

QLife Network

QualityLife Intergovernmental Agency

AGENDA

QLife Regular Board Meeting

**Thursday, September 30, 2015, Noon
The Dalles City Hall, 313 Court Street
2nd Floor Conference Room**

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of July 24, 2015 QLife Regular Board Meeting Minutes and the September 18, 2015 Special Meeting Minutes
5. Financial Reports
 - a. July, August end of fiscal year 2014-15 Financial Reports
 - b. List of Disbursements since Last Meeting
 - c. Auditors Report for Fiscal year 2014-15
6. Action Item
 - a. Administration of QLife
7. Reports
 - a. Aristo Operational Management Report – John Amery
 - b. Broadband agreement with LSN using State Grant funds – Keith Mobley
8. Next Meeting Dates:
 - a. Regular Board Meeting _____. The Oregon Connections Conference is October 22-23. The regularly scheduled November meeting falls on Thanksgiving.
9. Adjourn

QLife Network

QualityLife Intergovernmental Agency

MINUTES

QLife Regular Board Meeting

Thursday, July 23, 2015, Noon
The Dalles City Hall, 313 Court Street
2nd Floor Conference Room

Call to Order

The meeting was called to order by President Larson at 12:04 p.m.

Roll Call

In attendance: Erick Larson, Scott Hege, Taner Elliott, Dan Spatz

Absent: Brian Ahier

Staff in attendance: Nolan Young, Izetta Grossman, Keith Mobley, John Amery

Guest: Business Development Director for the City of The Dalles, Gary Rains

Approval of Agenda

It was moved by Spatz and seconded by Hege to approve the Agenda as submitted. The motion carried unanimously, 1 absent.

Approval of June 25, 2015 QLife Regular Board Meeting Minutes

It was moved by Hege and seconded by Elliott to approve the Minutes of the June 25, 2015 regular meeting. The motion carried unanimously, 1 absent.

Financial Reports

Young reviewed the financial reports, there were no questions.

Action Item

Business Incubator Partnership: Rains reviewed location, history, ways to help with business retention. He said the process had started in October with discussions with the CORE group (Port, Mayor, City Manager and himself). In January the opportunity came up to work with MCMC – finding them other space, the Craig Building; and MCMC giving a large discount on the lease of the old NoCor building for the incubator. The building is unique in layout, size and has parking.

Rains had many conversations with people, most liking the idea, but wanting someone else to step out first. OEN could be larger, a more regional program. The State is waiting for funding. In August Rains will speak with Heather from the State.

Rains said he was asking for \$38,000 for lease payments of \$1,000 per month and utilities for the first year. He said he had five businesses inquiring about the space and others who are willing to be mentors. He said the interest and opportunity was there.

Young said that a month ago he had given a talk at Governmental Affairs and someone there said 90% of incubators fail. He said that in this case Rains had success with three other incubators. He said the City hired Rains to fill vacancies and create jobs in the whole community. Young said that the purpose of QLife had been to be an economic development engine. This was an opportunity for QLife to grow as a result of this investment as well as help the community. He said experience and common sense say this will be a success.

Dan Bubb arrived 12:12 p.m.

Larson said previously QLife had agreed in concept to provide connectivity.

Elliott asked if Innoventure on the Port of Hood River was initially rent free, provided by the Port. Rains said yes.

Larson asked who else had been asked for \$1000 per month. Rains said everyone indicates approval, but no one wants to be the first to put forth funds. They want to wait and see what happens. OIB would be grant/loan; MCEEDD has no resources until after it is established.

Spatz felt it was driven by space not a program. He spoke with Port/Main Street/MCEEDD they aren't ready to commit, they want to see the specifics of the program. He felt details needed to be fleshed out. He wanted a meeting with Port, MCEEDD, Main Street, Small Business Development Center, to decide what program was needed. He said he would not support the program until that happened.

Rains said it wasn't space driven, it was need driven. However, the space was very diverse, had parking and MCMC was willing to give a deep discount in lease payments. He said this was a unique convergence of the stars creating an opportunity to grow the economic opportunities for the community.

Hege said he thought everyone supported the idea, but is this proposal the "best way/place" to serve the needs.

Klebes from Main Street said he felt it did fill a need, space is good, Main Street needs a space for their office. Main Street has no money; strategic partners are needed to move the project farther.

Rains said the building has 9000 square feet; on three floors; office space and maker space; parking; roll up doors. He said the space is unique, and MCMC has stepped up with the greatly reduced lease.

Spatz said partners need to sit down around a table and come up with specific program to justify the investment.

Larson asked if QLife declined to fund the lease, would the project be dead?

Rains said it could change.

Young said the project wasn't new, it had been discussed at Community Outreach Team meetings for two or three years, and was a topic at an Oregon Connections Conference a couple of years ago – the City of Eugene assisted in the incubator there. The space had been analyzed, the savings provided by MCMC (lease with \$48,000 savings) would not be found at another location. He said there was not another building with the space already created into maker space and office space.

Larson asked if the ask needed to go before City and County before QLife could commit. Mobley said no, that it was a decision the Board could make.

Young proposed that QLife agree to providing broadband for 6 months or 12 months with a clause that program development plan would come back to board in four months. The lease had a 120 day clause, putting \$6,000 at risk to tie up the property.

Elliott said the building would probably still be there, no hurry to decide.

Larson said MCMC will use the building if wasn't developed for the Business Incubator Center.

Hege said he wanted to know if it was sustainable, would it work.

Young said in four months there would be history to answer those questions. He felt \$6,000 to \$12,000 was worth the risk.

Hege and Spatz said the meeting with Port, MCEEDD, Small Business Development Center, Rains Hege and Spatz was needed. Hege offered to organize the meeting.

Mobley said he was involved in starting a business enterprise center in Corvallis – 76% of the businesses started there have moved on to success. He asked why do we sell ourselves short in The Dalles? Why can't it work in The Dalles? He said the people at this table are the leaders of the community, and need to be forward thinking.

Spatz said he wanted to see it succeed, wanted to see more partners at the table.

It was moved by Spatz and seconded by Hege to request that Gary Rains in conjunction with Wasco County Commissioner Hege research the incubator concept with Port, SBDC, MS, MCEDD and other appropriate parties and return with mutually agreed upon program design for consideration of the full request by the QLife Board. Motion carried unanimously, one absent.

Reports

Aristo Operational Management Report – Hege asked if there had been headway made on the CPU. Amery said not yet. Hege asked if the tree trimming had been completed. Amery said no, but he had identified a couple places and would be arranging work soon.

Broadband agreement with LSN using State Grant funds – Mobley reported that Kate Skinner believed \$400,000 would be allotted to the Maupin broadband expansion. CenturyLink had shown interest. Gorge.net would be the last mile provider. He said QLife had the option to create POP with some investment. Lottery bonds would be sold in 2017. LSN would take the fiber to cell towers, creating revenues for QLife. Mobley asked Bubb if it would provide opportunity for Gorge.net. Bubb said yes, it could, might be able to use a s backhaul.

Amery asked if a plan was defined. Mobley said not yet.

Bubb asked if QLife would be the owner of the fiber and would QLife provide broadband to government/schools? He said that it would be information for him to have for his business plan. He said South County wasn't thriving economically; therefore there were not enough business for many providers.

Spatz retired from meeting at 1:15 p.m.

Elliott retired from meeting at 1:22 p.m.

Next Meeting Dates: Regular Board Meeting September 24, 2015 Noon

Adjourn

The Meeting was adjourned at 1:24 p.m.

Respectfully submitted:
Izetta Grossman Secretary

Signed:

Brian Ahier Secretary/Tres

QLife Network

QualityLife Intergovernmental Agency

AGENDA

QLife Regular Board Meeting

Thursday, September 18, 2015, Noon
The Dalles City Hall, 313 Court Street
2nd Floor Conference Room

Call to Order

The meeting was called to order by President Larson at 12:02 pm

Roll Call

In attendance: Brian Ahier, Dan Spatz, Erick Larson, Scott Hege, Izetta Grossman, John Amery, Interim City Manager Julie Krueger, Finance Director Kate Mast
Via Phone: Keith Mobley, Taner Elliott

Approval of Agenda

It was moved by Spatz and seconded by Ahier to approve the agenda as presented. Motion carried unanimously.

