARSHIP	2,000	2,000	100.0%
MATERIALS & SERVICES-E Total	362,057	119,427	33.0%
CAPITAL OUTLAY-E	20,000	-	0.0%
TRANSFERS OUT-E	392,898	196,449	50.0%
Qlife-E Total	774,955	315,876	40.8%
Qlife-E Total	774,955	315,876	40.8%
Qlife Operations Total	774,955	315,876	40.8%
<b>Expense Total</b>	<b>774,955</b>	<b>315,876</b>	<b>40.8%</b>

# Qlife Monthly Report

## Capital Fund - December 2017

Filters

Fd	601
Cat	(Multiple Items)

Data				
Account	Current Budget	Current Actual YTD	Current Year Budget Executed	
<b>Revenue</b>				
Qlife Capital				
Qlife-R				
Qlife-R				
INVESTMENT EARNINGS-R				
INTEREST EARNED	1,072	-		0.0%
INVESTMENT EARNINGS-R Total	1,072	-		0.0%
TRANSFERS IN-R				
TRANSFER FROM QLIFE OPERATING FUND	392,898	196,449		50.0%
TRANSFER FROM QLIFE MAUPIN FUND	10,000	-		0.0%
TRANSFERS IN-R Total	402,898	196,449		48.8%
CHARGES FOR SERVICES-R				
CONNECT CHARGES	19,000	-		0.0%
CHARGES FOR SERVICES-R Total	19,000	-		0.0%
Qlife-R Total	422,970	196,449		46.4%
Qlife-R Total	422,970	196,449		46.4%
Qlife Capital Total	422,970	196,449		46.4%
<b>Revenue Total</b>	<b>422,970</b>	<b>196,449</b>		<b>46.4%</b>
<b>Expense</b>				
Qlife Capital				
Qlife-E				
Qlife-E				
MATERIALS & SERVICES-E	31,000	-		0.0%
CAPITAL OUTLAY-E				
BUILDINGS	232,000	-		0.0%
PRIMARY SYSTEMS	196,000	11,767		6.0%
SECONDARY LINE EXTENSION	75,000	3,634		4.8%
CAPITAL OUTLAY-E Total	503,000	15,401		3.1%
TRANSFERS OUT-E	220,000	-		0.0%
RESERVE FOR FUTURE EXPENDITURES-E	464,600	-		0.0%
Qlife-E Total	1,218,600	15,401		1.3%
Qlife-E Total	1,218,600	15,401		1.3%
Qlife Capital Total	1,218,600	15,401		1.3%
<b>Expense Total</b>	<b>1,218,600</b>	<b>15,401</b>		<b>1.3%</b>

# Qlife Monthly Report

## Maupin Fund - December 2017

Filters

Fd	602
Cat	(Multiple Items)

Data

Account	Current Budget	Current Actual YTD	Current Year Budget Executed
<b>Revenue</b>			
Qlife - Maupin			
Qlife-R			
Qlife-R			
INTERGOV'T REV - NON SINGLE AUDIT-R			
STATE GRANT	386,581	167,381	43.3%
INTERGOV'T REV - NON SINGLE AUDIT-R Total	386,581	167,381	43.3%
MISCELLANEOUS-R	6,000	-	0.0%
TRANSFERS IN-R	220,000	-	0.0%
CHARGES FOR SERVICES-R			
UTILITY SERVICE CHARGES	4,000	-	0.0%
CHARGES FOR SERVICES-R Total	4,000	-	0.0%
Qlife-R Total	616,581	167,381	27.1%
Qlife-R Total	616,581	167,381	27.1%
Qlife - Maupin Total	616,581	167,381	27.1%
<b>Revenue Total</b>	<b>616,581</b>	<b>167,381</b>	<b>27.1%</b>
<b>Expense</b>			
Qlife - Maupin			
Qlife-E			
Qlife-E			
MATERIALS & SERVICES-E			
ADMINISTRATIVE COST	14,160	-	0.0%
INSURANCE & BONDS	1,000	-	0.0%
CONTR SRVCS - LEGAL COUNSEL CONTR	2,000	648	32.4%
CONTRACTED SVCS - ENGINEERING	-	279	#DIV/0!
POLE CONNECTION FEES	1,050	-	0.0%
CONTRACTED SVCS - WIFI	20,400	-	0.0%
BROADBAND SUPPORT	14,352	-	0.0%
MATERIALS & SERVICES-E Total	52,962	927	1.7%
CAPITAL OUTLAY-E			
EQUIPMENT - CAPITAL	-	3,148	#DIV/0!
PRIMARY SYSTEMS	-	161,984	#DIV/0!
SECONDARY LINE EXTENSION	573,875	433	0.1%
CAPITAL OUTLAY-E Total	573,875	165,564	28.9%
TRANSFERS OUT-E	10,000	-	0.0%
RESERVE FOR FUTURE EXPENDITURES-E	28,320	-	0.0%
Qlife-E Total	665,157	166,491	25.0%
Qlife-E Total	665,157	166,491	25.0%

**Qlife Monthly Report  
Maupin Fund - December 2017**

Account	Current Budget	Current Actual YTD	Current Year Budget Executed
Qlife - Maupin Total	665,157	166,491	25.0%
<b>Expense Total</b>	<b>665,157</b>	<b>166,491</b>	<b>25.0%</b>

