

**Comprehensive Annual Financial Report  
For year ended June 30, 2013**

***COMMUNITY SERVICES CONSORTIUM***  
***Albany, Oregon***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***Year Ended June 30, 2013***

Martha Lyon  
Executive Director

Prepared by  
Debbie Jackson, CPA, CFE  
Finance Director

**COMMUNITY SERVICES CONSORTIUM**  
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***INTRODUCTORY SECTION***

**COMMUNITY SERVICES CONSORTIUM**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2013**

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**GOVERNING BOARD**

| <u>Member</u>   | <u>Title</u>   |
|---|--|
| <i>Benton County Commissioner's Office</i><br><i>Corvallis, Oregon 97339</i><br>Annabelle Jaramillo<br>Jay Dixon<br>Linda Modrell | Board Chair and Executive Committee<br>Board Member<br>Board Member      |
| <i>Lincoln County Commissioner's Office</i><br><i>Newport, Oregon 97365</i><br>Bill Hall<br>Doug Hunt<br>Terry Thompson           | Board Member and Executive Committee<br>Board Member<br>Board Member     |
| <i>Linn County Commissioner's Office</i><br><i>Albany, Oregon 97321</i><br>Will Tucker<br>John Lindsey<br>Roger Nyquist           | Board Vice-Chair and Executive Committee<br>Board Member<br>Board Member |

**OFFICER**

Martha Lyon  
Executive Director

Debbie Jackson, CPA, CFE  
Finance Director

Community Services Consortium  
250 Broadalbin Street SW, Suite 2A  
Albany, Oregon 97321-2299

January 24, 2014

CSC Governing Board  
The Citizens of Benton, Linn and Lincoln Counties  
Community Action Advisory Council  
Head Start Policy Council  
Linn Benton Lincoln Workforce Investment Board

**Community Services Consortium**

250 Broadalbin St. SW, Ste 2A  
Albany, OR 97321-2299

Uncertainty and delay in federal budgeting and appropriations continued to plague agencies like CSC whose main source of revenue has been state and federal funding. 2011-12 sequestration cuts were not finalized until well after our 2012-13 budget was set---making that document a nearly useless tool. Management and financial staff worked doubly hard to stay on top of expenditures and did another fine job with no department expenditures exceeding available funding.

We did revise some program offerings and the Retired Senior Volunteer Program moved to a partner agency without loss of service to our communities. Meanwhile, we persisted on our fund development strategy, expanding the Barrel to Keg Relay race and improving our website to better communicate with community supporters. Agency donations have begun to grow as well as donations to programs. Although this is currently a small portion of our overall funding, it is one that is increasingly important as state and federal funds dwindle. For some programs, donations are a mainstay.

For example, our partners keep Linn Benton Food Share afloat. Since demand for food assistance has continued to increase even after the formal end of the recession, we are grateful to our fundraising partners large and small, and to local growers and distributors for assuring that we can meet our promise that "Everybody Eats" in Linn and Benton counties.

We have entered the 13-14 program year with yet another battle over budgeting and appropriations in Washington, D.C. As of the writing of this letter, we have absorbed the last sequester cuts and are now beginning strategic planning to deal with the next rounds of funding reductions.

We are working closely with our partners to maintain core services and continue to meet our goal of "Helping People. Changing Lives."



Martha Lyon  
Executive Director

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**Lebanon Regional Office**  
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Lebanon, OR 97355  
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**Newport Regional Office**  
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**Lincoln County Head Start**  
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Lincoln City, OR 97367  
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## INTRODUCTION

The Comprehensive Annual Financial Report of Community Services Consortium (CSC) for the fiscal year ended June 30, 2013, is hereby submitted. This report consists of management's representations concerning the finances of Community Services Consortium and specifies that the responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with CSC. It is believed that the data is accurate in all material aspects and is presented in a manner designed to present fairly the financial position and results of CSC operations as measured by financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of CSC's financial activities are included. The financial statements are presented annually for independent audit, in accordance with requirements set forth in the Single Audit Act Amendment of 1996, and with Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

In providing a reasonable basis for making these representations, the adequacy of CSC's accounting system and the internal accounting controls are key factors. CSC has established internal accounting controls and a framework of procedures that are designed and monitored to both protect CSC's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of CSC's financial statement in conformity with generally accepted accounting principles (GAAP) and to comply with various federal and state compliance requirements for grant accounting. The controls and procedures are intended and designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, CSC's internal controls and procedures adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded and monitored.

CSC's financial statements have been audited by Grove, Mueller & Swank PC, a firm of licensed certified public accounts, with the audit conducted in accordance with generally accepted auditing standards. The goal of the independent audit is to provide reasonable assurance that the CSC's financial statements for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an **unmodified opinion** that CSC's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As in previous years, this report has been prepared following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. It is our belief that the accompanying financial report continues to meet those program standards and this report will be submitted to the GFOA for review. In accordance with those guidelines, this report consists of five sections:

1. Introductory Section including the letters of transmittal, CSC's organizational chart, a list of principal officers, and a copy of the GFOA Certificate for Excellence in Financial Reporting for the June 30, 2012 report (the **twenty-first** year this award has been received).
2. Financial Section including the independent auditor's report on the financial statements and schedules; management's discussion and analysis (MD&A); combined financial statements including the general purpose financial statements and notes; and supplementary data including combining individual financial statements and schedules.



3. Statistical Section including un-audited financial and demographic information, generally presented on a multi-year basis.
4. State Compliance Section including financial related comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.
5. The Federal Compliance Section including the results of the annual Single Audit required in conformity with the provisions of the Federal Single Audit Act and the U.S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments and Non-profit Organizations". Information related to this single audit, including the Schedule of Expenditures of Federal Awards, the schedule of findings and questioned costs, and the auditor's reports on compliance and the internal control over compliance is included.

Specific attention is encouraged toward management's discussion and analysis of the basic financial statements located in the Financial Section. The purpose of the MD&A is to analyze CSC's overall financial position and the results of its operations for the fiscal year ended June 30, 2013.

## **CSC's VISION & MISSION**

CSC's goal is that every individual and family will have an opportunity to become economically stable with a safe, warm, decent place to live, nutritious food, access to quality education and training and the best job their skills will support. - We are guided by our vision, mission and philosophy.

**Our Vision: To end poverty in Linn, Benton and Lincoln counties.** While a vision typically describes where we want to go, our focus groups were insistent that we use the "ugly poverty word" to remind ourselves that poverty exists in our midst. To those who say ending poverty is impossible, planning participants respond that it IS impossible if we don't make it our goal.

Our mission defines the path to achieve our vision. The importance of working in partnership on long-term improvement was a key theme. Our community fortunes rise and fall together and we know that the fight to end poverty requires participation and collaboration from every resident. Thus, we stressed these elements in a new statement of our purpose:

**Our Mission: In partnership with a caring community, we help people in Linn, Benton and Lincoln counties to access tools and resources to overcome poverty and build brighter and more stable futures.**

Our philosophy is unchanged, affirming our agency-wide belief in the capability of individuals and families in Linn, Benton and Lincoln counties.

**Our Philosophy: We believe people are capable of great things when offered the proper tools. We treat each client with dignity and respect, and offer a supportive setting where each person learns and develops new skills.**

We want to be a part of a continuum of services, using our talents where they fit best into the community. After much examination of our community and the strengths of our agency, we selected focus areas. These areas may change as needs change in the three counties, but our current priorities are set forth in this statement:

**Our Focus: Our priorities, programs and core services are determined by assessing the changing needs of our communities. Our current priorities are:**

- 1. Jobs and financial help;**
- 2. Quality education and training;**
- 3. Adequate food and nutrition; and,**
- 4. Safe, decent and affordable housing.**

## **DEFINITION OF THE REPORTING ENTITY**

Community Services Consortium is part of a national network of over one thousand community action agencies fighting to ameliorate the effects and stop the growth of poverty. Within the state of Oregon, we are part of the Community Action Partners of Oregon network as well as support to the Region IV Workforce Investment Board. Locally, we work with our partners to help individuals and families in Linn, Benton, and Lincoln counties to build better lives, an effort which, in turn, builds stronger more vibrant communities.

CSC was formed by the governments of Linn, Benton and Lincoln counties in July, 1980 to coordinate the planning and delivery of social services to residents of the three counties. The agency was formed by the merger of three organizations: the Community Action Agency, the Comprehensive Youth Program and the Linn-Benton-Lincoln Manpower Consortium.

It operates as a public, not-for-profit instrumentality of government (a Council of Governments) under Oregon Revised Statute Section 190.

CSC is a grant-based entity. Our major sources of funding are secured by applying for and acquiring federal, state, and local grants and donations. In the current economic climate, with tightening resources at all levels, it is important to note that CSC is not a part of any county government's budget and has no permanent tax base to raise resources.

During some portion of this fiscal year, the Board of Directors of CSC also served as the Board for five non-profit corporations that are tax-exempt under Internal Revenue code Section 501(c)(3) and are not considered private foundations. These private non-profit corporations utilized CSC as the administrator and fiscal agent of the programs and allowed the agency to apply for funds not otherwise available to CSC as a municipal corporation. Because of this financial accountability, the activities of five non-profit corporations are included in the Comprehensive Annual Financial Report of Community Services Consortium.

**Linn Benton Food Share (LBFS)** was formed in 1989 and acts as a Regional Coordinating Agency distributing privately donated and USDA foods to qualified agencies in Linn and Benton counties. **Community Housing Services (CHS)** was formed in 2000 to respond to requirements of State directed Community Development Block Grant (CDBG) funds for housing rehabilitation in CSC's service area. (CHS was reorganized under a new board structure in 2013 and will be governed by a separate board) in FY14. **Head Start in Lincoln County (HSLC)** was formed in 2001 to apply for grants and receive donations to augment federal and state funding for CSC's Head Start program. **Housing, Employment & Learning Programs for Self-Sufficiency (HELPS)**, was formed in 2003 to provide a funding vehicle for our Workforce & Education and Emergency Services Departments to apply for grants related to educational, workforce training, and programs to promote economic stability.

In FY08, CSC became the sponsor for the Retired and Senior Volunteer Program (RSVP) for Linn and Benton counties. These programs had been in existence since 1972 and formed their own non-profits around 1984. Two separate non-profits (Friends of the Retired Senior Volunteer Program of Linn County and Friends of Benton County R.S.V.P.) were merged as of 12/31/2007 and became **Linn-Benton Volunteers** – a fifth nonprofit under the CSC organizational umbrella. The activities of Linn-Benton Volunteers were transferred to another local council of governments during FY13, but operated within CSC for most of the year. and this non-profit will be dissolved after FY13.

Linn Benton Food Share is reported as a separate fund within CSC, while CHS, HSLC, HELPS and Linn Benton Volunteers are singular, separate grants (or smaller groups of grants) within the Housing and Energy Services fund, Child Development Services fund, Workforce and Education fund, and RSVP funds respectively.

CSC also served as the fiscal agent for the Region 4 Linn Benton Lincoln Workforce Investment Board (WIB) which oversees workforce programs. WIB programs are included under the umbrella of CSC's agency-wide audit and, with the approval of the WIA grantor, were reorganized within the functions of the Workforce and Education fund. They were previously represented as a separate grant under the Miscellaneous Grants Fund.

As the Community Action Agency for Benton, Lincoln, and Linn counties, CSC strives

*To stimulate a better focusing of all available local, state, private and federal resources upon the goal of enabling low-income families and low-income individuals of all ages, in urban and rural areas, to attain skills, knowledge and motivations and secure the opportunities needed for them to become self-sufficient.*

And:

*To improve employability of the unemployed, identify employment opportunities and provide trained, ready and willing employees to meet businesses' employment needs.*

CSC partners with three counties, nine school districts, two community colleges, one education service district, many incorporated cities, faith-based organizations and a variety of state, local and non-profit agencies within our service areas to meet the challenge of building economic stability and opportunity in our communities.

## **POLICY DETERMINATION**

Policy direction is established by CSC's Governing Board, which is composed of the nine county commissioners of Linn, Benton and Lincoln counties. The Governing Board receives advice from three advisory councils:

- The 18 member Community Action Advisory Council (CAAC) provides advice on topics related to alleviating the conditions which cause and perpetuate poverty. The CAAC includes representatives of low-income citizens, local elected officials, and the general public.
- The 47 member Workforce Investment Board (WIB) provides advice on topics relevant to employment and training activities funded through WIA. As prescribed by law, the WIB includes representatives from area businesses, the general public, and private and public sector service providers.