Action Item

Administration of QLife –

Larson said the purpose of the meeting was to discuss short term immediate needs and how best to address them.

Mobley explained about the South County Broadband expansion grant through the State and that QLife needed to negotiate the contract with LSN to secure those funds. Mobley said he believed former city manager Nolan Young fit the immediate needs of the Agency, with his experience with QLife and negotiations with LSN. Mobley said maintaining stability during this time was crucial. Mobley recommended as legal counsel that the Board authorizes him to negotiate an interim position as QLife Administrator with Nolan Young.

Hege asked if the City would want to continue with the IGA with QLife. Interim City Manager Julie Krueger said she would bring the contract before council for their input. They may not feel the City could fulfill the administration part of the contract at this time. She said the next City Council meeting was scheduled for September 28. Elliott said he would like the Council's input. It was noted that the QLife Board had the authority to appoint an administrator.

It was moved by Spatz and seconded by Ahier that Q-Life counsel and president formulate scope of work to retain Nolan Young as independent contractor for interim administration, with duties as defined by the QLife board.

Discussion: Nolan Young has the history to work through until a new City to fulfill its contract by assigning a person for this function. QLife board will assign Nolan to help bring that new person, or someone else, on board to take over the project. QLife could issue an RFP for long-term administration. Hege said County wouldn't want to take this on. And asked should we run this by the city first?

After some further discussion it was the consensus of the Board that QLife is a separate entity and has the authority to decide interim administration. The terms and conditions of Nolan's contract to be included in the scope of work and would be brought back before the board for consideration. Motion carried unanimously.

It was moved by Hege and seconded by Spatz to authorize President Larson to proceed as needed regarding pending and urgent items of business. Motion carried unanimously.

Next Meeting Dates: Regular Board Meeting September 30, 2015 Noon. The Oregon Connections Conference is October 22-23. The regularly scheduled November meeting falls on Thanksgiving.

Adjourn
Meeting adjourned at 1pm

Respectfully submitted

Izetta Grossman
Recording Secretary

Signed:

Brian Ahier Secretary/Tres

TO: Qlife Board
 Nolan Young, City Manager

FR: Kate Mast, Finance Director

RE: Financial Report for QLIFE – June 2015 – Period 13

BANKING:

QLife monies are deposited into a separate bank checking account. QLife also has a Local Government Investment Pool (LGIP) account where funds excess funds are maintained in order to earn some interest.

The information below is a comparison of budget to actual revenues and expenditures for the month just ended by fund. This information is not audited, but is reviewed by the Finance Department for clarity and budget compliance.

100% of the year has passed.

Each fund exceptions narrative has four possible paragraphs; 1 - is the beginning balance, 2 - is new revenues, 3 - is expenditures and 4 - if present, is budget changes.

Operations (600):

BUDGET COMPARISONS

	<u>July 1, 2014 to June 30, 2015</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 138,143	\$ 180,966	131.0%	* see below
Revenues	\$ 680,619	\$ 645,522	94.8%	
Expenditures	\$ 435,857	\$ 211,760	48.5%	
Transfers to Capital/Debt Fund	\$ 382,905	\$ 382,905	100.0%	
Cash at Month End	\$ 198,700.37			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here have been audited.*
- 2) Revenues: User fees are at 89.3% of budget.
- 3) Expenditures:
 - a. The extra transfer amount was to pay off the Columbia Bank Loan in July.
 - b. The Memberships/Dues/ Subscriptions line item has been overspent by \$54.93 because QLife paid dues to Special Districts Association of Oregon (SDAO).

c. The Miscellaneous Expenses line item has been over-expended by \$3,388.90, due mostly to payment of a \$3,349.00 bill to North Sky Communications for the transformer move. This extra cost will be reimbursed by the moving company. This over-expenditure does not cause the category to be overspent.

4) Budget Changes: No budget changes were made to this fund this fiscal year.

CAPITAL (601):

BUDGET COMPARISONS

	<u>July 1, 2014 to June 30, 2015</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 183,796	\$ 183,319	99.7%	* see below
Transfers In	\$ 382,905	\$ 382,905	100.0%	
Revenues	\$ 30,000	\$ 17,607	58.7%	
M&S / Capital Outlay / Other	\$ 463,913	\$ 76,340	16.5%	
Debt Expenditures	\$ 132,788	\$ 129,663	97.6%	
Cash at Month End	\$ 383,453.48			

Exceptions:

1) Beginning Balance: * *The Beginning Balance figures used here have been audited.*

2) Revenues:

3) Expenditures:

a. The Columbia Bank Loan was paid in full as of July 9, 2014.

b. The Secondary line item in Capital Outlay has been over-expended by \$8,044.88 due to the \$24,990 we spent on installing part of the infrastructure in the Port of The Dalles Columbia Gorge Business Center.

4) Budget Changes: No budget changes have been made to this fund this fiscal year.

2015 PERIOD 13

City of The Dalles

FUND 600 QUALITYLIFE AGENCY FUND

ACCOUNT	DESCRIPTION	***** ESTIMATED	***** CURRENT ACTUAL	***** %REV	***** ESTIMATED	***** YEAR-TO-DATE ACTUAL	***** %REV	***** ANNUAL ESTIMATE	***** UNREALIZED BALANCE
300	BEGINNING BALANCE								
300	00 00	11,522	.00		138,143	180,965.86	131	138,143	42,822.86-
300	**	11,522	.00		138,143	180,965.86	131	138,143	42,822.86-
300	***	11,522	.00		138,143	180,965.86		138,143	42,822.86-
340	CHARGES FOR SERVICES								
344	UTILITY SERVICES								
10 00	UTILITY SERVICE CHARGES	52,314	.00		627,669	622,155.00	99	627,669	5,514.00
15 00	LSN CREDITS	0	.00		0	.00		0	.00
20 00	CONNECT CHARGES	193	.00		2,250	3,150.00	140	2,250	900.00-
344	**	52,507	.00		629,919	625,305.00	99	629,919	4,614.00
340	***	52,507	.00		629,919	625,305.00		629,919	4,614.00
360	OTHER REVENUES								
361	INTEREST REVENUES								
00 00	INTEREST REVENUES	49	.00		500	1,504.81	301	500	1,004.81-
361	**	49	.00		500	1,504.81	301	500	1,004.81-
369	OTHER MISC REVENUES								
00 00	OTHER MISC REVENUES	24	.00		200	5,637.18	2819	200	5,437.18-
20 00	E-RATE REIMBURSEMENT	4,174	.00		50,000	13,075.20	26	50,000	36,924.80
369	**	4,198	.00		50,200	18,712.38	37	50,200	31,487.62
360	***	4,247	.00		50,700	20,217.19		50,700	30,482.81
390	OTHER FINANCING SOURCES								
392	SALE OF FIXED ASSETS								
00 00	SALE OF FIXED ASSETS	0	.00		0	.00		0	.00
392	**	0	.00		0	.00		0	.00
390	***	0	.00		0	.00		0	.00
FUND TOTAL	QUALITYLIFE AGENCY FUND	68,276	.00		818,762	826,488.05		818,762	7,726.05-

