

**QUALITYLIFE
INTERGOVERNMENTAL AGENCY**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30th, 2023

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Annual Financial Report For the Fiscal Year Ended June 30, 2023

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QUALITYLIFE INTERGOVERNMENTAL AGENCY

OFFICIALS OF THE AGENCY

AS OF JUNE 30, 2023

BOARD OF DIRECTORS

Scott Hege
511 Washington Street
The Dalles, OR 97058

Scott Randall
313 Court ST
The Dalles, OR 97058

Dale Lepper
1700 East 19th Street
The Dalles, OR 97058

Rod Runyon
313 Court Street
The Dalles, OR 97058

Lee Weinstein
4200 Obrist Road
The Dalles, OR 97058

AGENCY ADDRESS

Administrative Offices
511 Washington Street, Suite 101
The Dalles, OR 97058



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May 22, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
QualityLife Intergovernmental Agency

Opinions

We have audited the accompanying financial statements of QualityLife Intergovernmental Agency as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of QualityLife Intergovernmental Agency, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of QualityLife Intergovernmental Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about QualityLife Intergovernmental Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 QualityLife Intergovernmental Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the QualityLife Intergovernmental Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

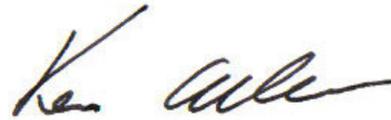
Other Information

Management is responsible for the other information included in the annual report. The other information the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated May 22, 2024, on our consideration of 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 black ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 2,929,540	\$ 2,759,579
Capital assets, net of depreciation	<u>2,753,418</u>	<u>2,717,940</u>
Total assets	<u>5,682,958</u>	<u>5,477,519</u>
Liabilities		
Other liabilities	<u>127,274</u>	<u>170,110</u>
Total liabilities	<u>127,274</u>	<u>170,110</u>
Net position		
Net investment in Capital Assets	2,753,418	2,717,940
Unrestricted (deficit)	<u>2,802,266</u>	<u>2,589,469</u>
Total net position	<u>\$ 5,555,684</u>	<u>\$ 5,307,409</u>

The net position of the Agency is primarily invested in capital assets, net of related debt.

A summarized version of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
Operating revenues	\$ 722,172	\$ 748,142
Capital grants and contributions	-	-
Other	<u>101,153</u>	<u>151,751</u>
Total revenues	<u>823,325</u>	<u>899,893</u>
Expenses		
Operating expenses	575,050	784,554
Other		
Interest on long-term debt	<u>-</u>	<u>-</u>
Total expenses	<u>575,050</u>	<u>784,554</u>
Increase in net position	248,275	115,339
Net position - beginning	<u>5,307,409</u>	<u>5,192,070</u>
Net position - ending	<u><u>\$ 5,555,684</u></u>	<u><u>\$ 5,307,409</u></u>

Net position increased during the year by \$248,275 as gains in assets were offset by increased operating expense.

BUDGETARY HIGHLIGHTS

The original legal appropriations for the QLife General Fund totaled \$973,797 including a contingency of \$176,006 and unappropriated of \$99,004. During the year no changes were made to the Final Budget. Expenditures were \$41,657 under budget while revenues were over by \$10,066.

The original legal appropriations for the QLife Capital Fund totaled \$2,491,598 including a contingency and other uses of \$1,066,144. During the year no changes were made to the Final Budget. Expenditures were \$2,214,200 under budget. \$1,066,144 of this was due to not using contingency funds as this was determined to not be needed.

The original legal appropriations for the QLife Maupin Fund totaled \$78,751 with a contingency of \$11,591. During the year no changes were made to the Final Budget. Expenditures were \$28,751 under budget. This was primarily due to the Maupin project not needing to utilize the contingency funds of \$11,591 in the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the Agency had investment in capital assets, net of accumulated depreciation, \$2,753,418 consisting primarily of the fiber optic loop, projects to expand the fiber and construction in process.

Construction in process project is the North Wasco School District related project with CIP costs of \$53,157. The total CIP is \$53,157 as of June 30, 2023.

Debt Outstanding

As of June 30, 2023, the Agency has had no long-term debt outstanding.

ECONOMIC FACTORS

The QualityLife Intergovernmental Agency will continue to be an important partner in economic development within Wasco County and the City of The Dalles, providing necessary internet services to support continued growth and quality of services to those within the Agency's boundaries. Google, the search engine, started operations in new facilities in the City in 2006, and continuously expanded their facilities from 2015 through 2023. The expansion is continuing into 2024.

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 511 Washington Street, Suite 207, The Dalles, Oregon 97058.

