

AGENDA

QLife Regular Board Meeting

Tuesday, November 22, 2016
Noon
Wasco County Courthouse
Deschutes Room – B08

1. Approval of Agenda
2. [Approval of October 18, 2016 Board Minutes](#)
3. [Financial Reports](#) – Kate Mast
4. [Reports](#) – John Amery
5. [Discussion: PUD Requirements](#) – Tyler Stone
6. [BPA Project Update](#) – John Amery
7. [Maupin Project Update](#) – Erik Orton
8. [Executive Session: \(2\)\(g\) Competitive trade or commerce negotiations and \(2\)\(m\)\(E\) Discuss information regarding security of telecom systems and data transmission.](#)
9. Old/New Business
10. Next Meeting Dates: Regular Board Meeting – to be determined
11. 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.

October 18, 2016 Minutes

- [October 18, 2016 Minutes](#)



MINUTES

Q-Life Regular Board Meeting
Thursday, October 18th 2016
Noon
Deschutes Room, Wasco County Courthouse

Call to Order: Vice-president Dan Spatz calls the meeting to order.

Roll Call: Erick Larson, Scott Hege, Taner Elliott, Tyler Stone, Tawny Cramer, John Amery, Kate Mast, Keith Mobley, and Dan McNeely(Skype).

Approval of October 18, 2016 Agenda: Tawny Cramer stated that the agenda needed to be rearranged to have the public hearing before executive session instead of after. Taner Elliott moves to approve agenda as amended. Scott Hege seconds, motion passes.

Approval of September 29, 2016 Board Minutes: Scott Hege suggests the minutes from August need to reflect that we were unable to have a QLife meeting in September due to lack of a forum. Scott Hege and Taner Elliot were the present board members when it was determined we would not have a quorum and the meeting was canceled. Tawny will amend the minutes as discussed. Scott moves to approve minutes as amended. Taner seconds, minutes approved.

Financials: Kate Mast explains the audit is complete and the presentation will be next month. The Maupin fund has a lower balance than budgeted due to the grant funding was not received last year as anticipated. QLife will receive those funds in the current fiscal year. Tawny has begun sending disbursement requests to IFA to draw on those grants.

Reports: John Amery explains that he has been working to develop documents that will help figure out the process when QLife allows ISPs to build out portions of their connections. These documents continue to be a work in progress and will also help with our on-going discussions with the PUD.

Amendment to QLife/Maupin IGA: Tyler Stone and Tawny met with Frank Kay and Lynn Ewing to discuss an amendment to the Maupin agreement which would ensure the franchise fees paid to City of Maupin by LSN will go into a protected fund to be paid to QLife for operation and maintenance of the Maupin network. Keith Mobley suggests the Board approves the amendment. Tyler Stone also asks the Board to approve that Erick Larson can sign the agreement. Scott moves to approve the agreement and appoint signing authority to Erick. Taner seconds, motion passes.

Discussion: Board Participation: Tyler explains that there have been some difficulties in securing a quorum for QLife board meetings recently. Scott and Erick both point out that they appreciate the meetings being held on the same day and time each month. Taner adds it would help if the meetings did not run so long. Taner also asks the board if anyone else would be interested in putting out an RFP for someone to take over QLife. Tyler asks and Keith Mobley agrees that the sale of an asset needs to be discussed in executive session.

Erick moves the board into executive session at 12:53 pm.

Executive Session: (2)(g) Competitive trade or commerce negotiations and (2)(m)(E) Discuss information regarding security of telecom systems and data transmission

Public Hearing: Exceptions to Local Contract Rules: Tyler explains that it would be in QLife's best interest to approve an exemption from the local contracting rules to hire the same contractor being used by LSN in the Maupin fiber build to save time and money. Tyler also explains that per our contracting rules he went through and looked at the exemption clauses and explains to the board The Emergency declaration shall exempt the Public Contract from the competitive bidding requirements of ORS 279C.335(1)(b)(2)(b)(C)(G)(J)(M). In addition Tyler suggests the board approve a second exemption which would exempt QLife from the competitive bidding rules to ensure our ability to complete the BPA project in the timeline determined by BPA under ORS 279C.335(5). Keith Mobley agrees that the exemptions are both appropriate and necessary to ensure QLife's success in current projects.

Erick Larson opens the Public Hearing at 1:55 pm. No public testimony was received. Erick closes the hearing. The board discusses and agrees to both contract exemptions. Dan Spatz moves to approve both exemptions. Taner seconds, motions passes.