2015 PERIOD 13

City of The Dalles

ACCOUNT	ACCOUNT DESCRIPTION	***** ESTIMATED	CURRENT ACTUAL	***** %REV	***** ESTIMATED	YEAR-TO-DATE ACTUAL	***** %REV	ANNUAL ESTIMATE	UNREALIZED BALANCE
FUND 601	QLIFE CAPITAL FUND								
300	BEGINNING BALANCE	15,320	.00	183,796	183,319.40	100	183,796	476.60	
300 **		15,320	.00	183,796	183,319.40	100	183,796	476.60	
300 ***	BEGINNING BALANCE	15,320	.00	183,796	183,319.40		183,796	476.60	
330	INTERGOVERNMENTAL REVENUE								
331 90 00	FEDERAL REVENUES	0	.00	0	.00		0	.00	
331 **	FEDERAL GRANTS-MISC	0	.00	0	.00		0	.00	
330 ***	FEDERAL REVENUES	0	.00	0	.00		0	.00	
340	INTERGOVERNMENTAL REVENUE								
344 20 00	CHARGES FOR SERVICES	2,500	.00	30,000	17,607.37	59	30,000	12,392.63	
344 **	UTILITY SERVICES	2,500	.00	30,000	17,607.37	59	30,000	12,392.63	
340 ***	CONNECT CHARGES	2,500	.00	30,000	17,607.37		30,000	12,392.63	
360	OTHER REVENUES								
369 00 00	OTHER MISC REVENUES	0	.00	0	.00		0	.00	
10 00	ENTERPRISE ZONE PAYMENT	0	.00	0	.00		0	.00	
369 **	OTHER MISC REVENUES	0	.00	0	.00		0	.00	
360 ***	OTHER REVENUES	0	.00	0	.00		0	.00	
390	OTHER FINANCING SOURCES								
391 40 00	OPERATING TRANSFERS IN	0	.00	0	.00		0	.00	
90 01	IF PMT FROM OTHER FUNDS	31,917	.00	382,905	382,905.00	100	382,905	.00	
391 **	QLIFE OPERATING FUND	31,917	.00	382,905	382,905.00	100	382,905	.00	
393 10 00	OPERATING TRANSFERS IN	0	.00	0	.00		0	.00	
393 **	PROCEEDS- LT LIABILITIES	0	.00	0	.00		0	.00	
390 ***	LOAN/BOND PROCEEDS	0	.00	0	.00		0	.00	
390 ***	OTHER FINANCING SOURCES	31,917	.00	382,905	382,905.00		382,905	.00	
	FUND TOTAL QLIFE CAPITAL FUND	49,737	.00	596,701	583,831.77		596,701	12,869.23	

DETAIL BUDGET REPORT BY CATEGORY
 100% OF YEAR LAPSED

FUND 601 QLIIFE CAPITAL FUND		DEPT/DIV 6000 QLIIFE/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		*****		
BA ELE OBJ	ACCOUNT	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	BUDGET	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% BDDT
SUB	DESCRIPTION											
66	EXPENSE-ACCOUNT											
660	FINANCIAL OPERATIONS											
34	MATERIALS & SERVICES											
10	ENGINEERING SERVICES	924	.00	0	11000	4735.00	43	0	.00	11000	6265.00	43
70	CUSTOMER CONNECT COSTS	337	.00	0	4000	1016.37	25	0	.00	4000	2983.63	25
43	LINES MNTNCE & SUPPLIES	674	.00	0	8000	912.50	11	0	.00	8000	7087.50	11
57	PERMIT	0	.00	0	0	.00	0	0	.00	0	.00	0
02	MATERIALS & SERVICES	1935	.00	0	23000	6663.87	29	0	.00	23000	16336.13	29
03	CAPITAL OUTLAY											
72	BUILDINGS	0	.00	0	0	.00	0	0	.00	0	.00	0
20	TELECOMMUNICATIONS EQUIP	0	.00	0	0	.00	0	0	.00	0	.00	0
76	PRIMARY	15351	4666.00	30	184113	7149.15	4	0	.00	184113	176963.85	4
20	SECONDARY	4174	4482.49	107	50000	62527.37	125	0	.00	50000	12527.37	125
30	POLE MAKE READY COSTS	424	.00	0	5000	.00	0	0	.00	5000	5000.00	0
03	CAPITAL OUTLAY	19949	9148.49	46	239113	69676.52	29	0	.00	239113	169436.48	29
04	DEBT SERVICE											
79	LOAN PRINCIPAL PAYMENTS	10790	.00	0	129425	128957.48	100	0	.00	129425	467.52	100
51	CRB PRINCIPAL PAYMENTS	0	.00	0	0	.00	0	0	.00	0	.00	0
60	LOAN INTEREST PAYMENTS	283	.00	0	3363	705.83	21	0	.00	3363	2657.17	21
90	LOAN RESERVE-FUT DEBT PAY	0	.00	0	0	.00	0	0	.00	0	.00	0
04	DEBT SERVICE	11073	.00	0	132788	129663.31	98	0	.00	132788	3124.69	98
660	FINANCIAL OPERATIONS	32957	9148.49	28	394901	206003.70	52	0	.00	394901	188897.30	52
66	EXPENSE-ACCOUNT	32957	9148.49	28	394901	206003.70	52	0	.00	394901	188897.30	52
DIV	TOTAL	6000	9148.49	28	394901	206003.70	52	0	.00	394901	188897.30	52
DEPT	TOTAL	6000	9148.49	28	394901	206003.70	52	0	.00	394901	188897.30	52

FUND 601 QLIFF CAPITAL FUND		DEPT/DIV 9500 OTHER USES/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		*****	
BA ELE OBJ	ACCOUNT	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% BDDT
SUB SUB	DESCRIPTION	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	ENCUMBR.	BUDGET	BALANCE	BDDT
60	QLIFF FUND										
600	OTHER USES										
05	84 15 RSRV FOR SYS IMPROVEMENTS	11674	.00	0	140000	.00	0	.00	140000	140000.00	0
05	** OTHER	11674	.00	0	140000	.00	0	.00	140000	140000.00	0
600	** ** OTHER USES	11674	.00	0	140000	.00	0	.00	140000	140000.00	0
60	** ** QLIFF FUND	11674	.00	0	140000	.00	0	.00	140000	140000.00	0
66	EXPENSE-ACCOUNT										
660	FINANCIAL OPERATIONS										
06	88 00 CONTINGENCY / UAFB	5150	.00	0	61800	.00	0	.00	61800	61800.00	0
89	00 UNAPPROPRIATED ENDING BAL	0	.00	0	0	.00	0	.00	0	.00	0
06	** CONTINGENCY / UAFB	5150	.00	0	61800	.00	0	.00	61800	61800.00	0
660	** ** FINANCIAL OPERATIONS	5150	.00	0	61800	.00	0	.00	61800	61800.00	0
66	** ** EXPENSE-ACCOUNT	5150	.00	0	61800	.00	0	.00	61800	61800.00	0
DIV	9500 TOTAL *****										
		16824	.00	0	201800	.00	0	.00	201800	201800.00	0
DEPT	95 TOTAL *****										
	OTHER USES	16824	.00	0	201800	.00	0	.00	201800	201800.00	0
FUND	601 TOTAL *****										
	QLIFF CAPITAL FUND	49781	9148.49	18	596701	206003.70	35	.00	596701	390697.30	35
GRAND	TOTAL *****	118178	32255.80	27	1415463	800668.26	57	.00	1415463	614794.74	57

TO: Qlife Board
 Nolan Young, City Manager
 FR: Kate Mast, Finance Director
 RE: Financial Report for QLIFE – **July 2015**

BANKING:

QLife monies are deposited into a separate bank checking account. QLife also has a Local Government Investment Pool (LGIP) account where funds excess funds are maintained in order to earn some interest..

The information below is a comparison of budget to actual revenues and expenditures for the month just ended by fund. This information is not audited, but is reviewed by the Finance Department for clarity and budget compliance.

8% of the year has passed.

Each fund exceptions narrative has four possible paragraphs; 1 - is the beginning balance, 2 - is new revenues, 3 - is expenditures and 4 - if present, is budget changes.

Operations (600):

BUDGET COMPARISONS

	<u>July 1, 2015 to July 31, 2015</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 218,563	\$231,824	106.1%	* see below
Revenues	\$ 701,219	\$ 53,211	7.5%	
Expenditures	\$ 504,140	\$ 9,567	1.9%	
Transfers to Capital/Debt Fund	\$ 415,642	\$ 45,831	11.0%	
Cash at Month End	\$ 198,869.65			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here are estimated and have **NOT** been audited.* We anticipate \$13,261 more than budgeted.
- 2) Revenues:
- 3) Expenditures:
- 4) Budget Changes: No budget changes have been made to this fund this fiscal year.

CAPITAL (601):

BUDGET COMPARISONS

	<u>July 1, 2015 to July 31, 2015</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 400,590	\$ 377,827	94.3%	* see below
Transfers In	\$ 504,140	\$ 45,831	11.0%	
Revenues	\$ 30,000	\$ 2,882	9.6%	
M&S / Capital Outlay / Other	\$ 463,913	\$ 0	0.0%	
Debt Expenditures	\$ 00	\$ 0	0.0%	
Cash at Month End	\$ 423,678.98			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here are estimated and have **NOT** been audited.* We anticipate \$22,763 less than budgeted. With an additional \$13,261 in the General Operating Fund, the combined negative amount is just \$9,502. This is not a concern as we have budgeted for a \$331,717 increase in reserves this year.
- 2) Revenues:
- 3) Expenditures:
- 4) Budget Changes: No budget changes have been made to this fund this fiscal year.