QUALITYLIFE INTERGOVERNMENTAL AGENCY
STATEMENT OF NET POSITION
June 30, 2023

ASSETS

Current assets:		
Cash and cash equivalents	\$	2,895,211
Accounts receivables, net		<u>34,329</u>
Total current assets		2,929,540
Capital assets:		
Construction in progress		53,157
Depreciable assets, net of depreciation		<u>2,700,261</u>
Total capital assets, net		<u>2,753,418</u>
Total assets	\$	<u><u>5,682,958</u></u>

DEFERRED OUTFLOWS OF RESOURCES:

Total deferred outflows of resources		<u>-</u>
Total assets and deferred outflows of resources	\$	<u><u>5,682,958</u></u>

LIABILITIES AND NET POSITION

LIABILITIES:

Current liabilities:		
Accounts payable		<u>127,274</u>
Total current liabilities		<u>127,274</u>
Total liabilities		<u>127,274</u>

NET POSITION:

Net investment in capital assets		2,753,418
Unrestricted (deficit)		<u>2,802,266</u>
Total net position		<u>5,555,684</u>
Total liabilities and net position	\$	<u><u>5,682,958</u></u>

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

QUALITYLIFE INTERGOVERNMENTAL AGENCY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

	<u>QualityLife Operations</u>
OPERATING REVENUES:	
Charges for services	\$ 722,172
Total operating revenues	<u>722,172</u>
OPERATING EXPENSES:	
Materials and services	412,357
Depreciation	<u>162,693</u>
Total operating expenses	<u>575,050</u>
Operating income (loss)	147,122
NON-OPERATING INCOME (EXPENSE):	
Interest on investment	44,993
Grants and contributions	-
Miscellaneous	<u>56,160</u>
Total non-operating income (expenses)	<u>101,153</u>
Net income (loss) before operating transfers	248,275
OPERATING TRANSFERS:	
Transfers in (out)	<u>-</u>
Net income (loss) before contributions	248,275
CAPITAL CONTRIBUTIONS:	
Capital contributions	<u>-</u>
Change in net position	248,275
NET POSITION, BEGINNING	<u>5,307,409</u>
NET POSITION, ENDING	<u><u>\$ 5,555,684</u></u>

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

QUALITYLIFE INTERGOVERNMENTAL AGENCY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 790,946
Cash paid to suppliers and others	(455,193)
	<hr/>
Net cash provided (used) by operating activities	335,753
	<hr/>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grants and contributions	-
Purchase of capital assets	(198,171)
Grant expenses	56,160
	<hr/>
Net cash provided (used) by capital and related financing activities	(142,011)
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	44,993
	<hr/>
Net cash provided (used) by investing activities	44,993
	<hr/>
Net increase (decrease) in cash and cash equivalents	238,735

CASH AND CASH EQUIVALENTS, BEGINNING

2,656,476

CASH AND CASH EQUIVALENTS, ENDING

\$ 2,895,211

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 147,122
Adjustments	
Depreciation	162,693
Decrease (increase) in:	
Accounts receivable	68,774
Increase (decrease) in:	
Accounts payable and accrued expenses	(42,836)
	<hr/>
Net cash provided (used) by operating activities	\$ 335,753
	<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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Fund Structure

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

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

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

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

The Agency distinguishes operating revenues and expenses from non-operation items. Operating revenues include internet access charges and connection fees, and generally result from providing services in connection with ongoing operations. Operating expenses include the cost of services in connection with ongoing operations 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, 2023.

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. Purchases of easements are recorded at cost and date of acquisition. The useful life of easements is based on the length of the easement; current easements have a useful life of 5 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.

I. Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

II. DETAILED NOTES

A. Deposits

Custodial credit risk. 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, 2023, the book value of the Agency's deposits was \$1,362,159 and the bank balance was \$1,326,180. \$1,112,159 of the Agency's bank balances was exposed to custodial credit risk. The Agency does not have a formal deposit policy for custodial credit risk.

B. Investments

The Agency's investments consist of amounts in the Oregon Short-Term Fund maintained by the State Treasurer of the State of Oregon, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2023, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was 99.63%. The investment in Oregon Short-Term Fund is not subject to risk evaluation. The LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest rate risk. In accordance with its investment policy, the Agency manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments as required by state law and through the use of the Local Government Investment Pool (LGIP).

Custodial credit risk. For an investment, this is the risk that in the event of a failure of the counterparty, the Agency will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book

entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

The fair value of the Agency's investment in the LGIP at June 30, 2023 is \$1,565,197 (based on the 99.63% valuation) with the Statement putting the face value at \$1,570,222. The 0.37% loss in Fair Value is an unrealized loss of \$5,810.

C. Receivables

Receivables represent amounts due to the Agency at June 30, 2022 from user charges.

D. Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
General				
Capital Assets, non-depreciable:				
Construction in progress	9,112	198,171	(154,126)	53,157
Total capital assets, non-depreciable	9,112	198,171	(154,126)	53,157
Capital assets, depreciable				
Fiber optic loop	3,712,272	154,126	-	3,866,398
Equipment	284,255	-	-	284,255
Software licenses	7,011	-	-	7,011
Easements	18,000	-	-	18,000
Total capital assets, depreciable	4,021,538	154,126	-	4,175,664
Less accumulated depreciation for:				
Fiber optic loop	(1,204,597)	(161,973)	-	(1,366,570)
Equipment	(85,982)	(144)	-	(86,126)
Software licenses	(7,011)	-	-	(7,011)
Easements	(15,120)	(576)	-	(15,696)
Total accumulated depreciation	(1,312,710)	(162,693)	-	(1,475,403)
Net depreciable capital assets	2,708,828	(8,567)	-	2,700,261
Net capital assets	2,717,940	189,604	(154,126)	2,753,418

E. Long-Term Obligations

The Agency had no outstanding debt or transactions during the year ended June 30, 2023.