Maupin Project Update: Maupin Project update was given during executive session.

New/Old Business: The ISP agreement needed from GorgeNet is complete and ready for signature. Erick and Keith both sign the agreement.

Next meeting on November 22, 2016 at noon.

Submitted by Tawny Cramer

Signed: _____
Brian Ahier Secretary/Treasurer

Financial Reports

- [Financial Reports – Kate Mast](#)
- [Annual Financial Report – Kate Mast](#)
- [Audit Letter – Kate Mast](#)

TO: Qlife Board
 Tyler Stone, QLife Administrator

FR: Kate Mast, Finance Director

RE: Financial Report for QLIFE – October 2016

BANKING:

QLife monies are deposited into a separate bank checking account. QLife also has a Local Government Investment Pool (LGIP) account where 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.

33% of the year has passed. Total Cash available is \$1,125,195.23

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 October 31, 2016</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 152,496	\$ 157,296	103.1%	* see below
Revenues	\$ 731,180	\$ 224,760	30.7%	
Expenditures	\$ 450,185	\$ 66,122	15.0%	
Transfers to Capital/Debt Fund	\$ 433,491	\$ 157,633	36.4%	
Revenues Less Expenses	\$ 0	\$ 158,301		
Cash at Month End	\$ 67,309.97			

Exceptions:

- 1) **Beginning Balance:** * *The Beginning Balance figures used here have been audited. The Beginning Balance is \$4,800 more than budgeted.*
- 2) **Revenues:**
 - a) At 33% of the year, we have received 32.9% of the budgeted charges for services revenue.
- 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 October 31, 2016</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 861,965	\$ 870,111	100.1%	* see below
Transfers In	\$ 433,491	\$ 157,633	36.4%	
Revenues	\$ 30,000	\$ 625	2.1%	
M&S / Capital Outlay / Other	\$ 1,325,456	\$ 0	0.0%	
Debt Expenditures	\$ 00	\$ 0	0.0%	
Revenues Less Expenses	\$ 0	\$ 1,028,369		
Cash at Month End	\$ 1,028,391.28			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here have been audited.* Beginning Balance is \$8,145.84 more than budgeted.
- 2) Revenues: .
- 3) Expenditures:
- 4) Budget Changes: No budget changes have been made to this fund this fiscal year.

MAUPIN (602):

BUDGET COMPARISONS

	<u>July 1, 2015 to October 31, 2016</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 199,135	\$ 13,620	6.8%	* see below
Revenues	\$ 255,345	\$ 45,688	0.0%	
Expenditures	\$ 454,480	\$ 29,814	3.2%	
Revenues Less Expenses	\$ 0	\$ 29,494		
Cash at Month End	\$ 29,493.98			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here have been audited.* The Beginning Balance is \$165,515.07 less than budgeted. This was due to grant funds not being received as anticipated in FY15/16.
- 2) Revenues: Three (3) drawdowns have been submitted and approved for the Maupin Grant. Maupin received the drawdowns and has repaid QLife in the amount of \$45,662.00..
- 3) Expenditures:
- 4) Budget Changes: No budget changes have been made to this fund this fiscal year.

CITY OF THE DALLES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

QUALITYLIFE AGENCY FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>BEGINNING BALANCE</u>					
600-0000-300.00-00	BEGINNING BALANCE	.00	157,296.43	152,496.00	(4,800.43) 103.2
	TOTAL BEGINNING BALANCE	.00	157,296.43	152,496.00	(4,800.43) 103.2
<u>UTILITY SERVICES</u>					
600-0000-344.10-00	UTILITY SERVICE CHARGES	55,135.00	222,285.00	676,380.00	454,095.00 32.9
600-0000-344.15-00	LSN CREDITS	.00	.00	.00	.00 .0
600-0000-344.20-00	CONNECT CHARGES	.00	.00	1,000.00	1,000.00 .0
	TOTAL UTILITY SERVICES	55,135.00	222,285.00	677,380.00	455,095.00 32.8
<u>INTEREST REVENUES</u>					
600-0000-361.00-00	INTEREST REVENUES	860.10	2,475.19	3,600.00	1,124.81 68.8
	TOTAL INTEREST REVENUES	860.10	2,475.19	3,600.00	1,124.81 68.8
<u>OTHER MISC REVENUES</u>					
600-0000-369.00-00	OTHER MISC REVENUES	.00	.00	200.00	200.00 .0
600-0000-369.20-00	E-RATE REIMBURSEMENT	.00	.00	50,000.00	50,000.00 .0
	TOTAL OTHER MISC REVENUES	.00	.00	50,200.00	50,200.00 .0
<u>SALE OF FIXED ASSETS</u>					
600-0000-392.00-00	SALE OF FIXED ASSETS	.00	.00	.00	.00 .0
	TOTAL SALE OF FIXED ASSETS	.00	.00	.00	.00 .0
	TOTAL FUND REVENUE	55,995.10	382,056.62	883,676.00	501,619.38 43.2