City of The Dalles

FUND 600 QUALITYLIFE AGENCY FUND

ACCOUNT	DESCRIPTION	***** ESTIMATED	***** CURRENT ACTUAL	***** %REV	***** ESTIMATED	***** YEAR-TO-DATE ACTUAL	***** %REV	***** ANNUAL ESTIMATE	***** UNREALIZED BALANCE
300	BEGINNING BALANCE								
300	00 00	18,213	.00		18,213	.00		218,563	218,563.00
300	**	18,213	.00		18,213	.00		218,563	218,563.00
300	*** BEGINNING BALANCE	18,213	.00		18,213	.00		218,563	218,563.00
340	CHARGES FOR SERVICES								
344	UTILITY SERVICES								
10 00	UTILITY SERVICE CHARGES	54,005	52,965.00	98	54,005	52,965.00	98	648,069	595,104.00
15 00	LSN CREDITS	0	.00		0	.00		0	.00
20 00	CONNECT CHARGES	187	.00		187	.00		2,250	2,250.00
344	** UTILITY SERVICES	54,192	52,965.00	98	54,192	52,965.00	98	650,319	597,354.00
340	*** CHARGES FOR SERVICES	54,192	52,965.00		54,192	52,965.00		650,319	597,354.00
360	OTHER REVENUES								
361	INTEREST REVENUES								
00 00	INTEREST REVENUES	58	245.51	423	58	245.51	423	700	454.49
361	** INTEREST REVENUES	58	245.51	423	58	245.51	423	700	454.49
369	OTHER MISC REVENUES								
00 00	OTHER MISC REVENUES	16	.00		16	.00		200	200.00
20 00	E-RATE REIMBURSEMENT	4,166	.00		4,166	.00		50,000	50,000.00
369	** OTHER MISC REVENUES	4,182	.00		4,182	.00		50,200	50,200.00
360	*** OTHER REVENUES	4,240	245.51		4,240	245.51		50,900	50,654.49
390	OTHER FINANCING SOURCES								
392	SALE OF FIXED ASSETS								
00 00	SALE OF FIXED ASSETS	0	.00		0	.00		0	.00
392	** SALE OF FIXED ASSETS	0	.00		0	.00		0	.00
390	*** OTHER FINANCING SOURCES	0	.00		0	.00		0	.00
	FUND TOTAL QUALITYLIFE AGENCY FUND	76,645	53,210.51		76,645	53,210.51		919,782	866,571.49

FUND 600 QUALITYLIFE AGENCY FUND		DEPT/DIV 9500 OTHER USES/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		ANNUAL	UNENCUMB.	%
SUB	OBJ	DESCRIPTION	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	ENCUMBR.	BUDGET	BALANCE	BDDT
60	05	OLIFE FUND										
		OTHER USES										
	81	91 OLIFE CAPITAL FUND	42011	45830.91	109	42011	45830.91	109	.00	504140	458309.09	9
	83	10 ESD E-RATE	4166	.00	0	4166	.00	0	.00	50000	50000.00	0
	05	** OTHER	46177	45830.91	99	46177	45830.91	99	.00	554140	508309.09	8
	06	CONTINGENCY / UAFB										
	88	00 CONTINGENCY	2306	.00	0	2306	.00	0	.00	27680	27680.00	0
	89	00 UNAPROPRIATED ENDING BAL	4950	.00	0	4950	.00	0	.00	59406	59406.00	0
	06	** CONTINGENCY / UAFB	7256	.00	0	7256	.00	0	.00	87086	87086.00	0
600	**	** OTHER USES	53433	45830.91	86	53433	45830.91	86	.00	641226	595395.09	7
60	**	** OLIFE FUND	53433	45830.91	86	53433	45830.91	86	.00	641226	595395.09	7
		DIV 9500 TOTAL *****	53433	45830.91	86	53433	45830.91	86	.00	641226	595395.09	7
		DEPT 95 TOTAL *****	53433	45830.91	86	53433	45830.91	86	.00	641226	595395.09	7
		FUND 600 TOTAL *****	76634	55397.60	72	76634	55397.60	72	.00	919782	864384.40	6

City of The Dalles

FUND 601 QLIFE CAPITAL FUND

ACCOUNT	DESCRIPTION	***** ESTIMATED	***** CURRENT ACTUAL	***** %REV	***** ESTIMATED	***** YEAR-TO-DATE ACTUAL	***** %REV	ANNUAL ESTIMATE	UNREALIZED BALANCE
300	BEGINNING BALANCE								
300	00 00	33,382	.00		33,382	.00		400,590	400,590.00
300	**	33,382	.00		33,382	.00		400,590	400,590.00
300	*** BEGINNING BALANCE	33,382	.00		33,382	.00		400,590	400,590.00
330	INTERGOVERNMENTAL REVENUE								
331	FEDERAL REVENUES	0	.00		0	.00		0	.00
331	90 00 FEDERAL GRANTS-MISC	0	.00		0	.00		0	.00
331	** FEDERAL REVENUES	0	.00		0	.00		0	.00
330	*** INTERGOVERNMENTAL REVENUE	0	.00		0	.00		0	.00
340	CHARGES FOR SERVICES								
344	UTILITY SERVICES	2,500	.00		2,500	.00		30,000	30,000.00
344	20 00 CONNECT CHARGES	2,500	.00		2,500	.00		30,000	30,000.00
344	** UTILITY SERVICES	2,500	.00		2,500	.00		30,000	30,000.00
340	*** CHARGES FOR SERVICES	2,500	.00		2,500	.00		30,000	30,000.00
360	OTHER REVENUES								
369	OTHER MISC REVENUES	0	.00		0	.00		0	.00
00 00	OTHER MISC REVENUES	0	.00		0	.00		0	.00
10 00	ENTERPRISE ZONE PAYMENT	0	.00		0	.00		0	.00
369	** OTHER MISC REVENUES	0	.00		0	.00		0	.00
360	*** OTHER REVENUES	0	.00		0	.00		0	.00
390	OTHER FINANCING SOURCES								
391	OPERATING TRANSFERS IN								
40 00	IF PMT FROM OTHER FUNDS	0	.00		0	.00		0	.00
90 01	QLIFE OPERATING FUND	42,011	45,830.91	109	42,011	45,830.91	109	504,140	458,309.09
391	** OPERATING TRANSFERS IN	42,011	45,830.91	109	42,011	45,830.91	109	504,140	458,309.09
393	PROCEEDS- LT LIABILITIES								
10 00	LOAN/BOND PROCEEDS	0	.00		0	.00		0	.00
393	** PROCEEDS- LT LIABILITIES	0	.00		0	.00		0	.00
390	*** OTHER FINANCING SOURCES	42,011	45,830.91		42,011	45,830.91		504,140	458,309.09
	FUND TOTAL QLIFE CAPITAL FUND	77,893	45,830.91		77,893	45,830.91		934,730	888,899.09