## Accounts Receivable Summary

<b>Fund</b>	<b>Total Receivable</b>	<b>Current</b>	<b>30-59 Days</b>	<b>60-89 Days</b>	<b>90-119 Days</b>	<b>Over 120 Days</b>
600	31,490.00	21,410.00	3,040.00	-	-	7,040.00
601	-	-	-	-	-	-
602	-	-	-	-	-	-



## *Financial Priorities Discussion*

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- [Current Financial Priorities](#)
- [Potential Capital Improvement Projects](#)

**QUALITYLIFE NETWORK INTERGOVERNMENTAL AGENCY POLICY**  
**Financial Priorities for Fiscal Year 2016-17**

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**Purpose:**

The purpose of this policy is to establish a prioritization of expenditure of funds for the QualityLife Network Intergovernmental Agency prior to each Fiscal Year's budget preparation.

**Primary objective:**

The primary objective is to provide general direction for the QLIFE Budget Committee in establishing the annual budget and to make public the general intentions of QLIFE in regard to potential monetary reserves of the Agency.

**Maupin Broadband System:**

The Maupin Broadband System will be budgeted in a separate self-sustaining fund and will not be covered by these Financial Priorities. It will have its' own Financial Priorities.

**Section I.**

**Policy**

It is the policy of the QLIFE Board that expenditures of revenue not *specifically* committed to another purpose through grant or loan agreements or other contractual obligations shall be budgeted in the following priority:

A. Routine Costs:

1. Normal maintenance and operating costs of the QLIFE Agency as determined through the appropriate budgeting process.
2. Amounts needed for annual debt retirement responsibilities of the Agency.
3. Up to \$20,000 for upgrading and replacement of the electronics of the system to always maintain agreed-upon capacity for QLife customers.
4. A cash reserve or contingency equal to one month's customer billing to maintain a minimum cash balance in the operating fund.
5. \$18,000 for annual pole line audit, associated repairs and tree trimming
6. Up to \$15,000 for unexpected system plant repairs or alterations in addition to contingency. Budgeted in Capital Fund: Outside Plant Primary

B. Discretionary Costs:

7. Up to \$40,000 to assist participants and new customers with build out of new connection (budgeted in Capital Fund: Outside Plant Secondary).

8. CIP Item #1 Downtown By-Past project for. (\$76,000)
9. CIP item #2: build additional collocation space near Big Eddy. (\$232,000)
10. CIP Item #3 Downtown Metro Loop. Cost estimate. (\$120,000)
11. Reserve for future expansion, modernization, or replacement of system equal to 10% of current \$5.4 million replacement value of outdoor plant. (\$540,000)
12. Financial distribution to City and County of equal amounts (Estimated at \$159 K)

## **Section II.**

### **Amendment of this policy**

This policy may be amended at any time by action of the Board.

## **Section III.**

### **Conflict with annual budget process**

If anything in this policy conflicts with the annual budget process as outlined in the Intergovernmental Agreement (IGA), the IGA will take precedence. The partners to this agreement may approve an initial budget and work scope or an amended budget and work scope that varies from this policy by an affirmative majority vote of the Boards of all partners.

Amended and approved by QLife Board March 17, 2016



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Erick Larsen, QLife President



### ***Potential Capital Improvement Projects***

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- Fiber Replacement Project – St. Mary’s
- PON Beta Program
- Generator Replacement
- Maupin Project
- Downtown Bypass Project
- Additional Colocation Space – Big Eddy
- Downtown Metro Loop Construction
- East Bisector Project
- Annual Equipment Reserve



## *Appointment of Budget Officer*

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- [Order 18-001](#)



QUALITYLIFE INTERGOVERNMENTAL AGENCY

DBA "QLIFE NETWORK"

IN THE MATTER OF THE REAPPOINTMENT OF MIKE MIDDLETON AS THE QUALITYLIFE INTERGOVERNMENTAL AGENCY BUDGET OFFICER

**ORDER #18-001**

NOW ON THIS DAY, the above-entitled matter having come on a regularly scheduled Board meeting for consideration, said day being one duly set in term for the transaction of public business and a majority of the Board of Directors being present; and

IT APPEARING TO THE BOARD: That QualityLife Intergovernmental Agency Bylaws require the Board to appoint a Budget Officer to oversee the budget process and document preparation; and

IT FURTHER APPEARING TO THE BOARD: That Mike Middleton, Wasco County Finance Director, is willing and qualified to accept the reappointment of Budget Officer; and

NOW, THEREFORE, IT IS HEREBY ORDERED: That Mike Middleton be and is hereby reappointed as the QualityLife Intergovernmental Agency Budget Officer, with an expiration date of January 25, 2019.

DATED this 25<sup>th</sup> day of January, 2018.