CITY OF THE DALLES
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

QUALITYLIFE AGENCY FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>FINANCIAL OPERATIONS</u>					
600-6000-000.31-10	ADMINISTRATIVE	.00	10,021.31	54,000.00	43,978.69 18.6
600-6000-000.31-11	FINANCIAL CONTRACT SERVICES	.00	.00	7,200.00	7,200.00 .0
600-6000-000.31-15	COUNTY	.00	.00	5,000.00	5,000.00 .0
600-6000-000.31-20	OUTSIDE PLANT MAINTENACE	.00	.00	43,000.00	43,000.00 .0
600-6000-000.31-90	OTHER SERVICES	.00	1,956.25	3,000.00	1,043.75 65.2
600-6000-000.32-10	AUDIT	.00	.00	7,050.00	7,050.00 .0
600-6000-000.32-20	LEGAL SERVICES	(750.00)	2,250.00	9,000.00	6,750.00 25.0
600-6000-000.34-10	ENGINEERING SERVICES	(2,819.47)	19,505.38	22,400.00	2,894.62 87.1
600-6000-000.34-30	NETWORK SYSTEM MANAGEMENT	285.00	18,817.47	68,000.00	49,182.53 27.7
600-6000-000.34-50	SPECIAL STUDIES & REPORTS	.00	.00	.00	.00 .0
600-6000-000.41-40	ELECTRICITY	.00	175.23	900.00	724.77 19.5
600-6000-000.43-10	BUILDINGS AND GROUNDS	.00	.00	1,600.00	1,600.00 .0
600-6000-000.43-25	NETWORK EQUIPMENT	.00	.00	5,000.00	5,000.00 .0
600-6000-000.43-87	UTILITIES LOCATES	.00	.00	.00	.00 .0
600-6000-000.44-10	OFFICE SPACE RENTAL	.00	.00	7,752.00	7,752.00 .0
600-6000-000.52-10	LIABILITY	.00	5,944.00	7,620.00	1,676.00 78.0
600-6000-000.52-30	PROPERTY	.00	.00	6,218.00	6,218.00 .0
600-6000-000.53-20	POSTAGE	.00	.00	200.00	200.00 .0
600-6000-000.53-30	TELEPHONE	35.13	139.67	420.00	280.33 33.3
600-6000-000.53-40	LEGAL NOTICES	.00	.00	400.00	400.00 .0
600-6000-000.54-00	ADVERTISING	.00	500.00	1,500.00	1,000.00 33.3
600-6000-000.57-10	PERMIT	.00	.00	400.00	400.00 .0
600-6000-000.58-10	TRAVEL, FOOD & LODGING	.00	204.19	2,000.00	1,795.81 10.2
600-6000-000.58-50	TRAINING AND CONFERENCES	.00	325.00	700.00	375.00 46.4
600-6000-000.58-70	MEMBERSHIPS/DUES/SUBSCRIP	.00	452.75	875.00	422.25 51.7
600-6000-000.60-10	OFFICE SUPPLIES	.00	101.33	100.00	(1.33) 101.3
600-6000-000.63-80	QLIFE SCHOLARSHIPS	.00	2,000.00	2,000.00	.00 100.0
600-6000-000.63-90	ROBOTICS GRANTS	.00	2,000.00	2,000.00	.00 100.0
600-6000-000.69-50	MISCELLANEOUS EXPENSES	10.00	40.05	650.00	609.95 6.2
600-6000-000.69-60	POLE CONNECTION FEES	.00	.00	10,500.00	10,500.00 .0
600-6000-000.69-70	RIGHT OF WAY FEES	1,689.15	1,689.15	20,300.00	18,610.85 8.3
600-6000-000.69-80	ASSETS <\$5000	.00	.00	.00	.00 .0
600-6000-000.74-20	TELECOMMUNICATIONS EQUIP	.00	.00	20,000.00	20,000.00 .0
	TOTAL FINANCIAL OPERATIONS	(1,550.19)	66,121.78	309,785.00	243,663.22 21.3
<u>OTHER USES</u>					
600-9500-000.81-91	QLIFE CAPITAL FUND	39,408.27	157,633.08	433,491.00	275,857.92 36.4
600-9500-000.83-10	ESD E-RATE	.00	.00	50,000.00	50,000.00 .0
600-9500-000.88-00	CONTINGENCY	.00	.00	28,400.00	28,400.00 .0
600-9500-000.89-00	UNAPROPRIATED ENDING BAL	.00	.00	62,000.00	62,000.00 .0
	TOTAL OTHER USES	39,408.27	157,633.08	573,891.00	416,257.92 27.5
	TOTAL FUND EXPENDITURES	37,858.08	223,754.86	883,676.00	659,921.14 25.3