FUND 601 OLIFE CAPITAL FUND		DEPT/DIV 9500 OTHER USES/		*****CURRENT*****		*****YEAR-TO-DATE*****		ANNUAL	UNENCUMB.	%
SUB	DESCRIPTION	BUDGET	ACTUAL	\$EXP	BUDGET	ACTUAL	\$EXP	BUDGET	BALANCE	BDGT
60	OLIFE FUND									
600	OTHER USES									
05	OTHER									
84	15 RSRV FOR SYS IMPROVEMENTS	39309	.00	0	39309	.00	0	471717	471717.00	0
05	** OTHER	39309	.00	0	39309	.00	0	471717	471717.00	0
600	** ** OTHER USES	39309	.00	0	39309	.00	0	471717	471717.00	0
60	** ** OLIFE FUND	39309	.00	0	39309	.00	0	471717	471717.00	0
66	EXPENSE-ACCOUNT									
660	FINANCIAL OPERATIONS									
06	CONTINGENCY / UAFB									
88	00 CONTINGENCY	7917	.00	0	7917	.00	0	95013	95013.00	0
89	00 UNAPPROPRIATED ENDING BAL	0	.00	0	0	.00	0	0	.00	0
06	** CONTINGENCY / UAFB	7917	.00	0	7917	.00	0	95013	95013.00	0
660	** ** FINANCIAL OPERATIONS	7917	.00	0	7917	.00	0	95013	95013.00	0
66	** ** EXPENSE-ACCOUNT	7917	.00	0	7917	.00	0	95013	95013.00	0
DIV	9500 TOTAL *****	47226	.00	0	47226	.00	0	566730	566730.00	0
DEPT	95 TOTAL *****	47226	.00	0	47226	.00	0	566730	566730.00	0
FUND	601 TOTAL *****	77889	.00	0	77889	.00	0	934730	934730.00	0
	OLIFE CAPITAL FUND									
GRAND	TOTAL *****	154523	55397.60	36	154523	55397.60	36	1854512	1799114.40	3

TO: Qlife Board
 Nolan Young, City Manager

FR: Kate Mast, Finance Director

RE: Financial Report for QLIFE – **August 2015**

BANKING:

QLife monies are deposited into a separate bank checking account. QLife also has a Local Government Investment Pool (LGIP) account where funds excess funds are maintained in order to earn some interest..

The information below is a comparison of budget to actual revenues and expenditures for the month just ended by fund. This information is not audited, but is reviewed by the Finance Department for clarity and budget compliance.

17% of the year has passed.

Each fund exceptions narrative has four possible paragraphs; 1 - is the beginning balance, 2 - is new revenues, 3 - is expenditures and 4 - if present, is budget changes.

Operations (600):

BUDGET COMPARISONS

	<u>July 1, 2015 to August 31, 2015</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 218,563	\$231,824	106.1%	* see below
Revenues	\$ 701,219	\$112,200	16.0%	
Expenditures	\$ 415,642	\$ 25,948	5.1%	
Transfers to Capital/Debt Fund	\$ 504,140	\$ 91,662	18.2%	
Cash at Month End	\$ 173,886.34			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here are estimated and have **NOT** been audited.* We anticipate \$13,261 more than budgeted.
- 2) Revenues:
- 3) Expenditures:
- 4) Budget Changes: No budget changes have been made to this fund this fiscal year.

CAPITAL (601):

BUDGET COMPARISONS

	<u>July 1, 2015 to August 31, 2015</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 400,590	\$ 377,827	94.3%	* see below
Transfers In	\$ 504,140	\$ 91,662	18.2%	
Revenues	\$ 30,000	\$ 0	0.0%	
M&S / Capital Outlay / Other	\$ 463,913	\$ 8,070	1.7%	
Debt Expenditures	\$ 00	\$ 0	0.0%	
Cash at Month End	\$ 461,440.39			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here are estimated and have **NOT** been audited.* We anticipate \$22,763 less than budgeted. With an additional \$13,261 in the General Operating Fund, the combined negative amount is just \$9,502. This is not a concern as we have budgeted for a \$331,717 increase in reserves this year.
- 2) Revenues:
- 3) Expenditures:
- 4) Budget Changes: No budget changes have been made to this fund this fiscal year.

City of The Dalles

FUND 600 QUALITYLIFE AGENCY FUND

ACCOUNT	ACCOUNT DESCRIPTION	***** ESTIMATED	***** CURRENT ACTUAL	***** %REV	***** ESTIMATED	***** YEAR-TO-DATE ACTUAL	***** %REV	ANNUAL ESTIMATE	UNREALIZED BALANCE
300	BEGINNING BALANCE								
300 00 00		18,213	.00		36,426	.00		218,563	218,563.00
300 **		18,213	.00		36,426	.00		218,563	218,563.00
300 ***	BEGINNING BALANCE	18,213	.00		36,426	.00		218,563	218,563.00
340	CHARGES FOR SERVICES								
344	UTILITY SERVICES								
10 00	UTILITY SERVICE CHARGES	54,005	52,965.00	98	108,010	105,930.00	98	648,069	542,139.00
15 00	LSN CREDITS	0	.00		0	.00		0	.00
20 00	CONNECT CHARGES	187	.00		374	.00		2,250	2,250.00
344 **	UTILITY SERVICES	54,192	52,965.00	98	108,384	105,930.00	98	650,319	544,389.00
340 ***	CHARGES FOR SERVICES	54,192	52,965.00		108,384	105,930.00		650,319	544,389.00
360	OTHER REVENUES								
361	INTEREST REVENUES								
00 00	INTEREST REVENUES	58	260.27	449	116	505.78	436	700	194.22
361 **	INTEREST REVENUES	58	260.27	449	116	505.78	436	700	194.22
369	OTHER MISC REVENUES								
00 00	OTHER MISC REVENUES	16	.00		32	.00		200	200.00
20 00	E-RATE REIMBURSEMENT	4,166	5,763.84	138	8,332	5,763.84	69	50,000	44,236.16
369 **	OTHER MISC REVENUES	4,182	5,763.84	138	8,364	5,763.84	69	50,200	44,436.16
360 ***	OTHER REVENUES	4,240	6,024.11		8,480	6,269.62		50,900	44,630.38
390	OTHER FINANCING SOURCES								
392	SALE OF FIXED ASSETS								
00 00	SALE OF FIXED ASSETS	0	.00		0	.00		0	.00
392 **	SALE OF FIXED ASSETS	0	.00		0	.00		0	.00
390 ***	OTHER FINANCING SOURCES	0	.00		0	.00		0	.00
FUND TOTAL	QUALITYLIFE AGENCY FUND	76,645	58,989.11		153,290	112,199.62		919,782	807,582.38

DETAIL BUDGET REPORT BY CATEGORY
 17% OF YEAR LAPSED

FUND 600 QUALITYLIFE AGENCY FUND		DEPT/DIV 9500 OTHER USES/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		*****	
BA ELE OBJ	ACCOUNT	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% EDGT
SUB SUB	DESCRIPTION										
60	QLIFE FUND										
600	OTHER USES										
05	OTHER USES										
81 91	QLIFE CAPITAL FUND	42011	45830.91	109	84022	91661.82	109	.00	504140	412478.18	18
83 10	ESD E-RATE	4166	5763.84	138	8332	5763.84	69	.00	50000	44236.16	12
05 **	OTHER	46177	51594.75	112	92354	97425.66	106	.00	554140	456714.34	18
06	CONTINGENCY / UAFB										
88 00	CONTINGENCY	2306	.00	0	4612	.00	0	.00	27680	27680.00	0
89 00	UNAPPROPRIATED ENDING BAL	4950	.00	0	9900	.00	0	.00	59406	59406.00	0
06 **	CONTINGENCY / UAFB	7256	.00	0	14512	.00	0	.00	87086	87086.00	0
600 **	OTHER USES	53433	51594.75	97	106866	97425.66	91	.00	641226	543800.34	15
60 **	QLIFE FUND	53433	51594.75	97	106866	97425.66	91	.00	641226	543800.34	15
DIV 9500	TOTAL *****	53433	51594.75	97	106866	97425.66	91	.00	641226	543800.34	15
DEPT 95	TOTAL *****	53433	51594.75	97	106866	97425.66	91	.00	641226	543800.34	15
FUND 600	TOTAL *****	76634	62212.42	81	153268	117610.02	77	.00	919782	802171.98	13