- The 12-15 member Head Start Policy Council includes Head Start parent representatives and community representatives. The Policy Council provides input to Head Start staff and the Governing Board regarding approaches to fulfilling Head Start performance standards and the improvement of services for children and families.

All meetings of the Governing Board and advisory councils are open to the public. Public input is encouraged and welcomed. In addition, CSC actively solicits input on programs and issues from other internal advisory committees and external community sources.

## **BUDGET, FINANCIAL PLANNING AND CONTROL**

The annual budget serves as the foundation for CSC's financial planning and control. With input from the Community Action Advisory Council, as well as other advisory bodies, all departments submit their strategic goals and corresponding budget requests to the Executive Director in March of each year. The Finance Director develops a proposed budget based on these requests and is presented to the Budget Committee (three CSC Executive Board members, and representatives from CSC's two advisory bodies – the Community Action Advisory Committee, and the Head Start Policy Council.) The Budget Committee reviews, revises and recommends approval of the budget during public budget meetings in May or June. The approved budget is then submitted for adoption by the CSC Governing Board in June, prior to the July 1<sup>st</sup> start of the fiscal year. The adopted budget sets appropriation amounts by the following categories – personal services, materials and services and capital outlay, and potentially, fund balances.

During the fiscal year, additional resources may become available. These changes in appropriation levels require adoption of a supplemental budget by the Governing Board. (These resources are usually not more than 10% of the previously adopted budget, and do not require reconvening the Budget Committee.) During the fiscal year ended June 30, 2013, CSC adopted two Supplemental Budgets.

## **FACTORS AFFECTING CSC'S FINANCIAL CONDITION**

For over thirty three years, CSC has provided a wide array of services and programs to low-income, at-risk, unemployed and/or underemployed residents. We serve thousands of children and adults who struggle with a variety of disadvantages that leave them especially vulnerable in times like our current economic crisis.

Although our American Recovery and Reinvestment Act (ARRA) funding has now ended, we are still seeing continued high needs for assistance. Unfortunately, we anticipate continued reductions in state and federal funding.

We will continue to pursue additional resources throughout the year, but must also maintain a fiscally conservative position against further potential funding cuts.

## **POVERTY IN THE U.S**

Poverty in the U.S. is sharply rising, according to the Census Bureau. Its most recent survey data for 2012 showed that 15.7% of the population --- 47.8 million people were living in poverty --- compared to 2009 at 14.3% of the population --- 42.9 million people, compared to 2008 (just before the peak of the current crisis) or 13.2% of the population --- 39.8 million people ---were living in poverty, compared to 12.5% in 2007. This is the highest rate of poverty since 1997.

### What is the federal poverty level (FPL) in 2013?

- \$23,550 for a family of four.
- \$19,530 for a family of three.
- \$15,510 for a family of two.

### Is a poverty-level income enough to support a family?

Research suggests that, on average, families need an income equal to about **two times** the federal poverty level to meet their most basic needs. Families with incomes below this level are referred to as low income:

- \$47,100 for a family of four.
- \$39,060 for a family of three.
- \$31,020 for a family of two.

In 2012, 49 million (about 14.5 percent households) were food insecure – the highest number ever recorded in the U.S. More than 8.3 children (about 20% in America) live in food-insecure households.<sup>1</sup> Oregon is ranked 17<sup>th</sup> in the nation in hunger. And, unfortunately, Oregon has the nation's 4<sup>th</sup> highest rate of childhood food insecurity at 30%. Oregon remains one of only 6 states where over 20% of the population relies on food stamps. In Linn and Lincoln counties, 1 in 4 residents utilizes this benefit.

### LOCAL ECONOMIC CONDITIONS AND OUTLOOK <sup>2</sup>

In 2012, Oregon ranked fortieth behind Florida among all states in unemployment at 8.7% unemployment and had 17.5 percent of residents living in poverty.

The American Community Survey for 2012 estimated that the percentage of individuals living in poverty in Benton, Linn and Lincoln counties was 23.4%, 19.8% and 15.6% respectively. Two of three counties in CSC's service area reflect a poverty rate significantly higher than the 2012 US average of 15.7% while Lincoln County may be lower due to persons leaving the county entirely due to lack of jobs.

### BENTON COUNTY

Benton County encompasses 679 square miles and is the third smallest of Oregon's 36 counties. Based on the 2010 US Census data and information from the Center for Population Research at Portland State University, Benton County's July 1, 2013, population estimate was

Personal income is an important indicator of the economic health of an area since it represents what is available to spend on goods and services. When used with population data to create [per capita personal income](#), this statistic becomes an indication of the relative prosperity of state or county residents.

<sup>1</sup> Calculated by USDA Economic Research Service using data from the December 2013 Current Population Survey Food Security Supplement.

<sup>2</sup> Sources for socio-economic and geographic information include: the 2010 US Census Bureau, *Oregon Blue Book*; the State of Oregon Employment Department' *Labor Trends*, etc.

86,785.<sup>3</sup> According to the US Department of Commerce Bureau of Economic Analysis using 2012 data, per capita personal income (PCPI) in Benton County was \$39,880; approximately 2.0% higher than the statewide average of \$39,166.<sup>4</sup> The unemployment rate for Benton County was estimated at 6.4% in 2013.

## **LINN COUNTY**

Linn County encompasses 2,297 square miles and consists largely of small rural communities. Its July 1, 2013 population estimate was 118,035 with an estimated annual per capita personal income (PCPI) of \$30,984 in 2013, nearly 20% lower than the statewide average for the same year. Linn County has an estimated 19.8 percent of the population living in poverty. The unemployment rate in Linn County is still among one of the highest in the state (with the exception of the eastern rural counties) and was estimated at 10.9% in 2012.

## **LINCOLN COUNTY**

Lincoln County is located on the central Oregon coast and has an area of 992 square miles. The County's 2013 population estimate was 46,295. In 2012, the county's per capita personal income (PCPI) was \$36,374 or about 7% lower than the State wide average for the same year. Lincoln County had an estimated 15.6% of the population living in poverty in July 2012. By July 2013, Lincoln County's unemployment rate was 9.3%. As with other areas of the state, many jobs are in the service sectors with many dependent on the tourist industry.

## **CSC'S ACCOMPLISHMENTS IN 2013**

The following departmental summaries present a picture of our challenges and accomplishments during the past fiscal year toward accomplishing our mission.

### **WORKFORCE & EDUCATION**

The Workforce & Education (W&E) department is guided by the Linn, Benton, Lincoln Workforce Investment Board (LBL WIB). The LBL WIB is charged with developing strategy, priorities, and policies for most of the W&E department's programs and services. The W&E department works to respond to this direction as well as support the mission and priorities of CSC. The Workforce & Education department provides education (alternative high school and charter school), training (occupational, vocational, pre-apprenticeship, and basic skills), and employment (career guidance, job search, and job placement) programs and services. In order to tailor services to each participant, a comprehensive skills assessment is offered to all and supportive services are provided as needed to facilitate each participant's success.

### **Accomplishments**

In 2012-2013, the LBL WIB completed the local workforce development strategic plan that was approved by the Oregon Workforce Investment Board in December 2012. As a part of this effort, the LBL WIB developed strategies around industry sectors, Certified Work Ready Communities, and system Innovation to improve alignment and effectiveness of workforce resources. The LBL WIB also developed and published a workforce system performance report

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<sup>3</sup> Portland State University Population and Research Center: July 1, 2013 release date.

<sup>4</sup> Benton County, Oregon: Selected Economic Characteristics: 2010; Data Set: 2012 American Community Survey 1-Year Estimates, Survey: American Community Survey.

that is updated quarterly and began work on a Healthcare Workforce Needs Assessment for the region to guide sector strategies.

All Youth programs worked to better combine education, work experience, and credential attainment, wherever applicable, and to develop a stronger linkage between youth and adult services. This internal alignment provided more robust services for youth and a better continuum of service for participants. In addition, effort continued to support and build capacity for core youth programs including a negotiated increase in the student cap (ADM) for Career Tech, expanded capacity of the Youth Garden through a partnership with the Children's Farm Home and Linn Benton Food Share, and the first Garden Gnome Run that expanded outreach and fundraising for the Garden operation. Finally, W&E successfully administered summer youth and year-round youth work experience projects in each county in the region. These programs provided employment and an opportunity to learn about work and working together for over 50 youth.

Training and skill development programs provided vocational and occupational skills training opportunities, including training in a variety of industries. A significant contributor to overall skill development was training provided through the Weatherization Training Center to over 170 participants leading to over 450 industry-recognized certificates including BPI Building Analyst, BPI Building Envelope Professional, Heating Professional, Duct Sealing, and lead inspection including a portion of FY 2011-2012. In addition, over 150 National Career Readiness Certificates were issued participants in these programs.

Adult programs, through WorkSource Oregon, facilitated the employment of over 6,000 participants in our region. W&E provided intensive employment services and supportive services having a direct link to employment for almost 200 participants, facilitated training-related-employment for over 100 participants through the Weatherization Training Center, provided about 20 participants throughout the region with on-the-job training opportunities (OJTs) in areas such as healthcare, software, green building, and manufacturing, and built on the success of the on-the-job training program by creating improved business relationships and outreach. Adult programs met or exceeded all employment-related state performance measures.

## **HOUSING and ENERGY SERVICES**

The Housing and Energy Services Department helps low-income households achieve their goal of a safe, warm, decent place to call home.

### **Utility Assistance**

CSC has administered the Low Income Home Energy Assistance Program (LIHEAP) since 1978, when Congress found that the cost of home energy imposed a disproportionately large burden on fixed-income, lower-income, and lower middle-income households. Lower-income families often pay three to four times more of their income for energy than the average American family. Congress stated adequate home heating is a necessary aspect of shelter and the lack of home heating poses a threat to life, health and/or safety, and that low-income households often lack access to energy suppliers because of their structure and credit practices.

While the Federal Low Income Home Energy Assistance Program (LIHEAP) is our largest utility assistance program, it is also an easy target for Federal cost saving measures. Not only can program funds fluctuate significantly from year to year (6,100 households served in FY 2007-2008 vs. 10,193 households in FY 2009-2010), the program has started as early as October

and as late as January. CSC has worked to continue to educate our legislators and work with both private and public utilities to assist in bringing more stability to the program.

Today **CSC is the utility assistance “One Stop / One Door agency”**. The One Stop approach decreases confusion, stress, and economic costs to clients. It allows CSC to utilize available funds as effectively as possible, matching client needs with the best and most effective opportunity to meet their needs. **In Fiscal Year 2012-2013, we provided utility assistance to 12,297 households.**

Clients are also provided with information and referrals to other services and benefits available through CSC and elsewhere in the community, further enhancing the value of their contact with CSC. **One stop. One application. Multiple resources to meet the need.**

Finally, Housing and Energy Services integrates long-term learning into safety net services. Clients are encouraged to conserve energy by taking part in four different levels of energy education services.

#### **Accomplishments:**

- Used Low Income Home Energy Assistance Program (LIHEAP) funds to reduce the winter heating costs of 6,261 households and prevented 2,943 (47%) of those households from having their heat disconnected.
- Used private fuel fund monies to prevent 6,036 households from having their utilities disconnected.
- Provided 5,635 households with energy conservation education designed to assist them in reducing their household's energy burden and increase resources available to meet their other household needs.
- Provided energy education workshops to 134 households wanting to learn about energy conservation, saving money and installing self-help materials.
- Provided 140 households with an in-home energy audit.
- Determined eligibility for 214 City of Albany residential water customers to reduce their monthly water bill.
- Screened eligibility for 13 City of Corvallis residential water customers to prevent their water service from being disconnected.

#### **Housing Programs**

CSC's housing programs are part of a community continuum to ensure safe, decent, affordable housing for low-income residents. We provide emergency and transitional housing services to those who are homeless or at risk of homelessness, and supports to help others obtain and/or maintain housing. Households move toward economic stability by identifying and removing barriers, integrating services and developing plans for financial and personal stability.