CITY OF THE DALLES
 EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

QUALITYLIFE AGENCY FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
NET REVENUE OVER EXPENDITURES	18,137.02	158,301.76	.00	(158,301.76)	.0

CITY OF THE DALLES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

QLIFE CAPITAL FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>BEGINNING BALANCE</u>						
601-0000-300.00-00	BEGINNING BALANCE	.00	870,110.84	861,965.00	(8,145.84)	101.0
	TOTAL BEGINNING BALANCE	.00	870,110.84	861,965.00	(8,145.84)	101.0
<u>FEDERAL REVENUES</u>						
601-0000-331.90-00	FEDERAL GRANTS-MISC	.00	.00	.00	.00	.0
	TOTAL FEDERAL REVENUES	.00	.00	.00	.00	.0
<u>UTILITY SERVICES</u>						
601-0000-344.20-00	CONNECT CHARGES	.00	.00	30,000.00	30,000.00	.0
	TOTAL UTILITY SERVICES	.00	.00	30,000.00	30,000.00	.0
<u>SOURCE 361</u>						
601-0000-361.00-00	INTEREST REVENUE	.00	625.36	.00	(625.36)	.0
	TOTAL SOURCE 361	.00	625.36	.00	(625.36)	.0
<u>OTHER MISC REVENUES</u>						
601-0000-369.00-00	OTHER MISC REVENUES	.00	.00	.00	.00	.0
601-0000-369.10-00	ENTERPRISE ZONE PAYMENT	.00	.00	.00	.00	.0
	TOTAL OTHER MISC REVENUES	.00	.00	.00	.00	.0
<u>OPERATING TRANSFERS IN</u>						
601-0000-391.40-00	IF PMT FROM OTHER FUNDS	.00	.00	.00	.00	.0
601-0000-391.90-01	QLIFE OPERATING FUND	39,408.27	157,633.08	433,491.00	275,857.92	36.4
601-0000-391.90-02	QLIFE MAUPIN FUND	.00	.00	.00	.00	.0
	TOTAL OPERATING TRANSFERS IN	39,408.27	157,633.08	433,491.00	275,857.92	36.4
<u>PROCEEDS- LT LIABILITIES</u>						
601-0000-393.10-00	LOAN/BOND PROCEEDS	.00	.00	.00	.00	.0
	TOTAL PROCEEDS- LT LIABILITIES	.00	.00	.00	.00	.0

CITY OF THE DALLES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

QLIFE CAPITAL FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
TOTAL FUND REVENUE	39,408.27	1,028,369.28	1,325,456.00	297,086.72	77.6