APPROVED AS TO FORM:

QLIFE BOARD OF DIRECTORS:

\_\_\_\_\_  
Keith Mobley, QLife Legal Counsel

\_\_\_\_\_  
Erick Larson, President

\_\_\_\_\_  
Darcy Long-Curtiss, Vice President

\_\_\_\_\_  
Scott Hege, Board Member

\_\_\_\_\_  
Taner Elliott, Board Member

\_\_\_\_\_  
Roger Kline, Board Member



## *Appointment of Committee Member*

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- [Order 18-002](#)



QUALITYLIFE INTERGOVERNMENTAL AGENCY

DBA "QLIFE NETWORK"

IN THE MATTER OF THE REAPPOINTMENT OF DOUG QUISENBERRY TO THE QUALITYLIFE INTERGOVERNMENTAL AGENCY BUDGET COMMITTEE

**ORDER #18-002**

NOW ON THIS DAY, the above-entitled matter having come on a regularly scheduled Board meeting for consideration, said day being one duly set in term for the transaction of public business and a majority of the Board of Directors being present; and

IT APPEARING TO THE BOARD: That QualityLife Intergovernmental Agency Bylaws require five appointees to the Budget Committee in addition to the Board of Directors being Budget Committee Members; and

IT FURTHER APPEARING TO THE BOARD: That Doug Quisenberry's appointment to the QualityLife Intergovernmental Agency Budget Committee expired on June 30, 2017; and

IT FURTHER APPEARING TO THE BOARD: That Doug Quisenberry is willing and is qualified to be reappointed to the QualityLife Intergovernmental Agency Budget Committee with an effective date of July 1, 2017; and

NOW, THEREFORE, IT IS HEREBY ORDERED: That Doug Quisenberry be and is hereby reappointed to the QualityLife Intergovernmental Agency Budget Committee, for a term of three years, with an expiration date of June 30, 2020.

DATED this 25<sup>th</sup> day of January, 2018.

APPROVED AS TO FORM:

QLIFE BOARD OF DIRECTORS:

\_\_\_\_\_  
Keith Mobley, QLife Legal Counsel

\_\_\_\_\_  
Erick Larson, President

\_\_\_\_\_  
Darcy Long-Curtiss, Vice President

\_\_\_\_\_  
Scott Hege, Board Member

\_\_\_\_\_  
Taner Elliott, Board Member

\_\_\_\_\_  
Roger Kline, Board Member



## *Maupin Update*

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- Oral Update Report – Dan McNeely/Lynn Ewing
- [Potential Phase In Costs](#)

## Maupin Phase In Costs

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From: Dan McNeely

Thu, Dec 14, 2017 at 1:04 PM

Tyler,

Below are some Phase In costs related to the Maupin Fiber Project.

While all of these numbers are approximate, they have been tempered by the bids we received for the project.

I also show ranges of costs. I did this because I believe that if components of the project are somehow broke out,

They may actually come in higher than they did as part of a larger project.

Ø POP to Clinic and Care Home: Approximately **\$ 53,000.00**

- o This includes all costs associated with extending the backbone and connections to both locations as currently designed

Ø POP Splicing: **\$ 52,000.00 to \$ 57,000.00**

- o This includes all costs associated with terminating all three 288F in the POP and populating the POP racks with all required implements

Ø Backbone Mid-sheath Splice Locations: **\$ 10,000.00 to \$ 11,000.00**

- o This includes all costs associated with creating the backbone mid-sheath splice locations to facilitate future connection of MST tails and Lateral cables.

Please review these numbers and feel free to contact me with any questions or concerns.

Thanks,

Dan



## *Auditor's Report Discussion*

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- [Annual Financial Report](#)
- [Auditor's Letter](#)
- [Revenue and Expense Summary](#)

**QUALITYLIFE  
INTERGOVERNMENTAL AGENCY**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**

# QUALITYLIFE INTERGOVERNMENTAL AGENCY

## Annual Financial Report For the Fiscal Year Ended June 30, 2017

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**OFFICIALS OF THE AGENCY**

**QUALITYLIFE INTERGOVERNMENTAL AGENCY**

**OFFICIALS OF THE AGENCY**

**AS OF JUNE 30, 2017**

**BOARD OF DIRECTORS**

Erick Larson, President  
1700 E 19th Street  
The Dalles OR 97058

Darcy-Long Curtiss  
2409 Mt Hood  
The Dalles OR 97058

Brian Ahier  
1126 E 8th Street  
The Dalles OR 97058

Scott Hege  
511 Washington Street  
The Dalles OR 97058

Taner Elliott  
397 Summit Ridge Drive  
The Dalles OR 97058

**AGENCY ADDRESS**

Administrative Offices  
313 Court Street  
The Dalles OR 97058

## **INDEPENDENT AUDITOR'S REPORT**

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
QualityLife Intergovernmental Agency  
The Dalles, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the QualityLife Intergovernmental Agency, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise QualityLife Intergovernmental Agency's basic financial statements as listed in the table of contents.

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

QualityLife Intergovernmental Agency's 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the QualityLife Intergovernmental Agency, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise QualityLife Intergovernmental Agency's basic financial statements. The officials of the agency and supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The officials of the agency, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Reports on Other Legal and Regulatory Requirements**

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 29, 2017, on our consideration of QualityLife Intergovernmental Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Merina & Company, LLP  
West Linn, Oregon  
December 29, 2017

## **MANAGEMENT DISCUSSION AND ANALYSIS**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

This discussion is intended to be an easily readable analysis of the QualityLife Intergovernmental Agency’s (the Agency) financial activities based on currently known facts, decisions and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow.