#### **Accomplishments:**

- Provided 8,013 nights of shelter to women and children fleeing domestic violence situations and/or families with children who were homeless or at risk of becoming homeless. **Three months after receiving assistance, 81.25% of those served were still in permanent housing.**
- Provided an additional 11,755 nights of shelter to households who were homeless or at risk of becoming homeless. **Three months after receiving assistance, 81% of those served will still be in permanent housing.**



- Used Low Income Rental Housing Fund (LIRHF), Emergency Housing Assistance (EHA), Continuum of Care and matching HOME Tenant Based Assistance, (TBA) funds to provide 22,987 nights of transitional shelter to households who were homeless or at risk of homelessness and had a plan and the motivation to become self-sufficient. 100% of those enrolled did complete a case plan and 93% of those completing a case plan did take action on their identified barriers. **84.38% of the households were still residing in permanent housing 6 months after completing the program.**
- Used Housing Plus funds to provide permanent supportive housing services to 6 households residing in Tern House and 12 households residing in Pelican Place.
- Offered 6 cycles of the Second Chance Renter Rehabilitation Program to low-income people who were unable to obtain housing due to poor credit and/or poor rental history.
- Offered 9 basic Budgeting workshops to low-income households who wanted to learn how to better manage their limited resources.
- Participated in three homeless resource fairs to assist individuals and families who were homeless or living in poverty learn about and access available services.
- Provided an additional 4,242 households with information and referrals to other social service agencies. Contracted with Lincoln County Food Share to provide emergency food boxes, hot meals and emergency food bags.
- Monitored contract performance and provided technical assistance as needed.
- Coordinated the Point in Time Count (aka One Night Shelter Count).
- Provided eligibility screening for 744 households applying for We Care emergency assistance.

## **Weatherization**

CSC's Weatherization Program assists households to save energy and improve their living conditions through the installation of weatherization materials and related services. Activities include whole house diagnostics, blower door and duct testing, installation of attic and wall insulation, air sealing, mobile home roof caps, refrigerator replacement, energy education, and testing for safety, efficiency and reliability of combustible appliances and heating systems. Additional base load measures are performed to reduce electricity usage.

### **Accomplishments:**

- Provided for the replacement of heating systems that were no longer functional and could not be repaired or were not cost effective to repair.
- Integrated the weatherization program services with CSC's Housing Rehabilitation program, the Lincoln County Revolving Loan Fund, the Linn Benton Revolving Loan Fund, the City of Toledo's Revolving Loan Fund, the City of Corvallis' CDBG grant programs, and the Lincoln Community Land Trust.
- Weatherized 161 housing units with funds from the Low-Income Energy Assistance Program, US Department of Energy, State of Oregon Utility funds, Bonneville Power Administration, Northwest Gas, utility rebates, and private contracts. This included the weatherization of 53 units in Linn County, 22 units in Lincoln County, and 86 units in Benton County.
- Provided energy education to clients whose homes were being weatherized to build habits that reduced energy consumption in the future.

## **Housing Rehabilitation**

The Housing Rehabilitation program receives grant funds that are dedicated to improving housing conditions of low and moderate-income homeowners within a targeted area. Loans are made to individual homeowners to hire licensed and bonded contractors to complete identified

rehabilitation needs. The program is designed to address local needs and the criteria required by granting agencies.

**Accomplishments:**

- Partnered with cities, counties and agencies to maintain and upgrade housing for low and moderate-income households.
- Developed, submitted and was funded for a new Housing Preservation Grant application that will assist between 6 and 8 households in Lincoln County.
- Used program income to continue housing rehabilitation activities in Newport.
- Continued to develop and expand the Lincoln Regional Revolving Loan Fund and the Linn-Benton Regional Revolving Loan Fund.

**Community Development**

CSC works with individuals, governmental agencies, non-profit and for-profit organizations to provide new affordable housing opportunities, community facilities, and grant and program management services.

**Accomplishments:**

- Pursued opportunities to partner with other organizations to develop affordable housing and community facilities that address the needs of low-income people and special needs groups.

**Community Housing Services**

Community Housing Services, a 501(c)(3) was created in January 2000 to manage loan portfolios of cities and counties, to set up and administer Regional Revolving Loan Funds and to receive private funds to assist low-income households with affordable housing needs.

**Accomplishments:**

- Administered the Linn-Benton, and Lincoln Regional Revolving Loan Funds.
- Assisted clients with homeowner education, counseling and access to services.
- Assisted the Mortgage Payment Assistance Program applicants and participants and work in partnership with the Oregon Homeownership Stabilization Initiative (OHSI) to administer Hardest Hit Funds programs.
- Provided foreclosure prevention counseling in Lincoln County.

**LINN BENTON FOOD SHARE**

Linn Benton Food Share is the regional food bank for Linn and Benton counties. Since 1981, Food Share has been committed to fulfilling our goal that “Everybody Eats”.

Through our network of 74 agencies we attempt to reach every person who cannot adequately feed themselves or their family. Food Share prevents hunger by soliciting, transporting, storing and distributing over 5 million pounds of food each year to emergency food pantries, emergency shelters, child care centers, community meal sites, and gleaning groups.

High unemployment and increases in the cost of food, gasoline and utilities are leaving many families and individuals unable to purchase an adequate supply of food. Requests for emergency food help are at an all time high. Oregon was the 4th highest ranked state in the nation with 30% of children experiencing food insecurity. The poverty rate, 17.2% in Oregon,

has increased 33% since 2007 and the number of food boxes we are distributing has increased 35% during that same period.

#### **Accomplishments:**

- Supplied food for 174,335 persons at emergency food pantries.
- Supplied food for 293,158 meals at community meal sites and shelters.
- Coordinated 18 plus agency food drives or fund-raising events.
- Distributed nonfood goods such as refrigerators, freezers, bookcases, computers, desks, furniture and appliances to our member agencies.
- Distributed 5,152,970 pounds of food to our 74 member agencies.
- Improved the nutritional content of our food supply by distributing 872,225 pounds of produce – an increase of 31% over last year.

#### **GLEANNING / VOLUNTEERS**

The Gleaning/Volunteer program links volunteers with CSC programs, as well as supporting 14 separate gleaning groups, made up of more than 7,900 low-income individuals, and hundreds of volunteers who play a key role in feeding those who do not have enough to eat in Linn and Benton counties.

We help gleaners connect with food growers, processors and sellers to collect food, firewood, and more for distribution to low-income group members, including those who are unable to actively participate in the process. The gleaning program also builds capacity and ensures the sustainability of these groups by offering assistance in grant writing, volunteer management, board development, conflict resolution, financial record-keeping and non-profit tax preparation.

#### **Accomplishments**

- Provided over two million pounds of nutritious food to low-income families and individuals.
- Distributed over 540 cords of firewood to low income families who burned wood as primary heat source.
- Developed and facilitated presentations by local health professionals on subjects relating to healthy eating, celiac disease, and diabetes.

#### **CHILD DEVELOPMENT SERVICES**

Head Start is one of the nation's first child development programs to implement a two-generation approach, working with both children and their low-income parents as primary teachers of their own children. Teachers are also "advocates" for the children and their families. In 2013/2014, CSC Head Start will provide federal and state funded preschool services to 156 Lincoln County children and their families. The number served may vary dependent upon funding changes

CSC Head Start (CSCHS) promotes child school-readiness and family self-sufficiency through comprehensive and intensive services including early childhood education, health and social services, nutritious meals, and parent partnership and involvement. There are currently ten domains of learning, as well as a structure for school readiness and regular review of child's progress measured in all domains as well as the use of Classroom Assessment Scoring System "CLASS" measurement outcomes.

## **Accomplishments**

- Maintained full enrollment.
- Federal Monitoring Review was completely successful and without a finding.
- Health Services Advisory Committee is robust, well attended and successfully addresses any issues of importance in the area of health.
- Completed Disaster Preparedness and Pest Management Plans.
- Successfully completed Policy and Procedures and Ongoing Monitoring Plans.
- Inaugurated the first “Inclusion” class in Toledo in partnership with Early Childhood Special Education.
- Increased CLASS observations improving individual teacher scoring.
- Implemented use of new statewide monitoring tool T.S. Gold.
- Increased community/education involvement with Lincoln County School District – P-3 group, grant participation and HUB process monitoring.
- Established a Backpack/Food Program at all three sites.

## **LINN BENTON RETIRED AND SENIOR VOLUNTEER PROGRAM (RSVP)**

Linn-Benton RSVP is a Senior Corps national service program dedicated to providing outstanding community service opportunities for adult volunteers age 55 and above. We have nearly four decades of experience matching volunteers with opportunities to meet targeted community needs. While a variety of volunteer opportunities are available, our primary goal is to respond to clearly defined local needs. This program transitioned smoothly to another community organization for the last quarter of our fiscal year and continued to provide valuable community involvement for seniors.

For three quarters of FY13, the CSC RSVP programs had an active network of 723 volunteers who gave 98,352 hours of service to the community in calendar year, for a total in-kind value of \$2,100,799. RSVP volunteers helped a wide variety of nonprofits including health and nutrition, economic development, mentoring, public safety and more. The volunteers were honored with an annual luncheon that includes the presidential service awards. The signature programs - Senior Health Insurance Benefits Assistance-SHIBA, Senior Peer Counseling, AARP Tax-Aide and VISIT - address critical human needs in our focus areas.

### **Accomplishments 2012-2013**

- **SHIBA** – Medicare counseling, advocacy and education
  - 23 volunteers served 1,568 individual clients, a 38% increase, with 1,972 total client contacts.
  - Monthly volunteer meetings in each county; one large training.
  - Provided 16 classes to 400 persons on New to Medicare or Medicare ABCD .
- **Senior Peer Counseling** – 4 volunteers, 18 clients
- **Tax-Aide** – 63 counselor and 27 greeters gave 10,675 hours of time and e-filed 3,239 tax forms, part of the Oregon Tax-Aide program that is second in the nation in the number of tax returns filed through AARP Tax-Aide.
  - Earned income, education and child tax credits, totaling \$1,325,567.
  - Tax refunds totaling \$3,429,410.
- **VISIT – Friendly Visiting Program** trained twelve new volunteers.

## **ADMINISTRATION**

CSC’s administrative department is comprised of the internal departments that engage with external community partners and serve internal partners and programs, as well. In a

sophisticated and demanding technological and reporting environment, well-managed administrative services are essential to maintaining a strong, reputable organization.

Our administrative department is comprised of the Executive Director and her office, Community Resources and Development, Human Resources, Information Technology and Finance departments.

**Accomplishments:**

- Partnered with 18 Community Action Partners of Oregon and OSU to begin research and design of a community action report card, gaining scope and research capability but reducing the cost compared to a single-agency effort.
- Completed reorganization to improve effectiveness and reduce cost of agency administration.
- Helped revitalize the CAAC to preside over the yearly strategic goal-setting process for all programs and provide support for the agency goals.
- Worked to restructure the Community Housing Services board to take advantage of additional funding and program opportunities.
- Spearheaded a number of inter-departmental and inter-agency collaborations, including the Linn-Benton and Lincoln County Housing Forums and investigation of a Healthy Homes Initiative.

**COMMUNITY RELATIONS AND DEVELOPMENT**

The Community Relations and Development (CRD) Department coordinates all CSC community relations efforts, targeting those who need help, as well as those who can give help. CRD works closely with all CSC departments on outreach and communications activities; resource development, including fundraising and grant writing; and volunteer recruitment and internships.

CRD completed the very successful four-year Healthy Kids Outreach and Enrollment Program (HK) on June 30, 2013. HK provided health insurance coverage for children in need. CRD was awarded the Cover Oregon Outreach and Enrollment Program for families and individuals in need of affordable health coverage for Lincoln County for FY14.

**Accomplishments**

- Coordinated the 2nd Annual 2012 Barrel to Keg Relay fundraising event, nearly doubling the number of runners, increasing sponsorship, and making a strong beginning on our goal of bringing \$40,000 a year to CSC in unrestricted funds.
- Exceeded all of our Healthy Kids program performance goals, helping over 130 families to gain health insurance coverage during FY13.
- Built awareness of and commitment to CSC by increasing volunteerism, engaging over a hundred community volunteers in the Barrel to Keg Relay Race and recruiting an additional 39 OSU staff and students for internships.
- Coordinated the roll-out of the re-designed CSC Website to facilitate client and partner access to our programs and services.