City of The Dalles

ACCOUNT	DESCRIPTION	***** ESTIMATED	***** CURRENT ACTUAL	***** %REV	***** ESTIMATED	***** YEAR-TO-DATE ACTUAL	***** %REV	***** ANNUAL ESTIMATE	***** UNREALIZED BALANCE
FUND 601 OLIFE CAPITAL FUND									
300	BEGINNING BALANCE								
300	00 00	33,382	.00		66,764	.00		400,590	400,590.00
300	**	33,382	.00		66,764	.00		400,590	400,590.00
300	***	33,382	.00		66,764	.00		400,590	400,590.00
330	INTERGOVERNMENTAL REVENUE								
331	FEDERAL REVENUES	0	.00		0	.00		0	.00
331	FEDERAL GRANTS-MISC	0	.00		0	.00		0	.00
331	**	0	.00		0	.00		0	.00
331	***	0	.00		0	.00		0	.00
340	CHARGES FOR SERVICES								
344	UTILITY SERVICES	2,500	.00		5,000	.00		30,000	30,000.00
344	CONNECT CHARGES	2,500	.00		5,000	.00		30,000	30,000.00
344	**	2,500	.00		5,000	.00		30,000	30,000.00
344	***	2,500	.00		5,000	.00		30,000	30,000.00
360	OTHER REVENUES								
369	OTHER MISC REVENUES	0	.00		0	.00		0	.00
00 00	OTHER MISC REVENUES	0	.00		0	.00		0	.00
10 00	ENTERPRISE ZONE PAYMENT	0	.00		0	.00		0	.00
369	**	0	.00		0	.00		0	.00
369	***	0	.00		0	.00		0	.00
390	OTHER FINANCING SOURCES								
391	OPERATING TRANSFERS IN	42,011	45,830.91	109	84,022	91,661.82	109	504,140	412,478.18
40 00	IF PMT FROM OTHER FUNDS	0	.00		0	.00		0	.00
90 01	OLIFE OPERATING FUND	42,011	45,830.91	109	84,022	91,661.82	109	504,140	412,478.18
391	**	42,011	45,830.91	109	84,022	91,661.82	109	504,140	412,478.18
391	***	42,011	45,830.91	109	84,022	91,661.82	109	504,140	412,478.18
393	PROCEEDS- LT LIABILITIES								
10 00	LOAN/BOND PROCEEDS	0	.00		0	.00		0	.00
393	**	0	.00		0	.00		0	.00
393	***	0	.00		0	.00		0	.00
390	OTHER FINANCING SOURCES	42,011	45,830.91		84,022	91,661.82		504,140	412,478.18
FUND TOTAL	OLIFE CAPITAL FUND	77,893	45,830.91		155,786	91,661.82		934,730	843,068.18

FUND 601 Q LIFE CAPITAL FUND		DEPT/DIV 6000 Q LIFE/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		*****	
BA ELE OBJ	ACCOUNT	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% EDGT
SUB SUB	DESCRIPTION										
66	EXPENSE-ACCOUNT										
660	FINANCIAL OPERATIONS										
	MATERIALS & SERVICES										
34	10 ENGINEERING SERVICES	916	460.00	50	1832	460.00	25	.00	11000	10540.00	4
	70 CUSTOMER CONNECT COSTS	333	.00	0	666	.00	0	.00	4000	4000.00	0
43	86 LINES MNTNCE & SUPPLIES	666	.00	0	1332	.00	0	.00	8000	8000.00	0
57	10 PERMIT	0	.00	0	0	.00	0	.00	0	.00	0
02	** MATERIALS & SERVICES	1915	460.00	24	3830	460.00	12	.00	23000	22540.00	2
03	CAPITAL OUTLAY										
72	20 BUILDINGS	0	.00	0	0	.00	0	.00	0	.00	0
74	20 TELECOMMUNICATIONS EQUIP	9166	.00	0	18332	.00	0	.00	110000	110000.00	0
76	10 PRIMARY	15000	.00	0	30000	.00	0	.00	180000	180000.00	0
	20 SECONDARY	4166	7609.50	183	8332	7609.50	91	.00	50000	42390.50	15
30	POLE MAKE READY COSTS	416	.00	0	832	.00	0	.00	5000	5000.00	0
03	** CAPITAL OUTLAY	28748	7609.50	27	57496	7609.50	13	.00	345000	337390.50	2
04	DEBT SERVICE										
79	50 LOAN PRINCIPAL PAYMENTS	0	.00	0	0	.00	0	.00	0	.00	0
	51 CRB PRINCIPAL PAYMENTS	0	.00	0	0	.00	0	.00	0	.00	0
60	LOAN INTEREST PAYMENTS	0	.00	0	0	.00	0	.00	0	.00	0
90	LOAN RESERVE-FUT DEBT PAY	0	.00	0	0	.00	0	.00	0	.00	0
04	** DEBT SERVICE	0	.00	0	0	.00	0	.00	0	.00	0
660	** FINANCIAL OPERATIONS	30663	8069.50	26	61326	8069.50	13	.00	368000	359930.50	2
66	** EXPENSE-ACCOUNT	30663	8069.50	26	61326	8069.50	13	.00	368000	359930.50	2
DIV 6000 TOTAL *****											
DEPT	60 TOTAL Q LIFE	30663	8069.50	26	61326	8069.50	13	.00	368000	359930.50	2

DEPT/DIV 9500 OTHER USES/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		ANNUAL	UNENCUMB.	%
BA ELE OBJ	ACCOUNT	BUDGET	ACTUAL	BUDGET	ACTUAL	%EXP	ENCUMBR.	BUDGET	BALANCE	BDGT
SUB	DESCRIPTION	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	BUDGET	BALANCE	BDGT
60	QLIFE FUND									
600	OTHER USES									
84 15	RSRV FOR SYS IMPROVEMENTS	39309	.00	0	78618	.00	.00	471717	471717.00	0
05 **	OTHER	39309	.00	0	78618	.00	.00	471717	471717.00	0
600 ** **	OTHER USES	39309	.00	0	78618	.00	.00	471717	471717.00	0
60 ** **	QLIFE FUND	39309	.00	0	78618	.00	.00	471717	471717.00	0
66	EXPENSE-ACCOUNT									
660	FINANCIAL OPERATIONS									
06	CONTINGENCY / UAFB									
88 00	CONTINGENCY	7917	.00	0	15834	.00	.00	95013	95013.00	0
89 00	UNAPPROPRIATED ENDING BAL	0	.00	0	0	.00	.00	0	.00	0
06 **	CONTINGENCY / UAFB	7917	.00	0	15834	.00	.00	95013	95013.00	0
660 ** **	FINANCIAL OPERATIONS	7917	.00	0	15834	.00	.00	95013	95013.00	0
66 ** **	EXPENSE-ACCOUNT	7917	.00	0	15834	.00	.00	95013	95013.00	0
DIV 9500	TOTAL *****	47226	.00	0	94452	.00	.00	566730	566730.00	0
DEPT 95	TOTAL *****	47226	.00	0	94452	.00	.00	566730	566730.00	0
FUND 601	TOTAL *****	77889	8069.50	10	155778	8069.50	.00	934730	926660.50	1
GRAND TOTAL	*****	154523	70281.92	46	309046	125679.52	.00	1854512	1728832.48	7

September 21, 2015

To the Board of Directors
QualityLife Intergovernmental Agency

We have audited the financial statements of the QualityLife Intergovernmental Agency for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by QualityLife Intergovernmental Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015.

We noted no transactions entered into by QualityLife Intergovernmental Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimate(s) affecting the Agency's financial statements was:

Management's estimate of the accumulated depreciation is based on historical cost and straight-line depreciation.

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Capital Assets in Note II.C and Debt in Note II.D to the financial statements summarizes the changes in capital assets and debt for the year ended June 30, 2015.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected 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, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to QualityLife Intergovernmental Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to 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.

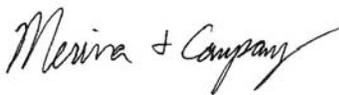
We were engaged to report on the supplementary information, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the 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.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of QualityLife Intergovernmental 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

**QUALITYLIFE
INTERGOVERNMENTAL AGENCY**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Annual Financial Report For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS

OFFICIALS OF THE AGENCY	i
INDEPENDENT AUDITOR'S REPORT	A - C
MANAGEMENT'S DISCUSSION AND ANALYSIS	a - c
BASIC FINANCIAL STATEMENTS:	
Enterprise Fund Financial Statements:	
Statement of Net Position	1
Statement of Revenues, Expenses, and Changes in Net Position	2
Statement of Cash Flows	3
Notes to the Basic Financial Statements	4 - 8
SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual)	
General Fund	9
Capital Projects Fund	10
INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATION:	
Independent Auditor's Report Required by Oregon State Regulation	11 - 12

THIS PAGE INTENTIONALLY LEFT BLANK

OFFICIALS OF THE AGENCY

QUALITYLIFE INTERGOVERNMENTAL AGENCY

OFFICIALS OF THE AGENCY

AS OF JUNE 30, 2015

BOARD OF DIRECTORS

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

Daniel Spatz
2506 Jordan Street
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

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The 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, 2015, and the related notes to the financial statements, which collectively comprise the QualityLife Intergovernmental Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

Opinions

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, 2015, and the respective changes in financial position and, 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 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 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 opinion on the financial statements that collectively comprise the QualityLife Intergovernmental Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is 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 relate 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The officials of the agency 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 is.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated September 21, 2015, on our consideration of the 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.