CITY OF THE DALLES
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

QLIFE CAPITAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT	
<u>FINANCIAL OPERATIONS</u>						
601-6000-000.34-10	ENGINEERING SERVICES	.00	.00	11,000.00	11,000.00	.0
601-6000-000.34-70	CUSTOMER CONNECT COSTS	.00	.00	4,000.00	4,000.00	.0
601-6000-000.43-86	LINE MNTNCE & SUPPLIES	.00	.00	8,000.00	8,000.00	.0
601-6000-000.57-10	PERMIT	.00	.00	.00	.00	.0
601-6000-000.72-20	BUILDINGS	.00	.00	232,000.00	232,000.00	.0
601-6000-000.74-20	TELECOMMUNICATIONS EQUIP	.00	.00	.00	.00	.0
601-6000-000.76-10	PRIMARY	.00	.00	196,000.00	196,000.00	.0
601-6000-000.76-20	SECONDARY	.00	.00	70,000.00	70,000.00	.0
601-6000-000.76-30	POLE MAKE READY COSTS	.00	.00	5,000.00	5,000.00	.0
601-6000-000.79-50	LOAN PRINCIPAL PAYMENTS	.00	.00	.00	.00	.0
601-6000-000.79-51	CRB PRINCIPAL PAYMENTS	.00	.00	.00	.00	.0
601-6000-000.79-60	LOAN INTEREST PAYMENTS	.00	.00	.00	.00	.0
601-6000-000.79-90	LOAN RESERVE-FUT DEBT PAY	.00	.00	.00	.00	.0
TOTAL FINANCIAL OPERATIONS		.00	.00	526,000.00	526,000.00	.0
<u>OTHER USES</u>						
601-9500-000.80-20	DISTRIBUTION TO SPONSORS	.00	.00	159,456.00	159,456.00	.0
601-9500-000.84-15	RSRV FOR SYS IMPROVEMENTS	.00	.00	540,000.00	540,000.00	.0
601-9500-000.84-20	RESERVE FOR CO EXPANSION	.00	.00	.00	.00	.0
601-9500-000.84-30	RESERVE FOR DEBT RETIREMENT	.00	.00	.00	.00	.0
601-9500-000.88-00	CONTINGENCY	.00	.00	100,000.00	100,000.00	.0
601-9500-000.89-00	UNAPPROPRIATED ENDING BAL	.00	.00	.00	.00	.0
TOTAL OTHER USES		.00	.00	799,456.00	799,456.00	.0
TOTAL FUND EXPENDITURES		.00	.00	1,325,456.00	1,325,456.00	.0
NET REVENUE OVER EXPENDITURES		39,408.27	1,028,369.28	.00	(1,028,369.28)	.0

CITY OF THE DALLES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

MAUPIN FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>BEGINNING BALANCE</u>						
602-0000-300.00-00	BEGINNING BALANCE	.00	13,619.93	199,135.00	185,515.07	6.8
	TOTAL BEGINNING BALANCE	.00	13,619.93	199,135.00	185,515.07	6.8
<u>STATE GRANTS</u>						
602-0000-334.90-00	STATE GRANTS, OTHER	45,662.00	45,662.00	243,345.00	197,683.00	18.8
	TOTAL STATE GRANTS	45,662.00	45,662.00	243,345.00	197,683.00	18.8
<u>PRIVATE SECTOR GRANTS</u>						
602-0000-336.10-00	PRIVATE SECTOR GRANTS	.00	.00	.00	.00	.0
	TOTAL PRIVATE SECTOR GRANTS	.00	.00	.00	.00	.0
<u>UTILITY SERVICES</u>						
602-0000-344.20-00	CONNECT CHARGES	.00	.00	.00	.00	.0
602-0000-344.20-01	CUST FEES - MIDDLE MILE	.00	.00	12,000.00	12,000.00	.0
602-0000-344.20-02	CUST FEES - TRNPRT/COLLOCATION	.00	.00	.00	.00	.0
	TOTAL UTILITY SERVICES	.00	.00	12,000.00	12,000.00	.0
<u>SOURCE 361</u>						
602-0000-361.00-00	INTEREST REVENUE	.00	26.09	.00	(26.09)	.0
	TOTAL SOURCE 361	.00	26.09	.00	(26.09)	.0
<u>OTHER MISC REVENUES</u>						
602-0000-369.00-00	OTHER MISC REVENUES	.00	.00	.00	.00	.0
602-0000-369.20-00	E-RATE REIMBURSEMENT	.00	.00	.00	.00	.0
	TOTAL OTHER MISC REVENUES	.00	.00	.00	.00	.0
<u>SOURCE 391</u>						
602-0000-391.90-01	QLIFE OPERATING FUND	.00	.00	.00	.00	.0
602-0000-391.90-02	QLIFE CAPITAL FUND	.00	.00	.00	.00	.0
	TOTAL SOURCE 391	.00	.00	.00	.00	.0

CITY OF THE DALLES
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

MAUPIN FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>PROCEEDS- LT LIABILITIES</u>						
602-0000-393.10-00	LOAN/BOND PROCEEDS	.00	.00	.00	.00	.0
	TOTAL PROCEEDS- LT LIABILITIES	.00	.00	.00	.00	.0
	TOTAL FUND REVENUE	45,662.00	59,308.02	454,480.00	395,171.98	13.1

CITY OF THE DALLES
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING OCTOBER 31, 2016