**HUMAN RESOURCES**

**Accomplishments:**

- Established a tracking method for ensuring annual performance reviews are completed utilizing the HR database reports.
- Worked with Finance to update training for managers and staff on how to complete time cards accurately and timely

- Ensured HR staff understand agency mission and vision. Set goals for HR staff in alignment of those objectives.
- Documented agency knowledge of job classification process to ensure a fair and equitable compensation system.
- Worked with department directors, union and SAIF/CIS to develop safety and fleet manuals, resulting in an insurance premium discount.
- Worked with benefits committee and broker to provide a comprehensive benefit package to ensure retention and recruitment of qualified staff while operating with minimum headcount.
- Implemented new recruiting software that allows managers real time access to applicants resulting in shorter vacancy times.

## **INFORMATION TECHNOLOGY**

### **Accomplishments:**

- Designed and completed support process for computer moves, network cabling, and server and connectivity changes to accommodate multiple office moves in July and August.
- Provided technical support services to The Oregon Consortium / Oregon Workforce Alliance as a way to generate revenue for IT operations.
- Replaced stand-alone PBX and landline-based phone systems at nine locations with a Voice over Internet Protocol (VoIP) agency-wide telephone system.
- Provided automatic call distribution assistance for the Energy Assistance (LIHEAP) program.
- Enabled remote desktop access to LifeSize video conferencing system, from computer webcams outside the CSC firewall.
- Assisted with the technical aspects for the re-design of the CSC website.

## **FINANCE:**

### **Accomplishments:**

- Received an unmodified audit and a Certificate of Achievement for Excellence in Financial Reporting for the **twenty-first** consecutive year.
- Coordinated the financial management and reporting activities for 189 different grants with federal, state, local and donor funding sources.
- Acted as a resource to the newly hired Human Resources Director providing cross-training, backup and ensuring continuity.
- Analyzed needs for departmental re-structuring and hired a Financial Analyst.
- Ensured that CSC received an unqualified audit opinion and was awarded a Certificate of Achievement for Excellence in Financial Reporting for the 21st consecutive year.
- Continued training managers on a new financial data management software module that allows real-time access and customized reporting for managers to ensure optimal use of CSC resources.

## **FINANCIAL INFORMATION**

### **INTERNAL CONTROLS AND BUDGETARY CONTROL**

Community Services Consortium's management is responsible for establishing and maintaining internal controls designed to ensure the organization's assets are protected from loss, theft, or misuse and to ensure transactions are recorded properly to allow preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. Management must assess the expected benefits and related costs to determine which internal control policies and procedures will be implemented.

The Consortium is subject to the budget provisions of ORS 294.900 to 294.930.

CSC is organized into two governmental accounting types of funds - the general fund and special revenue funds. For budgeting purposes, eight funds have been established. These include a General Fund and seven special revenue funds: Emergency Services; Workforce and Education; Linn Benton Food Share; Housing and Community Resources; Child Development Services, Retired and Senior Volunteer Program and Miscellaneous Grants.

The budget is approved by the Governing Board at the following level of appropriation:

- Personnel services
- Materials and services
- Capital outlay (equipment purchases)
- Fund balance increases/decreases, if applicable

Budget versus actual statements are presented in this report. Line item budgets are maintained in the accounting records and are monitored monthly by the responsible parties.

### **GENERAL GOVERNMENT FUNCTIONS**

For financial reporting purposes, there is one general fund, and seven special revenue funds (reflecting **189** different funding sources, one for each federal, state or local grant or other contract).

### **INDEPENDENT AUDIT**

Oregon Revised Statutes require an annual audit by independent certified public accountants that are also licensed by the state to conduct municipal audits. CSC contracted with Grove, Mueller & Swank PC of Salem, Oregon to conduct our FY13 audit. Because CSC receives federal financial assistance, the audit must also meet the requirements of the Single Audit Act of 1996 and related OMB Circular A-133.

The auditor's report on CSC's financial statements and supplementary statements and schedules is found at the beginning of the Financial Section. The auditor's reports related to the single audit are found in the Federal Compliance Section. These include reports on the schedule of expenditures of federal awards, compliance and internal control over financial reporting, and compliance with requirements applicable to each major federal program and internal control over compliance. Our auditors did not identify any material weaknesses involving the internal control over financial reporting and its operations or involving the internal control over compliance and its operations or report any findings of non-compliance with applicable laws, regulations and standards.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Community Services Consortium for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. This was the **twenty-first** consecutive year that the Community Services Consortium has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report for the fiscal year ended June 30, 2013 continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the cooperation and support of the entire staff of CSC. A very special note of thanks is extended to Debbie Jackson, Finance Director, and the members of the Finance Department – Connor Lyons, Kellie Oxford, Cherry Condron, and Denice Stout, as well as administrative staff members Susanne Lee and Linda Swaney.

We commend the entire CSC staff for their hard work and devotion to the mission and programs CSC administers within the communities of Benton, Linn and Lincoln counties. The people and communities that we serve have many challenges awaiting them in the next fiscal year, and CSC will make every possible effort to assist.

We also thank the members of the Governing Board and our Advisory Councils for their guidance and support in conducting CSC's operations in a responsible and transparent manner.

Sincerely,



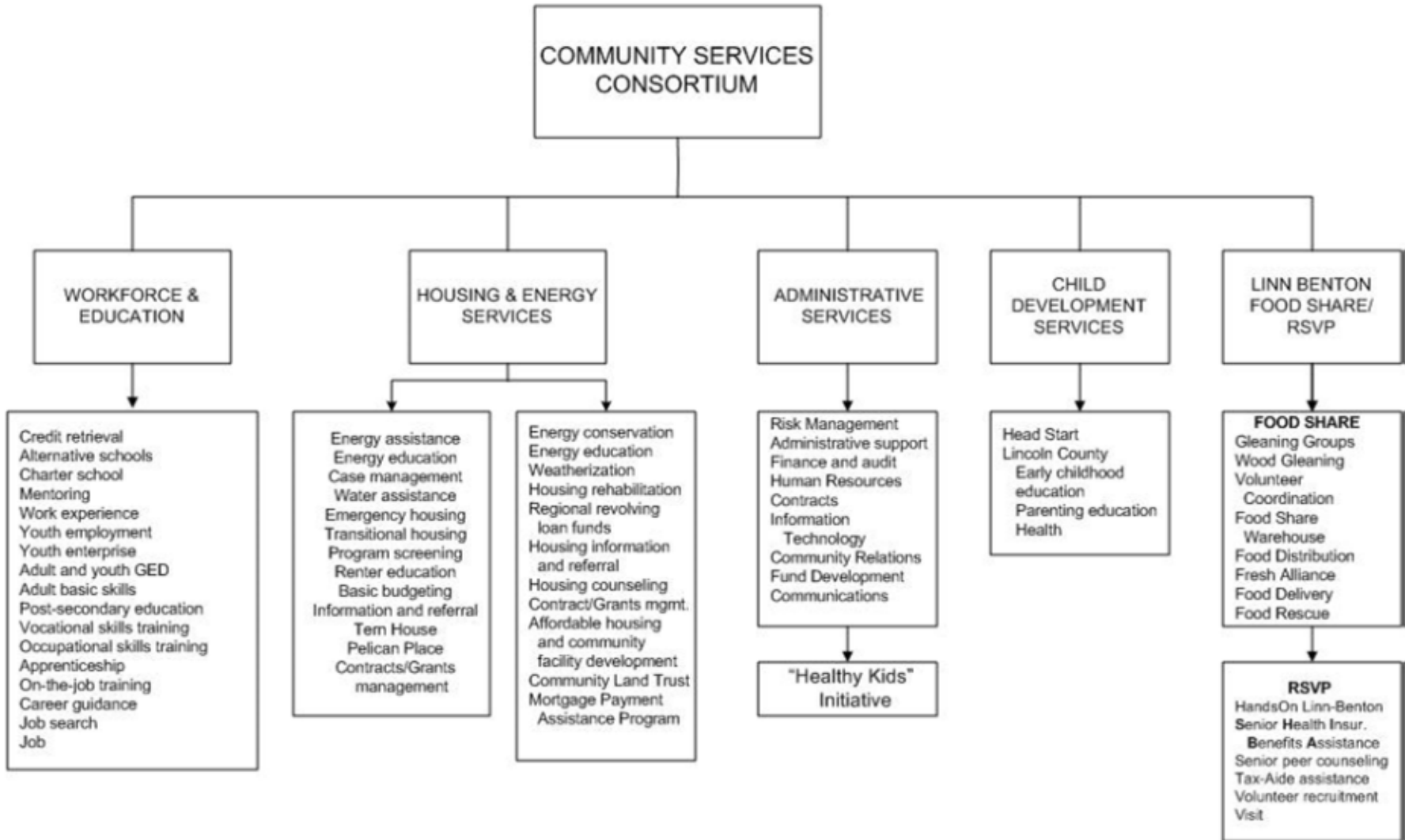
Martha Lyon  
Executive Director



Debbie Jackson, CPA, CFE  
Finance Director



# COMMUNITY SERVICES CONSORTIUM FUNCTIONAL CHART





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**Community Services  
Consortium, Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

***FINANCIAL SECTION***



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

CSC Governing Board  
Community Services Consortium  
Albany, Oregon

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Community Services Consortium (CSC), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise CSC'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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 CSC'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 CSC'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 opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Management Discussion & Analysis*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A 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 Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CSC's basic financial statements. The schedule of revenues, expenditures and changes in fund balance – General Fund - budget and actual, combining schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of revenues, expenditures and changes in fund balance – General Fund - budget to actual, combining schedules and schedule of expenditures of federal awards are the responsibility of management and were 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, the schedule of revenues, expenditures and changes in fund balance - General Fund - budget to actual, combining schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

***Reports on Other Legal or Regulatory Requirements***


*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2014, on our consideration of CSC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CSC's internal control over financial reporting and compliance.

*Other Reporting Required by Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 24, 2014, on our consideration of CSC'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.

***GROVE, MUELLER & SWANK, P.C.***  
***CERTIFIED PUBLIC ACCOUNTANTS***

By: 

Devan W. Esch, A Shareholder  
January 24, 2014

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

As management of Community Services Consortium (CSC), we offer readers of CSC's financial statements this narrative overview and analysis of the financial activities of CSC for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

## Financial Highlights

- CSC is primarily a grant-based organization, with revenues of \$7.7 million in federal and federal pass-through grants, \$2.9 million in state and local governmental grants and contracts, \$7.9 million in value of donated food, \$852,000 in contributions, \$887,000 in charges for services, \$265,000 in loan repayments and \$434,000 in other miscellaneous income, totaling \$21.0 million. The vast majority of our grants are cost-reimbursement contracts, usually having a one- or two-year life before a new application for funding is required. These grants only cover costs actually expended and have no potential to build up any reserves. Any fund balances generated are restricted to the program in which they were generated, with the sole exception of the General fund balance.
- As a Community Action Agency (CAA), the largest component of our funding is focused on alleviating the effects and eliminating the causes of poverty. With the exception of our workforce development activities, including our alternative schools (about 15% of our total funding), the remaining 85% is targeted to assist low-and moderately-low income individuals.
- As a grant-based organization, we are subject to uncertainties in both the federal and state budgets. We are directly affected when Congress does not pass a budget, confirm appropriations, adjust the debt ceiling or when there is a federal government shut down. Similarly, we are impacted when the State of Oregon experiences budget shortfalls as it has in the current and previous biennium. At the minimum, our contracts that were covered by the State general fund are likely to be reduced. Continuing volatility in state and federal funding makes long-term funding projections almost impossible, so we now must operate on a fairly short-term planning cycle.
- We rely on a conservative estimate of revenues based on our considerable years of experience in these areas, but also have to be prepared to adjust course for external funding changes. We monitor our performance and revenue forecasts on an ongoing basis through the entire year and usually have been able to secure other grants to replace expiring ones. The upcoming FY14 forecast is not different – we are projecting an increase from our final figures of \$21 million to around \$22.4 million, an increase of approximately 6.7%.
- As we have discussed in our introductory letter, our communities have been hit hard by the recession, and CSC has been part of the solution by providing both safety net services and programs that help move clients up the ladder of financial security. Requests for assistance in both areas continue to increase. For example, demands for re-employment services and retraining for people impacted by unemployment are at a record high in all three counties. Need is growing, even as our funding drops. Oregon still has not recovered from the recession.

Overall, we feel that CSC was able to effectively manage its resources to address the increased demands felt in our communities. However, there is a growing level of unmet need due to funding shortfalls and a sluggish recovery in our state. Approximately one out of five residents in Linn and Benton counties lives in poverty. One in four receives food stamps in Lincoln and Linn Counties. Employment growth has come mainly in sectors that offer the very lowest wages. While unemployment has declined, so has median income, leaving low-income residents of our three counties in a state of increasing economic instability. The increased demand for our services is definitely challenging.