F. 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	\$ 4,800
Wasco County	\$ 17,940

Expenses for administrative and other services from:

City of The Dalles	
Administration	\$ 33,613
Rent Expense to City of The Dalles	\$ 9,690
Right of Way Fees to City of The Dalles	\$ 19,908
Wasco County	
Administration	\$ 33,613
Computer & GIS Services	\$ 0
Postage	\$ 113

In addition, at June 30, 2023, the City and the County have no amounts due to the Agency for services received.

G. 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.

H. Construction in Progress

The North Wasco County School District project was not completed and has a value of \$53,157. This brings the Construction in Process (CIP) for the fiscal year to \$53,157 as of June 30, 2023.

**QUALITYLIFE INTERGOVERNMENTAL AGENCY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 701,572	\$ 701,572	\$ 708,224	\$ 6,652
Interest on investments	700	700	4,314	3,614
Miscellaneous	200	200	-	(200)
Total revenues	<u>702,472</u>	<u>702,472</u>	<u>712,538</u>	<u>10,066</u>
EXPENDITURES:				
Materials and services	354,787	354,787	333,130	21,657
Capital outlay	20,000	20,000	-	20,000
Contingency	176,006	176,006	-	176,006
Total expenditures	<u>550,793</u>	<u>550,793</u>	<u>333,130</u>	<u>217,663</u>
Revenues over (under) expenditures	151,679	151,679	379,408	227,729
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(324,000)</u>	<u>(324,000)</u>	<u>(324,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(324,000)</u>	<u>(324,000)</u>	<u>(324,000)</u>	<u>-</u>
Net changes in fund balances	(172,321)	(172,321)	55,408	227,729
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>271,325</u>	<u>271,325</u>	<u>296,520</u>	<u>25,195</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 99,004</u>	<u>\$ 99,004</u>	<u>351,928</u>	<u>\$ 252,924</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital projects fund balance			2,414,233	
Maupin fund balance			36,105	
Capital assets			<u>2,753,418</u>	
NET POSITION AT END OF YEAR			<u>\$ 5,555,684</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, 2023**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 19,000	\$ 19,000	\$ -	\$ (19,000)
Interest on investments	9,000	9,000	39,294	30,294
Miscellaneous	-	-	56,160	56,160
Grants	-	-	-	-
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>95,454</u>	<u>67,454</u>
EXPENDITURES:				
Materials and services	-	-	-	-
Capital outlay	1,425,454	1,425,454	277,398	1,148,056
Contingency	<u>1,066,144</u>	<u>1,066,144</u>	<u>-</u>	<u>1,066,144</u>
Total expenditures	<u>2,491,598</u>	<u>2,491,598</u>	<u>277,398</u>	<u>2,214,200</u>
Revenues over (under) expenditures	(2,463,598)	(2,463,598)	(181,944)	2,281,654
OTHER FINANCING SOURCES (USES):				
Transfers in	374,000	374,000	374,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>374,000</u>	<u>374,000</u>	<u>374,000</u>	<u>-</u>
Net changes in fund balances	(2,089,598)	(2,089,598)	192,056	2,281,654
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>2,089,598</u>	<u>2,089,598</u>	<u>2,222,177</u>	<u>132,579</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,414,233</u>	<u>\$ 2,414,233</u>

**QUALITYLIFE INTERGOVERNMENTAL AGENCY
MAUPIN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 7,360	\$ 7,360	\$ 13,948	\$ 6,588
Interest on investments	315	315	1,385	1,070
Miscellaneous	-	-	-	-
Grants	-	-	-	-
Total revenues	<u>7,675</u>	<u>7,675</u>	<u>15,333</u>	<u>7,658</u>
EXPENDITURES:				
Materials and services	15,160	15,160	-	15,160
Capital outlay	2,000	2,000	-	2,000
Contingency	11,591	11,591	-	11,591
Total expenditures	<u>28,751</u>	<u>28,751</u>	<u>-</u>	<u>28,751</u>
Revenues over (under) expenditures	(21,076)	(21,076)	15,333	36,409
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net changes in fund balances	(71,076)	(71,076)	(34,667)	36,409
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>71,076</u>	<u>71,076</u>	<u>70,772</u>	<u>(304)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,105</u>	<u>\$ 36,105</u>



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Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the QualityLife Intergovernmental Agency as of and for the year ended June 30, 2023, and have issued our report thereon dated May 22, 2024. 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 basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in 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 statements 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294). The Agency is exempt from ORS 294.**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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 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 the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

This report is intended solely for the information and use of the council members and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is fluid and cursive, with the first name "Ken" and the last name "Allen" clearly distinguishable.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.