MAUPIN FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>FINANCIAL OPERATIONS</u>					
602-6000-000.31-10	.00	.00	.00	.00	.0
602-6000-000.31-80	.00	.00	14,160.00	14,160.00	.0
602-6000-000.32-20	1,845.00	1,845.00	.00	(1,845.00)	.0
602-6000-000.34-10	.00	.00	.00	.00	.0
602-6000-000.34-70	.00	.00	.00	.00	.0
602-6000-000.41-30	.00	.00	.00	.00	.0
602-6000-000.41-40	.00	.00	.00	.00	.0
602-6000-000.41-50	.00	.00	.00	.00	.0
602-6000-000.43-86	.00	.00	.00	.00	.0
602-6000-000.52-10	.00	.00	1,000.00	1,000.00	.0
602-6000-000.69-60	.00	.00	1,050.00	1,050.00	.0
602-6000-000.72-20	.00	.00	.00	.00	.0
602-6000-000.74-20	.00	.00	79,263.00	79,263.00	.0
602-6000-000.76-10	13,356.10	27,969.04	320,737.00	292,767.96	8.7
602-6000-000.76-20	.00	.00	.00	.00	.0
602-6000-000.76-30	.00	.00	.00	.00	.0
602-6000-000.79-50	.00	.00	.00	.00	.0
602-6000-000.79-60	.00	.00	.00	.00	.0
TOTAL FINANCIAL OPERATIONS	15,201.10	29,814.04	416,210.00	386,395.96	7.2
<u>OTHER USES</u>					
602-9500-000.81-92	.00	.00	.00	.00	.0
602-9500-000.83-10	.00	.00	.00	.00	.0
602-9500-000.84-10	.00	.00	28,320.00	28,320.00	.0
602-9500-000.88-00	.00	.00	9,950.00	9,950.00	.0
TOTAL OTHER USES	.00	.00	38,270.00	38,270.00	.0
TOTAL FUND EXPENDITURES	15,201.10	29,814.04	454,480.00	424,665.96	6.6
NET REVENUE OVER EXPENDITURES	30,460.90	29,493.98	.00	(29,493.98)	.0

**QUALITYLIFE
INTERGOVERNMENTAL AGENCY**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Annual Financial Report For the Fiscal Year Ended June 30, 2016

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OFFICIALS OF THE AGENCY

QUALITYLIFE INTERGOVERNMENTAL AGENCY

OFFICIALS OF THE AGENCY

AS OF JUNE 30, 2016

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

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, 2016, 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 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, 2016, 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 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 an 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 section 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.

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 November 8, 2016, 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
November 8, 2016

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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 1,092,295	\$ 641,905
Capital assets, net of depreciation	<u>1,475,229</u>	<u>1,477,692</u>
Total assets	<u>2,567,524</u>	<u>2,119,597</u>
Liabilities		
Other liabilities	<u>51,268</u>	<u>32,256</u>
Total liabilities	<u>51,268</u>	<u>32,256</u>
Net position		
Net investment in Capital Assets	1,475,229	1,477,692
Unrestricted (deficit)	<u>1,041,027</u>	<u>609,649</u>
Total net position	<u>\$ 2,516,256</u>	<u>\$ 2,087,341</u>

The net position of the Agency is primarily invested in capital assets, net of related debt. New construction is primarily related to the new 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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Revenues		
Operating revenues	\$ 666,629	\$ 642,912
Capital grants and contributions	133,102	18,712
Other	<u>4,950</u>	<u>1,505</u>
Total revenues	<u>804,681</u>	<u>663,129</u>
Expenses		
Operating expenses	334,476	329,483
Other	41,290	13,075
Interest on long-term debt	<u>-</u>	<u>154</u>
Total expenses	<u>375,766</u>	<u>342,712</u>
Increase in net position	428,915	320,417
Net position - beginning	<u>2,087,341</u>	<u>1,766,924</u>
Net position - ending	<u>\$ 2,516,256</u>	<u>\$ 2,087,341</u>

Net position increased during the year by \$428,915 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 \$919,782 with a contingency of \$27,680. During the year, due to administrative personnel changes, \$9,500 was moved from Contingency to Materials and Services to provide additional funds for Administration. Expenditures were \$82,617 under budget.

The original legal appropriations for the QLife Capital Fund totaled \$934,730 with a contingency and other uses of \$566,730. No changes to the original budget were made to this fund. Expenditures were \$909,306 under budget.