CSC will continue to look for opportunities to work with other agencies and organizations to provide sustainable quality programs for our communities. For example, with St. Vincent de Paul, CSC is now offering services to veterans and their families in FY14. Although we will focus resources and leverage partnerships as best we can, we concede we will be unable to meet the growing needs of our community.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to CSC's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-wide financial statements:**

The government-wide financial statements are designed to provide readers with a broad overview of CSC's finances as a whole and present a longer-term view of its finances.

The government-wide financial statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the method of accounting used by most private-sector business. All of the current year's revenues and expenses are taken into account when they are incurred regardless of when cash is received or paid.

These two statements report CSC's net financial position and activities and changes to them. Net position (the difference between assets and liabilities) is one way to measure an organization's financial health. Changes in net position over time provide one indicator of whether financial health is improving or deteriorating.

### **Fund financial statements:**

Fund financial statements are also intended to give insight into CSC's overall financial health and report CSC's operations in more detail than the government-wide financial statements. In addition to a very limited general fund, CSC has only one type of fund – governmental funds. The governmental funds are presented in seven different departments. Additionally, the Housing and Energy Services Department reports under two sub-headings; Emergency Services and Housing and Community Resources, which have different focus in their funding.

### **Governmental Funds:**

These funds are reported using the modified accrual basis of accounting. The governmental fund statements provide a detailed short-term view of CSC's operations. The relationship (differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations after the fund financial statements.

### **Notes to the financial statements:**

The notes provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Our auditor has provided assurance in the Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly presented. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

## Financial Analysis of the Consortium as a Whole

**Net position.** CSC's net position at June 30, 2013 was \$7,255,307 reflecting a decrease of \$580,162 from \$7,835,469 at June 30, 2012 (See Table A). The major sources of decrease to our net position were the decrease in funding to Housing and Community Resources of \$285,866, and the general function of \$475,532. Significant factors are discussed below.

The decrease in Housing and Community Resources was primarily due to the fact that CSC was not able to apply to administer new Community Development Block Grants without the creation of a new legal entity to manage those funds. In addition, CSC made approximately \$50,000 more in loans under the Housing Rehabilitation program than were re-paid. Another sizeable decrease of \$60,000 was in the Mortgage Payment Assistance(MPA) program where income to monitor recipients is paid up front, but not utilized until the year after they received assistance. In addition, MPA funds were used to defray the cost of the mortgage counseling program which has high demand and low funding. CSC also invested about \$38,000 more to renovate a house (purchased in foreclosure in a prior year) which will be sold to a low income family or an organization serving low income in accordance with the Lincoln County plan to expand low-income workforce housing.

The decrease in the general function's net position is primarily due to the other post-employment benefits expense which increased to \$347,112 in FY13. This occurs as a result of allowing retirees to purchase health insurance on CSC's plan. Costs are projected out and amortized over thirty years. (See the additional footnote on page 30 for further discussion on this item.) This expense does not require the use of current financial resources and is not reported in the governmental funds as an expenditure, however does impact the net position of CSC.

Additionally, the reporting of depreciation expense of \$165,901 claimed on all assets of CSC through the general function, greatly exceeds the investment of \$26,948 in new assets by \$138,953.

## Community Services Consortium's Net Position

TABLE A

|                                     | <u>June 30,<br/>2013</u>   | <u>June 30,<br/>2012</u>   |
|-------------------------------------|----------------------------|----------------------------|
| Current and other assets            | \$ 10,209,493              | \$ 10,394,315              |
| Capital assets, net of depreciation | <u>4,395,361</u>           | <u>4,534,314</u>           |
| <i>Total Assets</i>                 | 14,604,854                 | 14,928,629                 |
| Current and other liabilities       | 6,013,061                  | 6,377,211                  |
| Noncurrent liabilities              | <u>1,336,486</u>           | <u>715,949</u>             |
| <i>Total Liabilities</i>            | 7,349,547                  | 7,093,160                  |
| Net Position                        |                            |                            |
| Net investment in capital assets    | 4,395,361                  | 4,534,314                  |
| Restricted for grant programs       | 2,709,696                  | 2,392,488                  |
| Unrestricted                        | <u>117,226</u>             | <u>908,667</u>             |
| <b><i>Total Net Position</i></b>    | <b><u>\$ 7,255,307</u></b> | <b><u>\$ 7,835,469</u></b> |

## Restricted and Unrestricted Net Position:

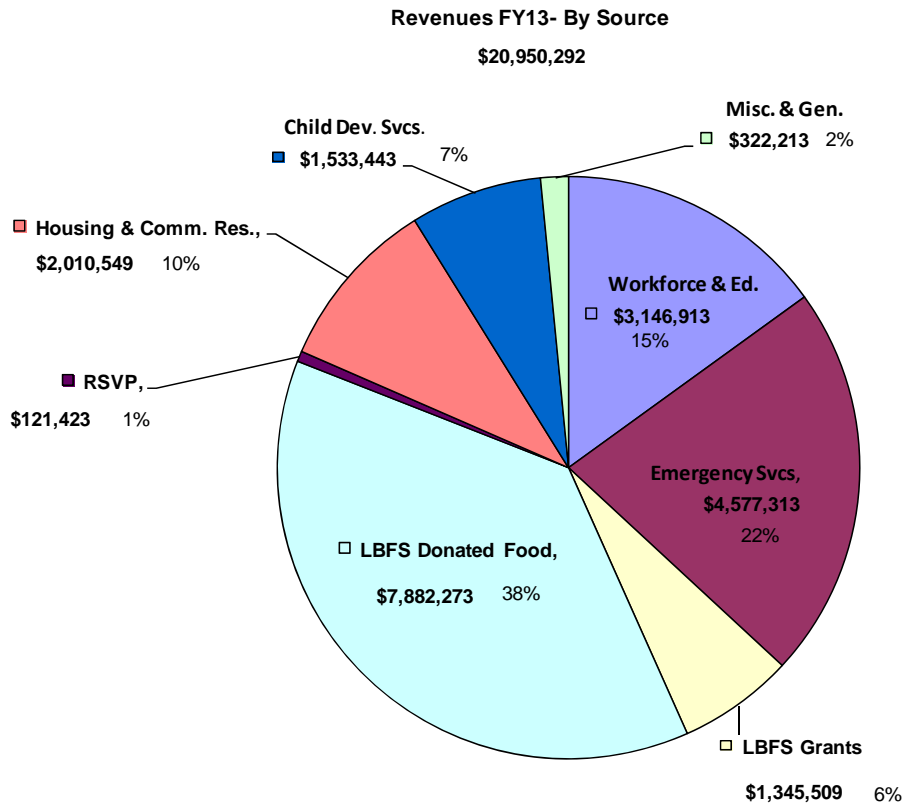
As a grant-based organization operating primarily under cost reimbursement contracts, CSC has very limited potential to build up an unrestricted reserve. Only the General fund balance of \$413,917 is truly unassigned with virtually all other balances being restricted by grant conditions, donor restrictions, contractual arrangements, or management assignments for specified purposes.

**Changes in net position.** CSC's total revenues decreased \$5,447,977 from \$26,398,269 in FY12 to \$20,950,292 in FY13. CSC's total expenses decreased \$3,801,342 from \$25,331,796 in FY12 to \$21,530,454 in FY13 (See Table B). The result was a decrease of \$580,162 in net position, which was discussed above.

## Community Services Consortium's Changes in Net Position TABLE B

|  | <i>Year Ended</i>        |                          |
|--|--------------------------|--------------------------|
|  | <u>June 30,<br/>2013</u> | <u>June 30,<br/>2012</u> |
| Program revenues                       |                          |                          |
| Fees for services                      | \$ 909,850               | \$ 912,288               |
| Operating grants and contracts         | 19,177,882               | 23,601,324               |
| Contributed Capital                    | -                        | 1,057,132                |
| Contributions                          | <u>851,903</u>           | <u>803,226</u>           |
|  | 20,939,635               | 26,373,970               |
| General revenues, by source            |                          |                          |
| Interest and other investment earnings | <u>10,657</u>            | <u>24,299</u>            |
| <b>Total Revenues</b>                  | <u>\$ 20,950,292</u>     | <u>\$ 26,398,269</u>     |
| <b>Program Expenses</b>                |                          |                          |
| Personal Services                      | \$ 5,725,255             | \$ 7,636,579             |
| Materials and Services                 | 7,775,472                | 7,047,006                |
| LBFS Donated Food                      | 8,002,779                | 8,483,516                |
| Capital Outlay                         | <u>26,948</u>            | <u>2,164,695</u>         |
| <b>Total Expenses</b>                  | <u>\$ 21,530,454</u>     | <u>\$ 25,331,796</u>     |
| <b>Change in Net Position</b>          | (580,162)                | 1,066,473                |
| Net position, beginning of year        | <u>7,835,469</u>         | <u>6,768,996</u>         |
| Net position, end of year              | <u>\$ 7,255,307</u>      | <u>\$ 7,835,469</u>      |

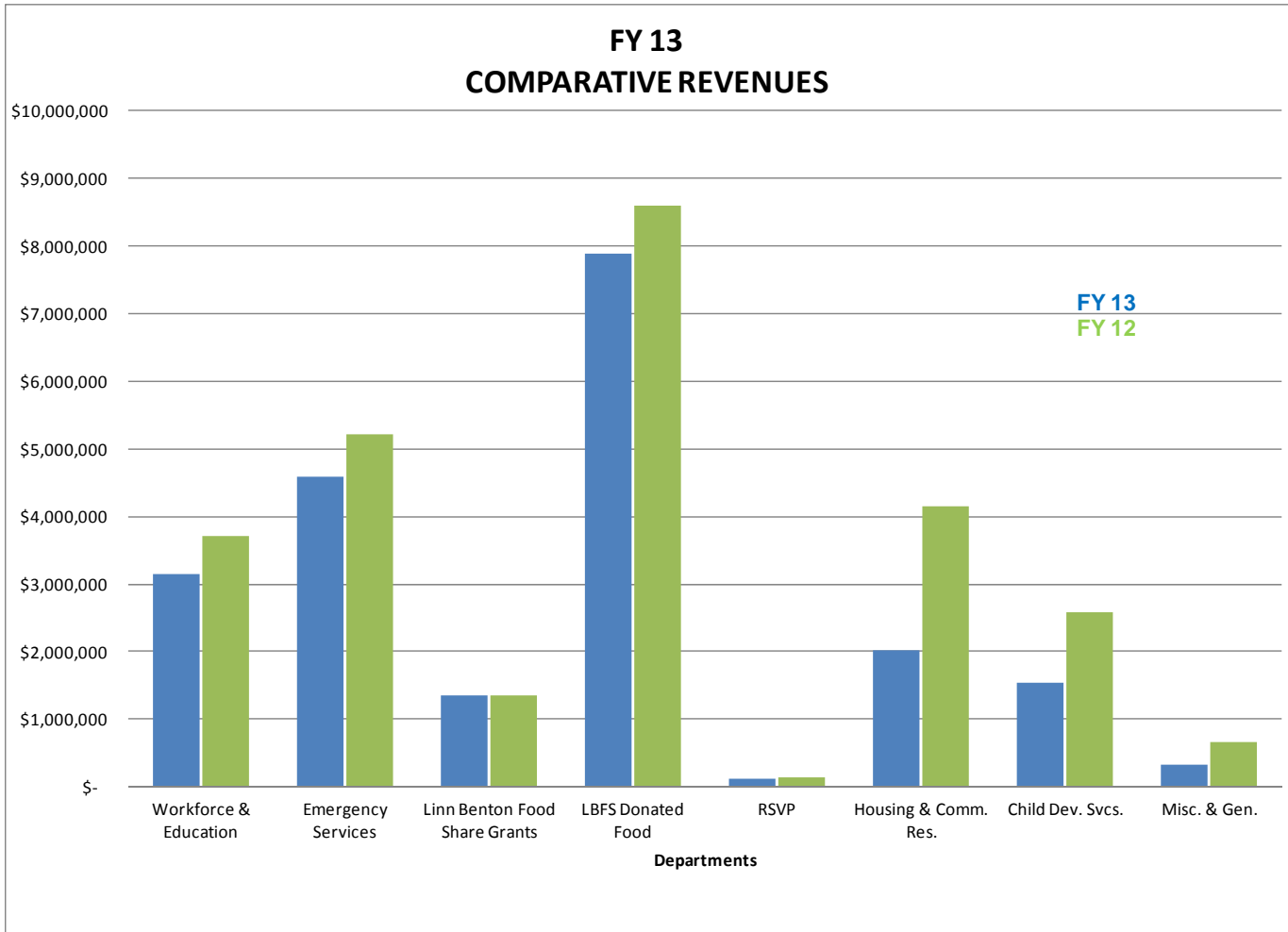
**Figure A**  
**Sources of Revenue for the Year Ended June 30, 2013**



Major components of the \$5,447,977 revenue decrease occurred in Linn Benton Food Share where about \$722,000 less was collected in food donations than FY12. While USDA food donations increased by about \$214,000 in value, other food donations were more than \$936,000 less in FY 13. We also virtually completed our ARRA (stimulus) program in FY12 which resulted in a decrease of about \$3.1 million in funding across our departments.