### **REPORT CONTENTS**

The report consists of enterprise fund financial statements, notes to the financial statements and individual fund schedules. The enterprise fund financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

#### **STATEMENT OF NET POSITION**

The Statement of Net Position focuses on the unrestricted net position of the Agency’s proprietary activities. The Statement reflects all assets and liabilities for the Agency.

#### **STATEMENT OF ACTIVITIES**

The Statement of Revenues, Expenses and Changes in Net Position focuses on the revenues and program cost of providing high-speed Internet access.

#### **STATEMENT OF CASH FLOW**

The Statement of Cash Flows presents information on the transactions resulting in cash being provided or used. The statement presents this information for Operating Activities and Capital and Related Financing Activities.

## ENTERPRISE FUND FINANCIAL STATEMENTS

Summary Statements of Net Position at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current and other assets	\$ 1,311,688	\$ 1,092,295
Capital assets, net of depreciation	<u>1,522,478</u>	<u>1,475,229</u>
Total assets	<u>2,834,166</u>	<u>2,567,524</u>
<b>Liabilities</b>		
Other liabilities	<u>52,562</u>	<u>51,268</u>
Total liabilities	<u>52,562</u>	<u>51,268</u>
<b>Net position</b>		
Net investment in Capital Assets	1,522,478	1,475,229
Unrestricted (deficit)	<u>1,259,126</u>	<u>1,041,027</u>
Total net position	<u>\$ 2,781,604</u>	<u>\$ 2,516,256</u>

The net position of the Agency is primarily invested in capital assets, net of related debt. New construction is primarily related to the Maupin Project and laterals for new customers.

A summarized version of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Operating revenues	\$ 609,430	\$ 666,629
Capital grants and contributions	80,535	133,102
Other	<u>11,704</u>	<u>4,950</u>
Total revenues	<u>701,669</u>	<u>804,681</u>
<b>Expenses</b>		
Operating expenses	436,321	334,476
Other		41,290
Interest on long-term debt	<u>-</u>	<u>-</u>
Total expenses	<u>436,321</u>	<u>375,766</u>
<b>Increase in net position</b>	265,348	428,915
Net position - beginning	<u>2,516,256</u>	<u>2,087,341</u>
Net position - ending	<u>\$ 2,781,604</u>	<u>\$ 2,516,256</u>

Net position increased during the year by \$265,348 due to newly constructed capital assets financed by capital grants, including the new Maupin Project.

## **BUDGETARY HIGHLIGHTS**

The original legal appropriations for the QLife General Fund totaled \$883,676 with a contingency of \$28,400. During the year, due to changes in projects and goals, \$28,400 was moved from Contingency to Materials and Services and \$28,100 was moved from Interfund Transfers to provide additional funds for projects in Material and Services. Expenditures were \$157,529 under budget.

The original legal appropriations for the QLife Capital Fund totaled \$1,325,456 with a contingency and other uses of \$799,456. During the year, due to projects and goals, \$28,100 was moved from Revenue funds and \$53,100 was moved from Distribution to Sponsors to cover decrease revenue from the QLife General Fund and increased Material and Services due to changes in projects and goals. Expenditures were \$1,027,439 under budget.

The original legal appropriations for the QLife Maupin Fund totaled \$454,480 with a contingency of \$9,950. No changes to the original budget were made to this fund. Expenditures were \$342,928 under budget.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

As of June 30, 2017, the Agency had investment in capital assets, net of accumulated depreciation, \$1,522,478 consisting primarily of the fiber optic loop. As of June 30, 2006, the system was fully operational and an industrial park fiber optic loop had been added.

The Downtown WiFi Project Phases are funded by contributions from QLife as well as other sources, and are being administered by the City of The Dalles, Oregon. The Agency made all of the agreed upon contributions to the project in FY14/15 in the amount of \$15,180. However, as the City has not yet completed the project, the Agency's contributions are considered "construction in progress" as of June 30, 2017. When the project is completed the entire capital asset will be in the ownership of the Agency. In addition, the Agency began work on the Maupin Project in FY15/16. In FY16/17 the agency contributed \$109,707 to the "construction in progress" total of \$184,882 as of June 30, 2017.

### *Debt Outstanding*

As of June 30, 2017, the Agency has had no long-term debt outstanding.

## **ECONOMIC FACTORS**

The QualityLife Intergovernmental Agency will continue to be an important partner in economic development within Wasco County and the City of The Dalles, providing necessary internet services to support continued growth and quality of services to those within the Agency's boundaries. Google, the search engine, started operations in new facilities in the City in 2006, and expanded their facilities in 2015, 2016 and 2017.

## **FINANCIAL CONTACT**

The Agency's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the Agency's Finance Director at 313 Court Street, The Dalles, Oregon 97058.