During the fiscal year a new Maupin Fund was created and funded via a supplemental budget in the amount of \$550,830. Expenditures were \$385,803 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016 the Agency had investment in capital assets, net of accumulated depreciation, \$1,475,229 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, 2016. 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, which added \$59,995 to the "construction in progress" total of \$75,175 as of June 30, 2016.

Debt Outstanding

As of June 30, 2016, 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 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 2015 and 2016.

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, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,033,883
Accounts receivables, net	<u>58,412</u>

Total current assets	1,092,295
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Capital assets:

Construction in progress	75,175
Depreciable assets, net of depreciation	<u>1,400,054</u>

Total capital assets, net	<u>1,475,229</u>
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Total assets	<u><u>\$ 2,567,524</u></u>
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LIABILITIES AND NET POSITION

LIABILITIES:

Current liabilities:

Accounts payable	<u>\$ 51,268</u>
------------------	------------------

Total liabilities	<u>51,268</u>
-------------------	---------------

NET POSITION:

Net investment in capital assets	1,475,229
Unrestricted (deficit)	<u>1,041,027</u>

Total net position	<u>2,516,256</u>
--------------------	------------------

Total liabilities and net position	<u><u>\$ 2,567,524</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, 2016**

	<u>QualityLife Operations</u>
OPERATING REVENUES:	
Charges for services	\$ 666,629
Total operating revenues	<u>666,629</u>
OPERATING EXPENSES:	
Materials and services	272,018
Depreciation	<u>62,458</u>
Total operating expenses	<u>334,476</u>
Operating income (loss)	332,153
NON-OPERATING INCOME (EXPENSE):	
Interest on investment	4,950
Grants and contributions	133,102
Grant expense	<u>(41,290)</u>
Total non-operating income (expenses)	<u>96,762</u>
Change in net position	428,915
NET POSITION, BEGINNING	<u>2,087,341</u>
NET POSITION, ENDING	<u><u>\$ 2,516,256</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, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 667,968
Cash paid to suppliers and others	(253,006)
	<hr/>
Net cash provided (used) by operating activities	414,962
	<hr/>

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

Grants and contributions	133,102
Purchase of capital assets	(59,995)
Grant expenses	(41,290)
	<hr/>
Net cash provided (used) by capital and related financing activities	31,817
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	4,950
	<hr/>
Net cash provided (used) by investing activities	4,950
	<hr/>
Net increase (decrease) in cash and cash equivalents	451,729

CASH AND CASH EQUIVALENTS, BEGINNING

582,154

CASH AND CASH EQUIVALENTS, ENDING

\$ 1,033,883

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

Operating Income	\$ 332,153
Adjustments	
Depreciation	62,458
Decrease (increase) in:	
Accounts receivable	1,339
Increase (decrease) in:	
Accounts payable and accrued expenses	19,012
	<hr/>
Net cash provided (used) by operating activities	\$ 414,962
	<hr/> <hr/>

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, 2016

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
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, 2016.

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, 2016, 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, 2016 from user charges.

C. Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

<u>General</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital Assets, non-depreciable:					
Construction in progress	\$ 15,180	\$ 59,995	\$ -	\$ -	\$ 75,175
Total capital assets, non-depreciable	<u>15,180</u>	<u>59,995</u>	<u>-</u>	<u>-</u>	<u>75,175</u>
Capital assets, depreciable:					
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>
Less accumulated depreciation for:					
Fiber optic loop	(525,212)	(61,472)	-	-	(586,684)
Equipment	(78,581)	(285)	-	-	(78,866)
Software licenses	(4,583)	(701)	-	-	(5,284)
Total accumulated depreciation	<u>(608,376)</u>	<u>(62,458)</u>	<u>-</u>	<u>-</u>	<u>(670,834)</u>
Net depreciable capital assets	<u>1,462,512</u>	<u>(62,458)</u>	<u>-</u>	<u>-</u>	<u>1,400,054</u>
Net capital assets	<u>\$ 1,477,692</u>	<u>\$ (2,463)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475,229</u>

D. Long-Term Obligations

The Agency had no outstanding debt or transactions during the year ended June 30, 2016.

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	\$ 58,470
Rent Expense to City of The Dalles	\$ 7,752
Right of Way Fees to City of The Dalles	\$ 19,466
Wasco County	
Computer & GIS Services	\$ 4,470

In addition, at June 30, 2016, the City owes \$820 and the County owes \$2,760 to the Agency for services received. The Agency also owes the City \$4,516 for current year rent and charges of administrative services rendered, and \$1,647 for right-of-way fees.