We had reduced federal funding of about \$3.5 million dollars, primarily because of decreases in the approximate amounts of \$500,000 in the Workforce & Education department Workforce Investment Act (WIA) funds, \$500,000 in the Low Income Home Energy Assistance Program (LIHEAP); \$2.3 million in Department of Energy ARRA funds, and almost \$200,000 in ARRA National Emergency Grants (NEGs). Our alternative school funding was also somewhat reduced with school district budgeting changes.

**Figure B**  
**Revenue Comparison for the Years Ended June 30, 2013 and 2012**



**Changes in Fund Balances – Governmental Funds**

The **Emergency Services** fund increased the ending fund balance about \$32,000. The net rental revenue increase of \$42,500 was realized from operating 18 units of permanent supportive housing facility for individuals and families that had previously been homeless. The Pelican rental revenues eliminated a previous negative fund balance from startup costs on the project and, between all rental units, transferred \$17,618 from that revenue to a maintenance reserve, resulting in the overall increase of \$32,500. The net rental revenue will be used to fund case manager services for residents.

The **Workforce & Education** fund balance increased about \$59,000 in the current year. The Lincoln County Charter School increased about \$22,000 and alternative schools increased \$24,000. The Weatherization Training program increased about \$18,000.

**Linn Benton Food Share** fund balance increased by almost \$92,000. LBFS has seen increased demand for food which has drawn down the food inventories and increased the need to purchase food to distribute to the network. Donations of almost \$76,000 were received for a new Warehouse Expansion project, as well as \$14,000 in miscellaneous donor grants.

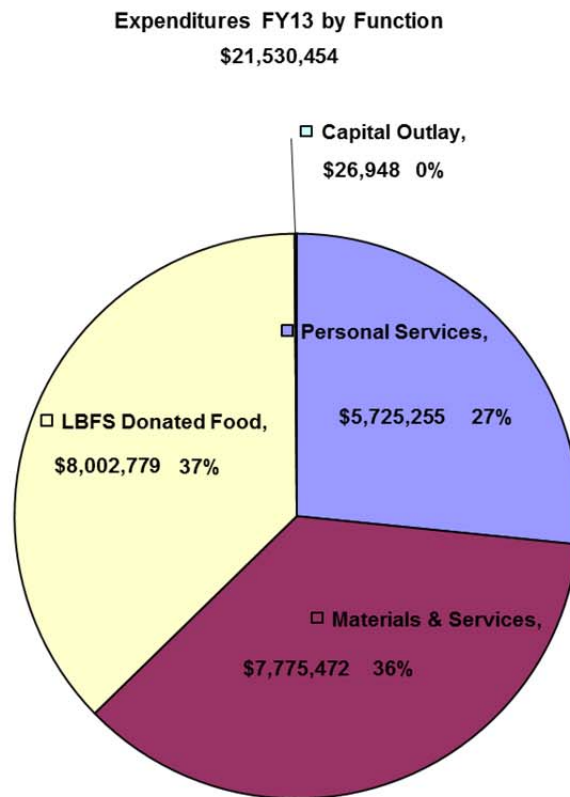
**Housing and Community Resources'** fund balance decreased by about \$283,000. The Mortgage Payment Assistance fund decreased about \$60,000 as funds set aside to follow-up with participants for one year were utilized. These programs help people in various stages of foreclosure. CSC invested an additional \$38,000 funds to renovate a house. These funds will be recouped on the sale of the house to qualifying low-income buyers, or an organization that serves that income population. Loan repayments for housing rehabilitation through CSC and the various revolving loan funds exceeded loan repayments from people who originally received funds as a non-interest bearing loans by about \$75,000. These additional loans made were part of a required match to receive Housing Preservation Grants in previous years. Additional loans of about \$40,000 were made from funds managed for the City of Newport. Staffing was also provided to the Lincoln Community Land Trust for a decrease from \$27,800 to \$12,265 – or about \$15,500.

Increased demand for energy assistance under several low income programs drew down balances in OLIEEE (gas assistance) about \$34,000.

**Miscellaneous Grant Fund** decreased fund balance by \$8,650. This was the remaining balance from the AmeriCorps VISTA program which completed the final two months of the sixth year of service to our communities.

**Child Development Services** had a slight decrease of \$10,422 as it used donations for some necessary safety investments for intercoms and some related maintenance projects. The **Retired and Senior Volunteer Program (RSVP)** was transferred to another community organization with a disbursement of the \$19,841 prior year balances.

**Figure C**  
**Expenses by Function for the Year Ended June 30, 2013**



Major components of the \$3.77 million expense decrease were due to staffing decreases as a result of the end of stimulus program projects and a continuing decrease in federal workforce funding. We saw a \$1.9 million decrease in salary and fringe expenditures and a decrease in LBFS food distribution of about \$480,000. This was offset in part by a slight \$242,000 increase in program supplies from finalizing ARRA weatherization projects. There was also a major decrease of \$2.1 million in capital outlay because of the FY12 one-time capital contribution related to the transfer from the City of Toledo CDBG project for the Toledo Head Start building.

Of the total expenses for FY13 of \$21.6 million, 55% or \$11.9 million (including food distribution) were made directly on behalf of participants in our programs. As a proportion of the FY13 materials and services of \$15.8 million, the direct assistance of \$11.9 million was 75%, a result of CSC's determination to use our resources in the most effective manner, keeping staffing and program delivery costs as low as possible. With the dedication of our passionate staff, we exceeded our goal of providing 50% direct client benefit.

Three funds had significant changes in their FY13 activities. The **Workforce & Education** department **decreased** expenses about \$683,000 (18%) for workforce training as their WIA ARRA and regular WIA funds dwindled and their National Emergency Grants completed. The **Housing and Community Resources** department **decreased** by \$1.9 million when the ARRA Weatherization funds finally were spent out. Additionally, the non-profit Community Housing Services has not administered any new CSBG grants during FY13, as revised HUD regulations caused reorganization that led to a break in the usual funding cycle. The **Miscellaneous Grant** fund decreased by almost 60% (from \$467,000 down to \$182,000) when the Workforce Investment Board functions were absorbed into the Workforce and Education department. The other significant decrease reflected the wrap-up of the expiring AmeriCorps VISTA program very early in FY13.

We also experienced a significant decrease for FY13 in capital asset additions of only \$26,948 (as discussed in more detail in the capital assets footnote on page 28) due to the purchase of a replacement workforce vehicle. A piece of playground equipment was also disposed from Head Start. The equipment had been fully depreciated and had an original cost of \$8,557. Prior year FY12 had a large one-time capital contribution for the Toledo Head Start building. The capitalization level for assets was maintained at \$5,000 during FY 13.

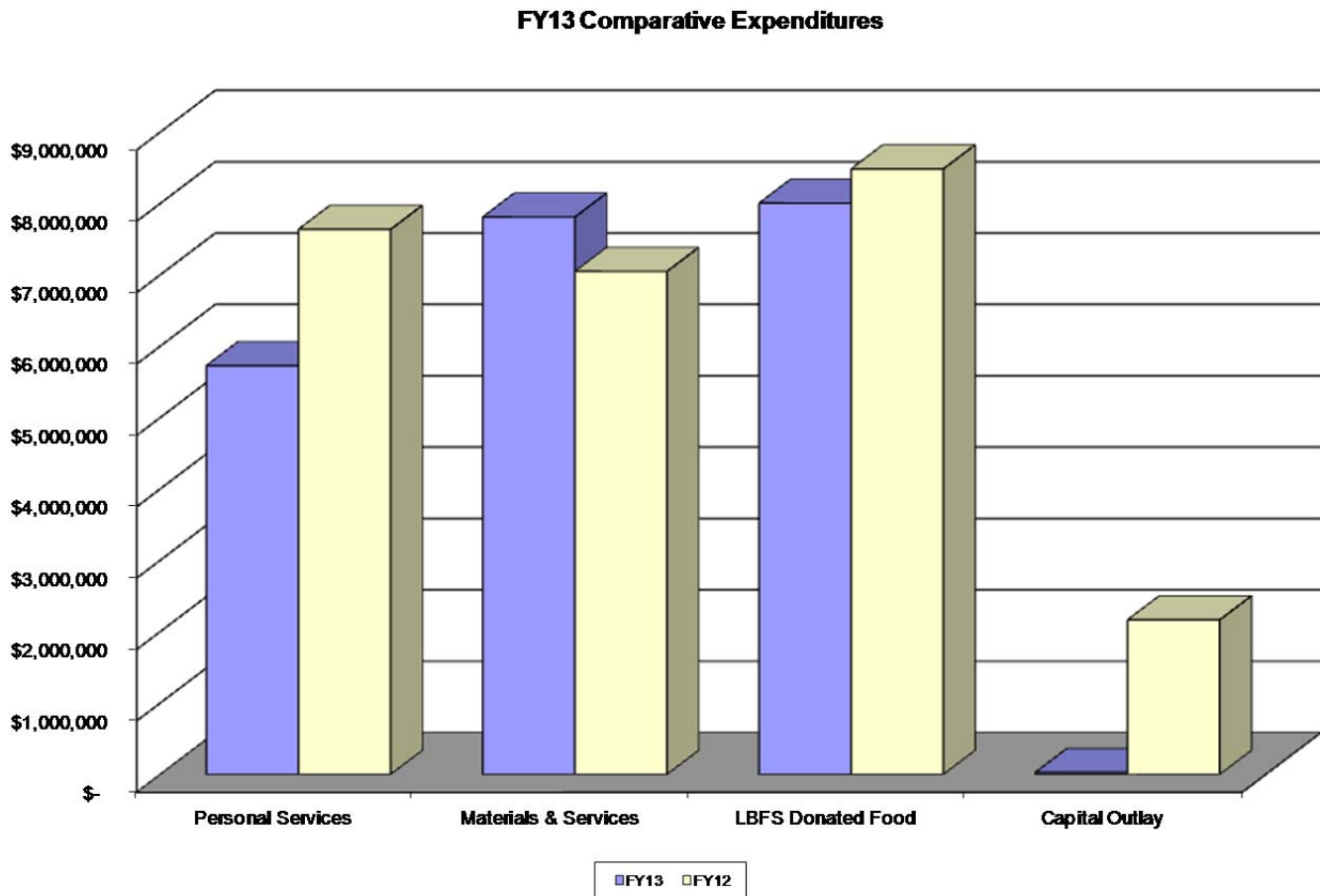
## **Budgetary Highlights**

Community Services Consortium's Governing Board revised its originally adopted budget in order to address unexpected changes in revenues and expenses. The original budget was adopted on a very conservative basis with only grants whose award was almost certain included at the start of the fiscal year. Two amendments to the budget were adopted this year to include additional grants received during the year as state and federal revenue sources became more certain. The total increase for those amendments was \$523,094 as shown in the Required Supplementary Information for Budget and Actual on page 36 of this report.

The following chart demonstrates a comparison of expenses between FY13 and FY12. As you can see, the proportion of personnel expenses decreased from 30% to 27% of total expenditures. This proportion of total expenses was achieved by slight decreases in FTE or the end of certain programs, as previously discussed. Staff did not receive a cost of living adjustment again this year to ensure that we could deliver maximum services to our program participants.

Total materials and services increased from 61% to 73% of the budget in FY13, as commitments were honored to get services and benefits out the door to help our clients in this tough recession. Services directly on behalf of our program participants, including food distributions, were over \$11.9 million dollars.