## **BASIC FINANCIAL STATEMENTS**

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

➤ **Government-Wide Financial Statements**

- **Proprietary Funds**

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**QUALITYLIFE INTERGOVERNMENTAL AGENCY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

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**ASSETS**

Current assets:		
Cash and cash equivalents	\$	1,275,401
Accounts receivables, net		<u>36,287</u>
Total current assets		1,311,688
Capital assets:		
Construction in progress		184,882
Depreciable assets, net of depreciation		<u>1,337,596</u>
Total capital assets, net		<u>1,522,478</u>
Total assets	\$	<u><u>2,834,166</u></u>

**LIABILITIES AND NET POSITION**

**LIABILITIES:**

Current liabilities:		
Accounts payable	\$	<u>52,562</u>
Total liabilities		<u>52,562</u>

**NET POSITION:**

Net investment in capital assets		1,522,478
Unrestricted (deficit)		<u>1,259,126</u>
Total net position		<u>2,781,604</u>
Total liabilities and net position	\$	<u><u>2,834,166</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**QUALITYLIFE INTERGOVERNMENTAL AGENCY  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 For the Fiscal Year Ended June 30, 2017**

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	<u>QualityLife Operations</u>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 609,430
Total operating revenues	<u>609,430</u>
<b>OPERATING EXPENSES:</b>	
Materials and services	373,863
Depreciation	<u>62,458</u>
Total operating expenses	<u>436,321</u>
Operating income (loss)	173,109
<b>NON-OPERATING INCOME (EXPENSE):</b>	
Interest on investment	11,704
Grants and contributions	<u>80,535</u>
Total non-operating income (expenses)	<u>92,239</u>
Change in net position	265,348
<b>NET POSITION, BEGINNING</b>	<u>2,516,256</u>
<b>NET POSITION, ENDING</b>	<u><u>\$ 2,781,604</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**QUALITYLIFE INTERGOVERNMENTAL AGENCY  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Fiscal Year Ended June 30, 2017**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 631,555
Cash paid to suppliers and others	<u>(372,569)</u>
Net cash provided (used) by operating activities	<u>258,986</u>

**CASH FLOWS FROM CAPITAL AND  
 RELATED FINANCING ACTIVITIES**

Grants and contributions	80,535
Purchase of capital assets	<u>(109,707)</u>
Net cash provided (used) by capital and related financing activities	<u>(29,172)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>11,704</u>
Net cash provided (used) by investing activities	<u>11,704</u>
Net increase (decrease) in cash and cash equivalents	241,518

**CASH AND CASH EQUIVALENTS, BEGINNING**

1,033,883

**CASH AND CASH EQUIVALENTS, ENDING**

\$ 1,275,401

**RECONCILIATION OF OPERATING INCOME TO  
 NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 173,109
Adjustments	
Depreciation	62,458
Decrease (increase) in:	
Accounts receivable	22,125
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>1,294</u>
Net cash provided (used) by operating activities	<u><u>\$ 258,986</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**QUALITYLIFE INTERGOVERNMENTAL AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For Fiscal Year Ended June 30, 2017**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Fund Structure**

The QualityLife Intergovernmental Agency (the Agency), is a joint venture of Wasco County, Oregon and the City of The Dalles, Oregon. The Agency was formed in 2001 to construct and operate a fiber optic network to provide high-speed internet service to the residents of The Dalles.

The accompanying financial statements present all funds for which the Agency is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the Agency is a primary government with no includable component units.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The Agency is accounted for as a business-type activity for financial reporting purposes and its basic financial statements are prepared on the accrual basis of accounting. Under this method, revenues were recorded when earned and expenses are recorded at the time liabilities are incurred.

The Agency distinguishes operating revenues and expenses from non-operation items. Operating revenues include internet access charges and connection fees, and generally result from providing services in connection with ongoing operations. Operating expenses include the cost of services in connection with ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expense.

When both restricted and unrestricted resources are available, it is the Agency's policy to use restricted resources first, then, unrestricted resources, as they are needed.

For financial reporting purposes, management considers the activities relating to the operation of the Agency as those of a unitary nature and those activities are reported as such. For operating and budgetary purposes, the accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity.

The funds of the Agency are as follows:

<b>Fund Type - Enterprise</b>	<b>Principal Revenue Source</b>	<b>Primary Expenditure Purpose</b>
General	Membership and Service Fees	General operating expenses
Capital Projects	Grants, City General Fund Contributions, and Charges for Services	Construction of fiber optic network
Maupin Expansion	Grants and Charges for Services	Construction and operation of Maupin Expansion

**C. Cash and Cash Equivalents**

The Agency’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**D. Customer Accounts Receivables**

Customer accounts receivable are stated at the amount management expects to collect on balances outstanding at year-end. Management has determined that no allowance for doubtful accounts is needed as of June 30, 2017.

**E. Capital Assets**

Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income.

The estimated useful lives of capital assets are as follows:

Equipment	10 years
Fiber optic loop	30-50 years

It is the Agency’s policy to record no depreciation on capital assets in the year of acquisition and a full year of depreciation in the year of disposition.

**F. Intangible Assets**

Purchases of software licenses are recorded at cost at date of acquisition. These intangible assets are being amortized over an estimated useful life of 10 years.

**G. Net Position**

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted net position; and unrestricted net position.

Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net earnings for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, or enabling legislation, including self-imposed mandates. Unrestricted net position consists of all other net earnings not included in the above categories.

#### **H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **II. DETAILED NOTES**

### **A. Deposits and Investments**

**Custodial credit risk - deposits.** This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2017, none of the Agency's bank balances were exposed to custodial credit risk. The Agency does not have a formal deposit policy for custodial credit risk.

### **B. Receivables**

Receivables represent amounts due to the Agency at June 30, 2017 from user charges.