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

Merina & Company, LLP
West Linn, Oregon
September 21, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Assets		
Current and other assets	\$ 641,905	\$ 422,902
Capital assets, net of depreciation	<u>1,477,692</u>	<u>1,532,148</u>
Total assets	<u>2,119,597</u>	<u>1,955,050</u>
Liabilities		
Long-term liabilities	-	128,958
Other liabilities	<u>32,256</u>	<u>59,168</u>
Total liabilities	<u>32,256</u>	<u>188,126</u>
Net position		
Net investment in Capital Assets	1,477,692	1,472,995
Unrestricted (deficit)	<u>609,649</u>	<u>293,929</u>
Total net position	<u>\$ 2,087,341</u>	<u>\$ 1,766,924</u>

The net position of the Agency is primarily invested in capital assets, net of related debt. New construction is primarily related to Phase 4 of the WiFi 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Revenues		
Operating revenues	\$ 642,912	\$ 598,745
Capital grants and contributions	18,712	37,068
Other	<u>1,505</u>	<u>568</u>
Total revenues	<u>663,129</u>	<u>636,381</u>
Expenses		
Operating expenses	329,483	289,716
Other	13,075	36,936
Interest on long-term debt	<u>154</u>	<u>13,085</u>
Total expenses	<u>342,712</u>	<u>339,737</u>
Increase in net position	320,417	296,644
Net position - beginning	<u>1,766,924</u>	<u>1,470,280</u>
Net position - ending	<u>\$ 2,087,341</u>	<u>\$ 1,766,924</u>

Net position increased during the year by \$320,417 due to newly constructed capital assets financed by capital grants, and the reduction of debt during the year.

BUDGETARY HIGHLIGHTS

The original legal appropriations for the QLife General Fund totaled \$763,962 with a contingency of \$29,600. No changes to the original budget were made to this fund. Expenditures were \$169,297 under budget.

The original legal appropriations for the QLife Capital Fund totaled \$596,701 with a contingency and other uses of \$201,800. No changes to the original budget were made to this fund. Expenditures were \$390,696 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015 the Agency had investment in capital assets, net of accumulated depreciation, \$1,477,692 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 Phase 4 is funded by contributions from QLife as well as other sources, and is being administered by the City of The Dalles, Oregon. The Agency made all of the agreed upon contributions to the project in FY13/14 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, 2015. When the project is completed the entire capital asset will be in the ownership of the Agency.

Debt Outstanding

As of June 30, 2015, the Agency had no long-term debt outstanding. Payments in the amount of \$128,958 were made this year on the principal of the original amount of this debt.

ECONOMIC FACTORS

The QualityLife Intergovernmental Agency will continue to be an important partner in economic development within the City of The Dalles, providing necessary Internet access 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 FY14/15.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2015

ASSETS

Current assets:		
Cash and cash equivalents	\$	582,154
Accounts receivables, net		<u>59,751</u>
Total current assets		641,905
Capital assets:		
Construction in progress		15,180
Depreciable assets, net of depreciation		<u>1,462,512</u>
Total capital assets, net		<u>1,477,692</u>
Total assets	\$	<u><u>2,119,597</u></u>

LIABILITIES AND NET POSITION

LIABILITIES:

Current liabilities:		
Accounts payable	\$	<u>32,256</u>
Total liabilities		<u>32,256</u>

NET POSITION:

Net investment in capital assets		1,477,692
Unrestricted (deficit)		<u>609,649</u>
Total net position		<u>2,087,341</u>
Total liabilities and net position	\$	<u><u>2,119,597</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, 2015**

	<u>QualityLife Operations</u>
OPERATING REVENUES:	
Charges for services	\$ 642,912
Total operating revenues	<u>642,912</u>
OPERATING EXPENSES:	
Materials and services	269,334
Depreciation	<u>60,149</u>
Total operating expenses	<u>329,483</u>
Operating income (loss)	313,429
NON-OPERATING INCOME (EXPENSE):	
Interest on investment	1,505
Grants and contributions	18,712
Grant expense	(13,075)
Interest expense	<u>(154)</u>
Total non-operating income (expenses)	<u>6,988</u>
Change in net position	320,417
NET POSITION, BEGINNING	<u>1,766,924</u>
NET POSITION, ENDING	<u>\$ 2,087,341</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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 629,232
Cash paid to suppliers and others	(295,695)
	<hr/>
Net cash provided (used) by operating activities	333,537
	<hr/>

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

Grants and contributions	18,712
Purchase of capital assets	(5,692)
Grant expenses	(13,075)
Principal payments on debt	(128,958)
Interest on long-term obligations	(705)
	<hr/>
Net cash provided (used) by capital and related financing activities	(129,718)
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	1,505
	<hr/>
Net cash provided (used) by investing activities	1,505
	<hr/>
Net increase (decrease) in cash and cash equivalents	205,324

CASH AND CASH EQUIVALENTS, BEGINNING

376,830

CASH AND CASH EQUIVALENTS, ENDING

\$ 582,154

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

Operating Income	\$ 313,429
Adjustments	
Depreciation	60,149
Decrease (increase) in:	
Accounts receivable	(13,680)
Increase (decrease) in:	
Accounts payable and accrued expenses	(26,361)
	<hr/>
Net cash provided (used) by operating activities	<u><u>\$ 333,537</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, 2015

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 access 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:

Fund Type - Enterprise	Principal Revenue Source	Primary Expenditure Purpose
General	Membership and service fees	General operating expenses
Capital Projects	Grants, City General Fund Contributions, and Charges for Services	Construction of fiber optic network

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, 2015.

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, 2015, 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, 2015 from user charges.

C. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
General					
Capital Assets, non-depreciable:					
Construction in progress	\$ 15,180	\$ -	\$ -	\$ -	\$ 15,180
Total capital assets, non-depreciable	<u>15,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,180</u>
Capital assets, depreciable:					
Fiber optic loop	1,979,604	-	-	-	1,979,604
Equipment	78,581	5,692	-	-	84,273
Software licenses	7,011	-	-	-	7,011
Total capital assets, depreciable	<u>2,065,196</u>	<u>5,692</u>	<u>-</u>	<u>-</u>	<u>2,070,888</u>
Less accumulated depreciation for:					
Fiber optic loop	(465,683)	(59,529)	-	-	(525,212)
Equipment	(78,581)	-	-	-	(78,581)
Software licenses	(3,963)	(620)	-	-	(4,583)
Total accumulated depreciation	<u>(548,227)</u>	<u>(60,149)</u>	<u>-</u>	<u>-</u>	<u>(608,376)</u>
Net depreciable capital assets	<u>1,516,969</u>	<u>(54,457)</u>	<u>-</u>	<u>-</u>	<u>1,462,512</u>
Net capital assets	<u>\$ 1,532,149</u>	<u>\$ (54,457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,477,692</u>

D. Long-Term Obligations

Outstanding debt and transactions for the year ended June 30, 2015 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in 1 Year</u>
Columbia State Bank - payable in monthly installments of \$11,494, including interest at 5 percent, beginning June 13, 2008. Final payment is due May 13, 2018.	\$ 128,957	\$ -	\$ (128,957)	\$ -	\$ -
Total Business	<u>\$ 128,957</u>	<u>\$ -</u>	<u>\$ (128,957)</u>	<u>\$ -</u>	<u>\$ -</u>

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. The City also provides administrative and other services, rental of office space and pass through of grant revenues to the Agency. The County also provides space and technical services for GIS and fiber management. 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	\$ 24,643
Rent Expense to City of The Dalles	\$ 7,752
Right of Way Fees to City of The Dalles	\$ 18,645
Wasco County	
Computer & GIS Services	\$ 4,470

In addition, at June 30, 2015, the City owes \$820 and the County owes \$2,760 to the Agency for services received. The Agency also owes the City \$8,901 for current year rent and charges of administrative services rendered, and \$1,602 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 Phase 4 is 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, 2015. When the project is completed the entire capital asset will be in the ownership of the Agency.