**Figure D**  
**Expenditure Comparison for the Years Ended June 30, 2013 and 2012**



**Capital Asset Administration**

Total capital assets, net of accumulated depreciation, decreased from \$4,534,314 in FY12 to \$4,395,361 in FY13. As discussed in more detail on page 28 of the footnotes and in the previous sections of this analysis, CSC’s capital asset changes is primarily due to the depreciation of assets already held. The only addition was a replacement vehicle purchased for \$26,948 and the disposition of a fully capitalized playground tugboat for the cost of removing the obsolete equipment.

As of June 2013, CSC did not have title to the buildings in Newport and Lincoln City occupied by the Head Start program, which are awaiting final grant closeout of the Community Development Block Grants sponsored by the communities in which they are located. The Newport and Lincoln City properties will be transferred as soon as the Block Grants are completely closed by Lincoln County. The Head Start facility in Newport began operation in the fall of 2009 and title to that building will not transfer to CSC until that Community Development Block Grant is finalized, which usually takes about 5 years or more after the grant is completed. CSC owns the underlying Newport land but renovated and expanded an existing structure to respond to growing Newport Head Start demand. The Lincoln City Head Start building was completed in FY03. CSC owns the underlying land and will take possession of the building when the CDBG grant is closed out by Lincoln City.



## **Economic Factors and Next Year's Budgets – the Real Challenge**

Federal funding is very unpredictable at this time, and the federal budgets for the year that began last October have only recently been passed and the details are not available yet. We have also experienced a federal government shutdown which caused extra concerns about the stability of funding. Funding decreases are certain for most programs, but the details of the cuts have not been revealed. Most agencies were told to forecast between a 5 and 20% cut in spending, especially where, like ours, a large part of the program budget is funded through discretionary spending. The budget passed by Congress is expected to make differential cuts to funding, rather than the across-the-board sequestration reductions that we experienced in FY 13. Finally, Congress has not come to agreement about raising the national debt level, which is predicted to come to another decision point around February 2014. This adds another note of uncertainty to financial planning for the agency.

At the same time, the State of Oregon budget forecast is also unpredictable, with large cuts in general funding predicted. In addition, two departments, through which we received large portions of our funding, are reorganizing. This may mean less program money coming out to the community action agencies to provide services.

The current level of flux in state and federal funding and direction is unprecedented in our experience of over thirty-three years of providing services. We will constantly be re-evaluating our funding during the next fiscal year as information becomes available. Accordingly, CSC has adopted a very conservative budget for FY14, roughly \$22.4 million, an increase of 6.7% from the final adopted FY13 revenues of \$21 million.

To understand in greater detail how CSC has responded to the almost overwhelming need of our communities, we invite you to view some of the news stories on our website at <http://www.communityservices.us/news.htm>.

## **Requests for Information**

This financial report is designed to provide interested parties with a general overview of CSC's finances and to demonstrate CSC's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Community Services Consortium, Finance Director, 250 Broadalbin St. SW, Ste. 2A, Albany, OR 97321.

***BASIC FINANCIAL STATEMENTS***

**COMMUNITY SERVICES CONSORTIUM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

---

**ASSETS**

**Current Assets**

|                      |              |
|----------------------|--------------|
| Cash                 | \$ 3,145,381 |
| Receivables          |              |
| Grants and contracts | 1,341,005    |
| Loans                | 5,388,825    |
| Inventories          | 309,725      |
| Prepaid items        | 22,382       |
| Other current assets | 2,175        |

|                             |            |
|-----------------------------|------------|
| <i>Total Current Assets</i> | 10,209,493 |
|-----------------------------|------------|

**Noncurrent Assets**

|                                 |           |
|---------------------------------|-----------|
| Non-depreciable capital assets  | 1,111,595 |
| Depreciable capital assets, net | 3,283,766 |

|                                |           |
|--------------------------------|-----------|
| <i>Total Noncurrent Assets</i> | 4,395,361 |
|--------------------------------|-----------|

|                     |            |
|---------------------|------------|
| <i>Total Assets</i> | 14,604,854 |
|---------------------|------------|

**LIABILITIES**

**Current Liabilities**

|                  |           |
|------------------|-----------|
| Accounts payable | 326,178   |
| Accrued payroll  | 227,900   |
| Accrued vacation | 8,772     |
| Unearned revenue | 5,365,211 |
| Other payables   | 85,000    |

|                                  |           |
|----------------------------------|-----------|
| <i>Total Current Liabilities</i> | 6,013,061 |
|----------------------------------|-----------|

**Noncurrent Liabilities**

|                                |           |
|--------------------------------|-----------|
| Accrued vacation               | 273,425   |
| Other post employment benefits | 1,063,061 |

|                          |           |
|--------------------------|-----------|
| <i>Total Liabilities</i> | 7,349,547 |
|--------------------------|-----------|

**NET POSITION**

|                                  |           |
|----------------------------------|-----------|
| Net investment in capital assets | 4,395,361 |
| Restricted for grant programs    | 2,709,696 |
| Unrestricted                     | 150,250   |

|                           |              |
|---------------------------|--------------|
| <i>Total Net Position</i> | \$ 7,255,307 |
|---------------------------|--------------|

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

**COMMUNITY SERVICES CONSORTIUM**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

|                                 | <u>Expenses</u>      | <u>Program Revenues</u> |                      | <u>Change in</u>    |
|---------------------------------|----------------------|-------------------------|----------------------|---------------------|
|                                 |                      | <u>Fees for</u>         | <u>Operating</u>     | <u>Net Position</u> |
|                                 |                      | <u>Service</u>          | <u>Grants and</u>    | <u>Total</u>        |
|                                 |                      |                         | <u>Contributions</u> |                     |
| <b>FUNCTIONS/PROGRAMS</b>       |                      |                         |                      |                     |
| General                         | \$ 624,229           | \$ -                    | \$ 148,697           | \$ (475,532)        |
| Workforce and Education         | 3,060,823            | 611,661                 | 2,535,252            | 86,090              |
| Emergency Services              | 4,545,737            | -                       | 4,577,311            | 31,574              |
| Linn Benton Food Share          | 9,135,954            | -                       | 9,227,782            | 91,828              |
| Housing and Community Resources | 2,296,414            | 298,189                 | 1,712,359            | (285,866)           |
| Child Development Services      | 1,543,865            | -                       | 1,533,443            | (10,422)            |
| RSVP                            | 141,264              | -                       | 121,423              | (19,841)            |
| Miscellaneous Grants            | 182,168              | -                       | 173,518              | (8,650)             |
|                                 | <u>\$ 21,530,454</u> | <u>\$ 909,850</u>       | <u>\$ 20,029,785</u> | <u>(590,819)</u>    |
| <b>GENERAL REVENUES</b>         |                      |                         |                      |                     |
| Interest                        |                      |                         |                      | 10,657              |
|                                 |                      |                         |                      | <u>(580,162)</u>    |
| <b>CHANGE IN NET POSITION</b>   |                      |                         |                      |                     |
| <b>NET POSITION, Beginning</b>  |                      |                         |                      | <u>7,835,469</u>    |
| <b>NET POSITION, Ending</b>     |                      |                         |                      | <u>\$ 7,255,307</u> |

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

**COMMUNITY SERVICES CONSORTIUM**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

|  | <i>General</i>      | <i>Emergency<br/>Services</i> | <i>Workforce and<br/>Education</i> |
|--|---------------------|-------------------------------|------------------------------------|
| <b>ASSETS</b>                              |                     |                               |                                    |
| Cash                                       | \$ 3,144,781        | \$ -                          | \$ 50                              |
| Receivables                                |                     |                               |                                    |
| Grants and contracts                       | 32,256              | 376,068                       | 463,595                            |
| Loans                                      | -                   | -                             | -                                  |
| Due from other funds                       | 653,859             | 411,527                       | 158,352                            |
| Inventories                                | -                   | -                             | -                                  |
| Prepaid items                              | 13,608              | 1,000                         | 7,774                              |
| Other current assets                       | -                   | -                             | 2,175                              |
|  | <u>3,844,504</u>    | <u>788,595</u>                | <u>631,946</u>                     |
| <b>LIABILITIES AND FUND BALANCE</b>        |                     |                               |                                    |
| <b>Liabilities</b>                         |                     |                               |                                    |
| Accounts payable                           | \$ 16,325           | \$ 44,537                     | \$ 81,456                          |
| Accrued payroll                            | 510,097             | -                             | -                                  |
| Due to other funds                         | 2,890,557           | 321,674                       | 361,009                            |
| Unearned revenue                           | -                   | -                             | -                                  |
| Other payables                             | -                   | -                             | -                                  |
|  | <u>3,416,979</u>    | <u>366,211</u>                | <u>442,465</u>                     |
| <b>Fund Balances</b>                       |                     |                               |                                    |
| Nonspendable                               | 13,608              | 1,000                         | 7,774                              |
| Restricted                                 | -                   | 421,384                       | 161,748                            |
| Assigned                                   | -                   | -                             | 19,959                             |
| Unassigned                                 | 413,917             | -                             | -                                  |
|  | <u>427,525</u>      | <u>422,384</u>                | <u>189,481</u>                     |
| <i>Total Fund Balances</i>                 | <u>427,525</u>      | <u>422,384</u>                | <u>189,481</u>                     |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 3,844,504</u> | <u>\$ 788,595</u>             | <u>\$ 631,946</u>                  |

Total Governmental Fund Balances

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$5,549,727 and the accumulated depreciation is \$1,154,366.

Other post employment benefits are not current financial requirements and therefore are not reported as liabilities in governmental funds.

*Total Net Position*

| <b>Linn-Benton<br/>Food Share</b> | <b>Housing and<br/>Community<br/>Resources</b> | <b>Child<br/>Development<br/>Services</b> | <b>Retired and<br/>Senior Volunteer<br/>Program</b> | <b>Misc.<br/>Grants</b> | <b>Totals</b>        |
|-----------------------------------|--|---|---|-------------------------|----------------------|
| \$ -                              | \$ 150   | \$ 400                                    | \$ -  | \$ -                    | \$ 3,145,381         |
| 19,097                            | 302,717  | 92,487                                    | -   | 54,785                  | 1,341,005            |
| -                                 | 5,388,825                                      | -   | -   | -                       | 5,388,825            |
| 1,996,032                         | 953,032  | 69,414                                    | 27,245  | 83                      | 4,269,544            |
| 246,578                           | 63,147   | -   | -   | -                       | 309,725              |
| -                                 | -  | -   | -   | -                       | 22,382               |
| -                                 | -  | -   | -   | -                       | 2,175                |
| <b>\$ 2,261,707</b>               | <b>\$ 6,707,871</b>                            | <b>\$ 162,301</b>                         | <b>\$ 27,245</b>                                    | <b>\$ 54,868</b>        | <b>\$ 14,479,037</b> |
| \$ 45,329                         | \$ 83,535                                      | \$ 27,316                                 | \$ 27,245   | \$ 435                  | \$ 326,178           |
| -                                 | -  | -   | -   | -                       | 510,097              |
| 39,959                            | 513,774  | 88,138                                    | -   | 54,433                  | 4,269,544            |
| -                                 | 5,365,211                                      | -   | -   | -                       | 5,365,211            |
| -                                 | 85,000   | -   | -   | -                       | 85,000               |
| <b>85,288</b>                     | <b>6,047,520</b>                               | <b>115,454</b>                            | <b>27,245</b>                                       | <b>54,868</b>           | <b>10,556,030</b>    |
| 246,578                           | 63,147   | -   | -   | -                       | 332,107              |
| 1,349,568                         | 774,759  | 2,237                                     | -   | -                       | 2,709,696            |
| 580,273                           | -  | 44,610                                    | -   | -                       | 644,842              |
| -                                 | (177,555)                                      | -   | -   | -                       | 236,362              |
| <b>2,176,419</b>                  | <b>660,351</b>                                 | <b>46,847</b>                             | <b>-</b>  | <b>-</b>                | <b>3,923,007</b>     |
| <b>\$ 2,261,707</b>               | <b>\$ 6,707,871</b>                            | <b>\$ 162,301</b>                         | <b>\$ 27,245</b>                                    | <b>\$ 54,868</b>        | <b>\$ 14,479,037</b> |
|                                   |  |   |   |                         | \$ 3,923,007         |
|                                   |  |   |   |                         | 4,395,361            |
|                                   |  |   |   |                         | (1,063,061)          |
|                                   |  |   |   |                         | <b>\$ 7,255,307</b>  |