### **C. Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

<b>General</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Capital Assets, non-depreciable:</b>					
Construction in progress	\$ 75,175	\$ 109,707	\$ -	\$ -	\$ 184,882
Total capital assets, non-depreciable	<u>75,175</u>	<u>109,707</u>	<u>-</u>	<u>-</u>	<u>184,882</u>
<b>Capital assets, depreciable:</b>					
Fiber optic loop	1,979,604	-	-	-	1,979,604
Equipment	84,273	-	-	-	84,273
Software licenses	7,011	-	-	-	7,011
Total capital assets, depreciable	<u>2,070,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,070,888</u>
<b>Less accumulated depreciation for:</b>					
Fiber optic loop	(586,684)	(61,472)	-	-	(648,156)
Equipment	(78,866)	(285)	-	-	(79,151)
Software licenses	(5,284)	(701)	-	-	(5,985)
Total accumulated depreciation	<u>(670,834)</u>	<u>(62,458)</u>	<u>-</u>	<u>-</u>	<u>(733,292)</u>
Net depreciable capital assets	<u>1,400,054</u>	<u>(62,458)</u>	<u>-</u>	<u>-</u>	<u>1,337,596</u>
<b>Net capital assets</b>	<u>\$ 1,475,229</u>	<u>\$ 47,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,522,478</u>

#### **D. Long-Term Obligations**

The Agency had no outstanding debt or transactions during the year ended June 30, 2017.

#### **E. Related Party Transactions**

The City of The Dalles, Oregon appoints two members and Wasco County, Oregon appoints two members of the QualityLife Intergovernmental Agency Board of Directors. The fifth member is appointed by the other four. Wasco County provides administrative services, along with space and technical services for GIS and fiber management, while the City provides financial services, rental of office space and pass through of grant revenues to the Agency. During the year, the Agency had the following related party transactions.

Charges for services revenue from:

City of The Dalles	\$ 9,840
Wasco County	\$ 16,560

Expenses for administrative and other services from:

City of The Dalles	
Administration	\$ 33,271
Rent Expense to City of The Dalles	\$ 7,752
Right of Way Fees to City of The Dalles	\$ 18,043
Wasco County	
Computer & GIS Services	\$ 4,950

In addition, at June 30, 2017, the City owes \$400 and the County has a zero balance to the Agency for services received. The Agency also owes the City \$4,642 for current year rent and charges of administrative services rendered, and \$1,693 for right-of-way fees.

## **F. Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency has obtained insurance for these risks through the Special Districts Association of Oregon, which operates a public entity risk pool for common risk management and insurance program for special districts. The Agency pays an annual premium to the pool for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of specified minimums for various insured events.

## **G. Construction in Progress**

The Downtown WiFi Project Phases are funded by contributions from the Agency as well as other sources, and is being administered by the City of The Dalles, Oregon. The Agency has made all of the agreed upon contributions to the project in the amount of \$15,180. However, as the City has not yet completed the project, the Agency's contributions are considered "construction in progress" as of June 30, 2017. When the project is completed the entire capital asset will be in the ownership of the Agency. In addition, the Agency continued work on the Maupin Project in FY16/17, which added \$109,707 to the "construction in progress" total of \$184,882 as of June 30, 2017.

## **SUPPLEMENTARY INFORMATION**

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- General Fund
- Capital Projects Fund
- Maupin Fund

**QUALITYLIFE INTERGOVERNMENTAL AGENCY  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 677,380	\$ 677,380	\$ 604,330	\$ (73,050)
Interest on investments	3,600	3,600	11,053	7,453
Miscellaneous	50,200	50,200	108	(50,092)
Total revenues	731,180	731,180	615,491	(115,689)
<b>EXPENDITURES:</b>				
Materials and services	289,785	346,285	258,756	87,529
Capital outlay	20,000	20,000	-	20,000
Other	50,000	50,000	-	50,000
Contingency	28,400	-	-	-
Total expenditures	388,185	416,285	258,756	157,529
Revenues over (under) expenditures	342,995	314,895	356,735	41,840
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(433,491)	(405,391)	(405,391)	-
Total other financing sources (uses)	(433,491)	(405,391)	(405,391)	-
Net changes in fund balances	(90,496)	(90,496)	(48,656)	41,840
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	152,496	152,496	157,296	4,800
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 62,000</u>	<u>\$ 62,000</u>	108,640	<u>\$ 46,640</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital projects fund balance			1,011,310	
Maupin fund balance			139,176	
Capital assets			1,522,478	
<b>NET POSITION AT END OF YEAR</b>			<u>\$ 2,781,604</u>	

**QUALITYLIFE INTERGOVERNMENTAL AGENCY  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 30,000	\$ 30,000	\$ 5,100	\$ (24,900)
Interest on investments	-	-	625	625
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>5,725</u>	<u>(24,275)</u>
<b>EXPENDITURES:</b>				
Materials and services	23,000	48,000	22,305	25,695
Capital outlay	503,000	503,000	90,957	412,043
Contingency	799,456	746,356	-	746,356
Total expenditures	<u>1,325,456</u>	<u>1,297,356</u>	<u>113,262</u>	<u>1,184,094</u>
Revenues over (under) expenditures	(1,295,456)	(1,267,356)	(107,537)	1,159,819
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	433,491	405,391	405,391	-
Transfers out	-	-	(156,655)	(156,655)
Total other financing sources (uses)	<u>433,491</u>	<u>405,391</u>	<u>248,736</u>	<u>(156,655)</u>
Net changes in fund balances	(861,965)	(861,965)	141,199	1,003,164
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>861,965</u>	<u>861,965</u>	<u>870,111</u>	<u>8,146</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,011,310</u>	<u>\$ 1,011,310</u>