In addition, at June 30, 2016, the City owes \$820 and the County owes \$2,760 to the Agency for services received. The Agency also owes the City \$4,516 for current year rent and charges of administrative services rendered, and \$1,647 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, 2016. 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, which added \$59,995 to the "construction in progress" total of \$75,175 as of June 30, 2016.

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, 2016**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 650,319	\$ 650,319	\$ 653,060	\$ 2,741
Interest on investments	700	700	4,950	4,250
Miscellaneous	50,200	50,200	45,222	(4,978)
Total revenues	701,219	701,219	703,232	2,013
EXPENDITURES:				
Materials and services	258,556	268,056	230,641	37,415
Capital outlay	20,000	20,000	1,688	18,312
Other	50,000	50,000	41,290	8,710
Contingency	27,680	18,180	-	18,180
Total expenditures	356,236	356,236	273,619	82,617
Revenues over (under) expenditures	344,983	344,983	429,613	84,630
OTHER FINANCING SOURCES (USES):				
Transfers out	(504,140)	(504,140)	(504,140)	-
Total other financing sources (uses)	(504,140)	(504,140)	(504,140)	-
Net changes in fund balances	(159,157)	(159,157)	(74,527)	84,630
FUND BALANCE, BEGINNING BUDGETARY BASIS	218,563	218,563	231,823	13,260
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 59,406	\$ 59,406	157,296	\$ 97,890
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital projects fund balance			870,111	
Maupin fund balance			13,620	
Capital assets			1,475,229	
NET POSITION AT END OF YEAR			\$ 2,516,256	

**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, 2016**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 30,000	\$ 30,000	\$ 13,569	\$ (16,431)
Total revenues	30,000	30,000	13,569	(16,431)
EXPENDITURES:				
Materials and services	23,000	23,000	2,439	20,561
Capital outlay	345,000	345,000	22,985	322,015
Contingency	566,730	566,730	-	566,730
Total expenditures	934,730	934,730	25,424	909,306
Revenues over (under) expenditures	(904,730)	(904,730)	(11,855)	892,875
OTHER FINANCING SOURCES (USES):				
Transfers in	504,140	504,140	504,140	-
Total other financing sources (uses)	504,140	504,140	504,140	-
Net changes in fund balances	(400,590)	(400,590)	492,285	892,875
FUND BALANCE, BEGINNING BUDGETARY BASIS	400,590	400,590	377,826	(22,764)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 870,111	\$ 870,111

**QUALITYLIFE INTERGOVERNMENTAL AGENCY
MAUPIN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	\$ 140,830	\$ 87,880	\$ (52,950)
Total revenues	-	140,830	87,880	(52,950)
EXPENDITURES:				
Materials and services	-	30,000	26,677	3,323
Capital outlay	-	430,063	47,583	382,480
Total expenditures	-	460,063	74,260	385,803
Revenues over (under) expenditures	-	(319,233)	13,620	332,853
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	410,000	-	(410,000)
Total other financing sources (uses)	-	410,000	-	(410,000)
Net changes in fund balances	-	90,767	13,620	(77,147)
FUND BALANCE, BEGINNING BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ 90,767	\$ 13,620	\$ (77,147)

**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, 2016 and have issued our report thereon dated November 8, 2016. 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 the 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 162-10-330 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 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 did not receive any 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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

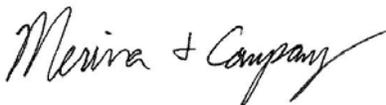
OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the 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 the 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
November 8, 2016

November 8, 2016

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, 2016. 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 May 5, 2016. 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 2016.

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 affecting the Agency's financial statements was:

Management's estimate of the accumulated depreciation is based on historical cost or 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 to the financial statements summarizes the changes in capital assets for the year ended June 30, 2016

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 November 8, 2016.

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 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.

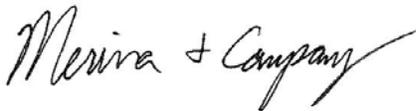
We were not engaged to report on the Officials of the Agency, which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This 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

Reports

- [Technical Management Report – John Amery](#)

Aristo Networks LLC
Technical Management Report
By
John Amery
11/18/2016

Items of Discussion:

- Primary efforts this month have been focused on BPA fiber re-route project.

Discussion: PUD Requirements

- No documents submitted – return to agenda

BPA Project Update

- No documents submitted – return to agenda

Maupin Project Update

- No documents submitted – return to agenda

Executive Session