THIS PAGE INTENTIONALLY LEFT BLANK

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

**QUALITYLIFE INTERGOVERNMENTAL AGENCY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 629,919	\$ 629,919	\$ 625,305	\$ (4,614)
Interest on investments	500	500	1,505	1,005
Miscellaneous	50,200	50,200	18,712	(31,488)
Total revenues	<u>680,619</u>	<u>680,619</u>	<u>645,522</u>	<u>(35,097)</u>
EXPENDITURES:				
Materials and services	281,457	281,457	192,993	88,464
Capital outlay	20,000	20,000	5,692	14,308
Other	50,000	50,000	13,075	36,925
Contingency	29,600	29,600	-	29,600
Total expenditures	<u>381,057</u>	<u>381,057</u>	<u>211,760</u>	<u>169,297</u>
Revenues over (under) expenditures	299,562	299,562	433,762	134,200
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(382,905)</u>	<u>(382,905)</u>	<u>(382,905)</u>	<u>-</u>
Total other financing sources (uses)	<u>(382,905)</u>	<u>(382,905)</u>	<u>(382,905)</u>	<u>-</u>
Net changes in fund balances	(83,343)	(83,343)	50,857	134,200
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>138,143</u>	<u>138,143</u>	<u>180,966</u>	<u>42,823</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 54,800</u>	<u>\$ 54,800</u>	231,823	<u>\$ 177,023</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital projects fund balance			377,826	
Capital assets			<u>1,477,692</u>	
NET POSITION AT END OF YEAR			<u>\$ 2,087,341</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, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 30,000	\$ 30,000	\$ 17,607	\$ (12,393)
Total revenues	30,000	30,000	17,607	(12,393)
EXPENDITURES:				
Materials and services	23,000	23,000	6,664	16,336
Capital outlay	239,113	239,113	69,677	169,436
Debt service:				
Principal	129,425	129,425	128,958	467
Interest	3,363	3,363	706	2,657
Contingency	201,800	201,800	-	201,800
Total expenditures	596,701	596,701	206,005	390,696
Revenues over (under) expenditures	(566,701)	(566,701)	(188,398)	378,303
OTHER FINANCING SOURCES (USES):				
Transfers in	382,905	382,905	382,905	-
Total other financing sources (uses)	382,905	382,905	382,905	-
Net changes in fund balances	(183,796)	(183,796)	194,507	378,303
FUND BALANCE, BEGINNING BUDGETARY BASIS	183,796	183,796	183,319	(477)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 377,826	\$ 377,826

THIS PAGE INTENTIONALLY LEFT BLANK

**INDEPENDENT AUDITOR'S REPORT REQUIRED
BY OREGON STATE REGULATION**

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of the QualityLife Intergovernmental Agency, as of and for the year ended June 30, 2015 and have issued our report thereon dated September 21, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether QualityLife Intergovernmental 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 162-10-000 through 162-10-320 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. 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- 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 due to ORS 279.
- 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 have highway revenues.
- 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.

In connection with our testing, nothing came to our attention that caused us to believe the QualityLife Intergovernmental 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 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

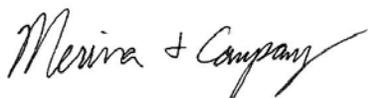
OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered QualityLife Intergovernmental 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 QualityLife Intergovernmental Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of QualityLife Intergovernmental 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.

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



Merina & Company, LLP
West Linn, Oregon
September 21, 2015

QUALITYLIFE INTERGOVERNMENTAL AGENCY

CONTRACT AGREEMENT AND SCOPE OF SERVICES FOR TRANSITION ASSISTANCE

Background, Purpose: The QualityLife Intergovernmental Agency (Agency), doing business as Q-Life Network, is in a period of transition. The Agency was formed under ORS chapter 190, and has as its current members and owners Wasco County and the City of The Dalles. The Agency has been managed by Nolan Young, city manager for the City of The Dalles since 2003. His service to the City of The Dalles ended on September 11, 2015. Several important Agency projects are underway and the expertise and knowledge he has developed would provide substantial value in the development and implementation of those projects. He is willing to assist in work on those projects as needed, as an independent contractor, for purposes of making a smoother and more effective transition, thereby benefiting the Agency, its owners, its customers, and the citizens of Wasco County.

Accordingly, the undersigned agree as follows, effective this ___ day of September, 2015:

1. The statement of background and purpose above is true and provides the basis for this Agreement.
2. The term of this Agreement shall commence on September __, 2015, and terminate on _____, 2015, unless terminated prior to that date as set out below. Compensation for work performed pursuant to this Agreement shall be at the rate of \$_____ per hour.
3. Nolan Young (Contractor) will work with Erick Larson, President of the Board of Directors of Agency and its legal counsel in the negotiation of an agreement with LSN, also known as Lightspeed Networks, to establish the terms and conditions of an agreement under which LSN will provide services as needed to establish a fiber optic connection from the BPA fiber on the east side of Maupin to a connection and Point of Presence located in Maupin, to then be owned and operated under the direction and control of Agency. That agreement is to be negotiated and presented to the Board of Directors for its review and proposed acceptance as soon as reasonably possible.
4. Once a form of agreement between LSN and Agency is approved by the Board of Directors, Contractor will assist in the development of an Intergovernmental Agreement to be executed between Agency and the Oregon Business Development Department. One of the purposes of this agreement will be to allow Agency to obtain interim financing in advance of the receipt of proceeds from the sale of lottery bonds, due in 2017, as financing approved by the 2015 Oregon Legislature for Regional Solutions funding for the North Central Oregon Region.

5. When the Intergovernmental Agreement is in place, Contractor will provide assistance as needed in obtaining interim financing, either through a private lender, a contractor willing to provide such financing on the basis of a guarantee from Agency on the foundation of the Intergovernmental Agreement, or other funding source.
6. If needed and authorized by subsequent action of the Agency board of directors, Contractor will work with other Agency contractors and partners in the construction of the project based in Maupin.
7. Contractor will also assist Agency in its work toward the development of a strategic plan, and specifically, in transitioning to new leadership in the operation and management of Agency. Contractor will develop and present for Agency consideration alternatives, based on his experience in leading Agency since its inception, that will allow the board of directors to make selections designed to continue and strengthen the economic development and other contributions of Agency.
8. Agency may, upon the request of board president Erick Larson, amend this Scope of Work to include other tasks, if described with particularity, timelines, and probable cost.
9. Contractor shall devote, during the term of this agreement, such of his time, energy, and skill as is necessary in the performance of his duties hereunder and shall periodically, or at any time, upon the request of Agency, submit data as to the time requirements of work performed and to be performed by him for Agency in connection with this agreement.
10. Contractor is retained by Agency only for the purposes and to the extent set forth in this agreement and the Contractor's relationship to Agency shall, during the term of this agreement, be that of an independent contractor. Agency shall not withhold, from sums becoming payable to the Contractor hereunder, any amounts for State or Federal Income Tax, or for FICA (Social Security) Taxes, during the term of this agreement. Contractor shall be free to dispose of such portions of his entire time, energy and skill as he is not obligated to devote hereunder to Agency in such manner as he deems advisable. The Contractor shall not be considered as having an employee status or as being entitled to participate in any plans, arrangements or distributions by Agency.
11. In the event that the Internal Revenue Service should determine that the Contractor is, according to I.R.S. guidelines, an employee subject to withholding and social security contributions, the Contractor shall acknowledge, as the Contractor acknowledges herein, that all payments to Contractor are gross payments, and Contractor is responsible for all income taxes and social security payments thereon.

12. This Agreement may be terminated at any time, with or without cause, by either party upon thirty days written notice.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by the appropriate officers acting pursuant to due authorization on the dates set forth above.

QUALITYLIFE INTERGOVERNMENTAL
AGENCY, An Intergovernmental Agency
of the State of Oregon

By _____
Erick Larson, President

Nolan K. Young

Attest:

Brian Ahier, Secretary Treasurer

Approved as to Form:

Keith Mobley, Counsel for Agency