**QUALITYLIFE INTERGOVERNMENTAL AGENCY  
MAUPIN FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Interest on investments	-	-	26	26
Miscellaneous	243,345	243,345	80,427	(162,918)
Total revenues	255,345	255,345	80,453	(174,892)
<b>EXPENDITURES:</b>				
Materials and services	16,210	16,210	1,845	14,365
Capital outlay	400,000	400,000	109,707	290,293
Contingency	38,270	38,270	-	38,270
Total expenditures	454,480	454,480	111,552	342,928
Revenues over (under) expenditures	(199,135)	(199,135)	(31,099)	168,036
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	156,655	156,655
Total other financing sources (uses)	-	-	156,655	156,655
Net changes in fund balances	(199,135)	(199,135)	125,556	324,691
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	199,135	199,135	13,620	(185,515)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 139,176	\$ 139,176

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *OREGON STATE REGULATION***

**INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**  
**ACCORDANCE WITH *OREGON STATE REGULATION***

Board of Directors  
QualityLife Intergovernmental Agency  
The Dalles, Oregon

We have audited the basic financial statements of QualityLife Intergovernmental Agency (the Agency), as of and for the year ended June 30, 2017 and have issued our report thereon dated December 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

**Compliance**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294). The Agency is exempt per ORS 294.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The Agency does not receive highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The Agency does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. In connection with our testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the

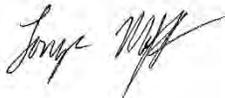
Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina & Company, LLP  
West Linn, Oregon  
December 29, 2017

December 29, 2017

To the Board of Directors  
QualityLife Intergovernmental Agency  
The Dalles, Oregon

We have audited the financial statements of the QualityLife Intergovernmental Agency (the Agency) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 29, 2017. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated August 21, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of accumulated depreciation is based on historical cost or estimated acquisition value at the date of donation.

We evaluated the key factors and assumptions used to develop this estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the Agency's financial statements relates to:

The disclosure of Capital Assets in Note II.C to the financial statements summarizes the changes in capital assets for the year ended June 30, 2017.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were noted during the audit.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, in a separate letter dated December 29, 2017.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

### *Other Matters*

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit management's discussion and analysis and do not express an opinion or provide any assurance on this information.

We were engaged to report on the supplementary information, as listed in the table of contents, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to

the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

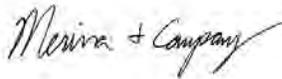
We were not engaged to report on the Officials of the Agency, which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

*Restriction on Use*

This report is intended solely for the information and use of the Board of Directors, and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

If you should have any questions or comments, we would be pleased to discuss this report with you at your convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP  
Certified Public Accountants and Consultants

December 29, 2017

QualityLife Intergovernmental Agency  
Angie Wilson  
313 Court Street  
The Dalles, OR 97058

Dear Ms. Wilson:

Enclosed is a copy of the Summary of Revenues and Expenditures for the QualityLife Intergovernmental Agency (Agency) for fiscal year 2016-2017 for your review. The Secretary of State requires Merina and Company to file the Summary of Revenue and Expenditures with the State.

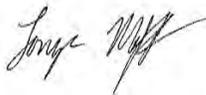
A copy of the financial statements must be sent to the Secretary of State. The Secretary of State encourages municipalities to file their reports electronically in PDF format. To file the financial statements electronically e-mail them to [municipalfilings.sos@state.or.us](mailto:municipalfilings.sos@state.or.us). The subject line should include the name of your municipality. If you prefer to mail hard copies of the financial statements please send them with the items listed below.

The statutory filing fee of \$150 for the Agency must be sent to the Secretary of State. Included a copy of the Summary of Revenues and Expenses. Please mail to:

Secretary of State, Business Services Division  
255 Capitol Street NE, Suite 180  
Salem, OR 97310

Please call if you have any questions.

Regards,



Tonya Moffitt, CPA  
Managing Partner  
Merina & Company, LLP  
Certified Public Accountants and Consultants



# Summary of Revenues and Expenditures

Please refer to instructions on next page.

A. Municipal corporation information			
Municipality name:	Qualitylife Intergovernmental Agency		
Address line 1:	313 Court Street	Reporting period: From	07/01/2016
Address line 2:		To	06/30/2017
City, state, ZIP:	The Dalles	OR	97058
Check if new address:	<input type="checkbox"/>	Report type:	Audit
If this is the final report, please enter the last date of operations:		Opinion issued:	Unmodified
		Basis of accounting:	GAAP

B. Financial statement audit – Reported deficiencies	
1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? _____ 0 _____	3. How were deficiencies communicated? Check all that apply. <input type="checkbox"/> Report issued in accordance with Government Auditing Standards <input type="checkbox"/> Communication in accordance with Statements on Auditing Standards AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit" <input type="checkbox"/> Other (specify communication): _____ <input checked="" type="checkbox"/> No deficiencies
2. Of those control deficiencies reported, how many resulted in the following: Accounting errors/Misstatements: _____ Noncompliance: _____	Per OAR 162-010-0230, a copy must be filed with Secretary of State.

## C. Summary of revenues and expenditures

Revenues and/or receipts		Expenditures and/or disbursements	
a. Revenues from government-wide statement of activities:	\$ 701,669	a. Expenditures from government-wide statement of activities:	\$ 436,321
b. Fiduciary fund additions:		b. Fiduciary fund deductions:	
<b>c. Gross revenues subtotal (a + b):</b>	<b>\$ 701,669</b>	<b>c. Gross expenditures subtotal (a + b):</b>	<b>\$ 436,321</b>
d. Revenues of component units:		d. Component unit expenditures reported with primary government:	
e. Taxes, assessments and other collections to be distributed to other governments:		e. Turnovers to other municipal corporations:	
<b>f. Exempt revenue subtotal (d + e):</b>	<b>\$ 0</b>	<b>f. Exempt expenditures subtotal (d + e):</b>	<b>\$ 0</b>
<b>g. Net revenues (c – f):</b>	<b>\$ 701,669</b>	<b>g. Net expenditures (c – f):</b>	<b>\$ 436,321</b>

<b>D. Filing fee:</b>	<b>\$ 150</b>
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E. Submitted by	
Auditor name: Tonya Moffitt	Municipal license number: 1392
Firm name: Merina and Company, LLP	Date: 01/02/2018
Municipal contact name, title: Angie Wilson	Municipal phone: (541) 296-5481

**Submit:** Click the "Submit" button on the right to submit this form via email. Save a copy for your records.

**Submit**

Within 30 days of delivering the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Audits Division, and one copy must be delivered to the municipal corporation. If deficiencies are communicated in a separate letter or in a report issued in accordance with *Government Auditing Standards*, a copy of that communication must also be filed. (OAR 162-010-0230)

# Instructions

## Section A: Municipal corporation information

Type information or use drop-down menu to complete this section. Indicate new address by checking the box.

- **Report type:** Select Audit or Review
- **Opinion issued:** Select from unmodified, qualified, adverse, or disclaimer. If any opinion unit received other than unmodified, please identify that opinion type.
- **Basis of accounting:** Identify whether GAAP, cash, or modified cash basis statements are presented.

## Section B: Financial statement audit – Reported deficiencies

**B.1. How many significant deficiencies and material weaknesses were communicated?**  
 Include the total number of *material weaknesses* and *significant deficiencies* reported in accordance with AU-C 265, ORS 297.466, and OAR 162-010-0230. Do not count “other matters” communicated.  
 If none were reported, insert a zero.

**B.2. Of those control deficiencies reported, how many resulted in accounting errors/misstatements or noncompliance?**  
 Most deficiencies relate to internal controls over financial reporting. Some control deficiencies might also directly result in accounting errors and misstatements or non-compliance. If any of the findings communicated resulted in accounting errors and misstatements or noncompliance, indicate the number of deficiencies included in the total for B.1 that also pertain to those categories.

**B.3. How were deficiencies communicated?**  
 Select the format used to communicate deficiencies to those charged with governance. Check all that apply. If no material weaknesses or significant deficiencies were communicated select No Deficiencies.  
*NOTE: If deficiencies are communicated (including other matters), the auditor shall file a copy of the communication with the Secretary of State within 30 days of delivering the report to the municipal corporation. (OAR 162-010-0230)*

## Section C: Summary of revenues and expenditures

Revenues/receipts and expenditures/disbursements information is derived from amounts reported for government-wide and fiduciary activities and on the basis of accounting used in the audited or reviewed financial statements.

## Section D: Filing fee

The filing fee is based on net expenditures; section C, line g. Enter the fee based on the chart below:

Net expenditures over	Net expenditures do not exceed	Fee
\$ 0	\$ 50,000	\$ 20
\$ 50,000	\$ 150,000	\$ 40
\$ 150,000	\$ 500,000	\$ 150
\$ 500,000	\$ 1,000,000	\$ 200
\$ 1,000,000	\$ 5,000,000	\$ 250
\$ 5,000,000	\$ 10,000,000	\$ 300
\$ 10,000,000	\$ 50,000,000	\$ 350
\$ 50,000,000		\$ 400

**ORS 297.485(1):  
 Net expenditures and/or disbursements**

The filing fee shall be determined by the total **expenditures** made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, except that **expenditures** for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the **total expenditures** upon which the amount of the fee is based.

## Section E: Submitted by

Include the name of the licensed municipal auditor who performed the engagement and is submitting this form. Also include their title, firm name, and date this summary form was completed.

**To submit:**

- Click the “Submit” button on page one to submit this form via email
- Save and email the completed form to [municipalfilings.sos@oregon.gov](mailto:municipalfilings.sos@oregon.gov) or
- Print a hardcopy and mail to: Audits Division, 255 Capitol St NE, Ste 500, Salem, Oregon 97310-0720



## *Fiber Replacement Project*

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- [Fiber Replacement Project – St. Mary's OPC](#)





## *Executive Session*

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