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

**COMMUNITY SERVICES CONSORTIUM****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

|   | <u>General</u> | <u>Emergency<br/>Services</u> | <u>Workforce and<br/>Education</u> |
|---|----------------|-------------------------------|------------------------------------|
| <b>REVENUES</b>                         |                |                               |                                    |
| Grants and contracts                    | \$ 99,996      | \$ 4,456,347                  | \$ 2,464,430                       |
| Contributions                           | 12,063         | 25,028                        | 6,311                              |
| Loan repayments                         | -              | -                             | -                                  |
| Fees for service                        | -              | 95,938                        | 611,661                            |
| Commodity foods                         | -              | -                             | -                                  |
| Other                                   | 36,637         | -                             | 64,511                             |
| Interest                                | 7,813          | -                             | -                                  |
|   | <hr/>          | <hr/>                         | <hr/>                              |
| <i>Total Revenues</i>                   | 156,509        | 4,577,313                     | 3,146,913                          |
| <b>EXPENDITURES</b>                     |                |                               |                                    |
| Administration                          | 111,222        | 409,407                       | 485,768                            |
| Workforce and education                 | -              | -                             | 2,602,001                          |
| Retired and senior volunteers           | -              | -                             | -                                  |
| Weatherization                          | -              | -                             | -                                  |
| Emergency services                      | -              | 4,136,330                     | -                                  |
| Housing rehabilitation                  | -              | -                             | -                                  |
| Head Start                              | -              | -                             | -                                  |
| Food programs                           | -              | -                             | -                                  |
| Interagency departments                 | -              | -                             | -                                  |
|   | <hr/>          | <hr/>                         | <hr/>                              |
| <i>Total Expenditures</i>               | 111,222        | 4,545,737                     | 3,087,769                          |
|   | <hr/>          | <hr/>                         | <hr/>                              |
| <b>NET CHANGE IN FUND BALANCE</b>       | 45,287         | 31,576                        | 59,144                             |
|   | <hr/>          | <hr/>                         | <hr/>                              |
| <b>FUND BALANCES, Beginning of year</b> | 382,238        | 390,808                       | 130,337                            |
|   | <hr/>          | <hr/>                         | <hr/>                              |
| <b>FUND BALANCES, End of year</b>       | \$ 427,525     | \$ 422,384                    | \$ 189,481                         |
|   | <hr/> <hr/>    | <hr/> <hr/>                   | <hr/> <hr/>                        |

| <b><i>Linn-Benton<br/>Food Share</i></b> | <b><i>Housing and<br/>Community<br/>Resources</i></b> | <b><i>Child<br/>Development<br/>Services</i></b> | <b><i>Retired and<br/>Senior Volunteer<br/>Program</i></b> | <b><i>Misc.<br/>Grants</i></b> | <b><i>Totals</i></b> |
|--|---|--|--|--------------------------------|----------------------|
| \$ 279,023                               | \$ 1,533,854  | \$ 1,531,003                                     | \$ 92,189  | \$ 173,517                     | \$ 10,630,359        |
| 779,559                                  | 1,916   | 2,440  | 24,586   | -                              | 851,903              |
| -  | 264,807   | -  | -  | -                              | 264,807              |
| -  | 179,433   | -  | -  | -                              | 887,032              |
| 7,882,273                                | -   | -  | -  | -                              | 7,882,273            |
| 286,927                                  | 30,539  | -  | 4,648  | -                              | 423,262              |
| -  | 2,843   | -  | -  | -                              | 10,656               |
| <b>9,227,782</b>                         | <b>2,013,392</b>                                      | <b>1,533,443</b>                                 | <b>121,423</b>   | <b>173,517</b>                 | <b>20,950,292</b>    |
| 63,401                                   | 233,254   | 220,343  | 12,026   | 18,461                         | 1,553,882            |
| -  | -   | -  | -  | -                              | 2,602,001            |
| -  | -   | -  | 129,238  | -                              | 129,238              |
| -  | 1,335,908   | -  | -  | -                              | 1,335,908            |
| -  | -   | -  | -  | -                              | 4,136,330            |
| -  | 727,252   | -  | -  | -                              | 727,252              |
| -  | -   | 1,323,522  | -  | -                              | 1,323,522            |
| 9,072,553                                | -   | -  | -  | -                              | 9,072,553            |
| -  | -   | -  | -  | 163,707                        | 163,707              |
| <b>9,135,954</b>                         | <b>2,296,414</b>                                      | <b>1,543,865</b>                                 | <b>141,264</b>   | <b>182,168</b>                 | <b>21,044,393</b>    |
| 91,828                                   | (283,022)   | (10,422)   | (19,841)   | (8,651)                        | (94,101)             |
| 2,084,591                                | 943,373   | 57,269   | 19,841   | 8,651                          | 4,017,108            |
| <b>\$ 2,176,419</b>                      | <b>\$ 660,351</b>                                     | <b>\$ 46,847</b>                                 | <b>\$ -</b>  | <b>\$ -</b>                    | <b>\$ 3,923,007</b>  |

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



**COMMUNITY SERVICES CONSORTIUM**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

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Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds \$ (94,101)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds do not report other post employment benefits since they do not require the use of current financial resources. However, the statement of activities reports such expenses when incurred, regardless of when settlement ultimately occurs. (347,108)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciated expense. This is the amount by which capital outlay (\$26,948) exceeded depreciation (\$165,901). (138,953)

*Change in Net Position* \$ (580,162)

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

***NOTES TO THE BASIC FINANCIAL STATEMENTS***

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of Community Services Consortium (CSC) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of CSC's accounting policies are described below:

*Reporting Entity*

CSC is organized under Oregon Revised Statutes Chapter 190 as a voluntarily-created intergovernmental organization. Operations include various employment and training programs, community services programs, weatherization and energy programs, housing rehabilitation grants, and other programs. These programs are funded primarily by WIA contracts, Head Start, Department of Housing and Urban Development contracts, contracts with Oregon Housing and Community Services, as well as other federal, state, and local sources.

Control of CSC is vested in its Governing Board, which is comprised of three representatives from the governing board of each county. Administrative functions are delegated to individuals who report to, and are responsible to the Board. The chief administrative officer is the Executive Director.

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the Governing Board of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. CSC's financial statements include the following as blended component units. Each is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is governed by the Governing Board of CSC. None of the organizations issue separate financial statements.

- Linn-Benton Food Share
- Head Start in Lincoln County
- Linn-Benton Volunteers
- Community Housing Services
- H.E.L.P.S.

*Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of Community Services Consortium.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for goods and services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues, including donations, sale of assets and interest earnings.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Government-wide and Fund Financial Statements (Continued)*

When expenditures are paid for purposes in which both restricted and unrestricted net assets are available, CSC deems restricted assets to be spent first.

*Fund Balance*

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which CSC is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In governmental funds, CSC's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Governing Board takes formal action that places specific constraints on how the resources may be used. The Governing Board can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by CSC's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Governing Board approves which resources should be "reserved" during the adoption of the annual budget. CSC's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in CSC's Comprehensive Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

*Definitions of Governmental Fund Types*

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Definitions of Governmental Fund Types (Continued)*

must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

*Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest revenue and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

CSC has determined that each of its governmental funds are major funds and therefore reports the following governmental funds:

*General Fund*

The *General Fund* is used to account for the financial operations of CSC not accounted for in any other fund.

*Special Revenue Funds*

Special revenue funds are used to report activities of the various grants and programs operated by CSC, that are legally restricted to expenditure for specific purposes (not including expendable trusts). Each of the federal and state grants and programs funded by other sources are reported as a separate special revenue fund. CSC is the fiscal agent for the Workforce Investment Board (WIB). CSC also administers various Oregon Counties and Cities housing rehabilitation grants. CSC reports the following special revenues funds:

The *Emergency Services Fund* provides energy assistance and emergency services to low-income people.

The *Workforce and Education Fund* accounts for grants and contracts that provide job training and support services to displaced workers and economically disadvantaged adults and youth.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)*

*Special Revenue Funds (Continued)*

The *Linn-Benton Food Share Fund* carries out food distribution programs for donated commodities, coordinates activity with 74 agencies, and has coordinated efforts to build a warehouse with adequate space to store food for member agencies.

The *Housing and Community Resources Fund* benefits low income and disadvantaged individuals by providing rehabilitation loans for owner-occupied dwellings, weatherization and project management for various construction and affordable housing projects for other entities.

The *Child Development Services Fund* operates a Head Start program in several communities in Lincoln County.

The *Retired and Senior Volunteer Program Fund* coordinates a volunteer center for Linn and Benton Counties, emphasizing volunteer opportunities for persons age 55 and over within community organizations. This program was transferred to another organization as of June 30, 2013.

The *Miscellaneous Grants Fund* reports revenue and expenditures for various grants that are awarded across the functional areas within CSC.

*Cash*

Oregon Revised Statutes authorizes CSC to invest in obligations of the U.S. Treasury and agencies, time certificates of deposit, bankers' acceptances, repurchase agreements and the State of Oregon Local Government Investment Pool. Such investments are stated at cost which approximates fair value.

Equity in pooled cash and investments includes amounts in demand deposits as well as amounts in investment pools that have the general characteristics of demand deposit accounts.

*Inventories*

Inventories are recorded using the consumption method. Inventories of food on hand in the USDA commodity and other food distribution programs consist of donated food and are reported at estimated value. Revenue is recognized when donated food is received. Expenditures are recorded when the food is distributed.

Inventories of materials on hand and work-in-progress in the weatherization programs are recorded at cost, using the first-in, first-out method. In general, expenditures are recorded when the materials are used and the jobs are completed.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded using the consumption method.

*Capital Assets*

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. CSC defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life greater than one year. Interest and other costs incurred during construction are capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method. The useful lives for buildings are between 10-50 years and equipment between 3-25 years.

*Compensated Absences*

Vacation pay is recorded as an expenditure when earned based on grantor requirements. The funds charged with the expenditures reimburse the pooled payroll account where the liability is recorded. The liability and the cash accumulated to retire it are reported in the General Fund. The current portion of compensated absences is estimated based on a two year rolling average of actual payments made to employees.

*Unearned Revenue*

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by CSC before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met or when CSC has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

*Due to/from Other Funds*

Because cash balances are maintained in pooled bank accounts, it is possible for a fund to expend cash in advance of receipt of grant funds or other revenues that will fund the expenditures. A fund in such a negative cash position is considered to be borrowing from other funds which have excess cash. Negative cash balances are reported as amounts due to other funds on the balance sheet, while positive cash balances are reported as due from other funds.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Retirement Plans*

Substantially all CSC employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenses/expenditures as funded.

*Interfund Transactions*

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as expenditures/expenses in the fund that is reimbursed. The effect of interfund transactions is eliminated from the government-wide financial statements.

All other interfund transactions are reported as transfers.

*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 may vary from those estimates.

***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

*Budgetary Information*

Community Services Consortium, organized under Oregon Revised Statutes Chapter 190, is subject to budget provisions of Oregon Revised Statutes Sections 294.900 to 294.930. The adopted budget is on a modified accrual basis of accounting.

The governing board of CSC adopts appropriations on a budgetary basis at the agency-wide level in the following level of detail:

- Personal services
- Materials and services
- Capital outlay
- Transfers

Expenditures may not legally exceed appropriations at this level of detail. Unspent or unaccrued appropriations lapse at year end. Under the provisions of Oregon Revised Statutes 294.900 to 294.930, only the governing body, not management, has the legal authority to amend the budget after it is adopted by the governing body.



**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

The board adopted two supplemental budgets for the year ended June 30, 2013. The change was necessary due to the receipt of additional grants that were not anticipated when the original budget was formulated.

Additionally, budgets are approved by the grantor agencies for many federal and state funded programs operated by CSC. These budgets vary considerably in the categories of expenditures used and the degree of compliance required.

**CASH AND INVESTMENTS**

CSC maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. At June 30, 2013 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2013:

|                                      |                            |
|--------------------------------------|----------------------------|
| <b>Cash</b>                          |                            |
| Cash on hand                         | \$ 800                     |
| Deposits with financial institutions | 1,836,815                  |
| Money market                         | 6,698                      |
| <b>Investments</b>                   |                            |
| Local Government Investment Pool     | 1,301,068                  |
|                                      | <u>3,145,381</u>           |
|                                      | <u><u>\$ 3,145,381</u></u> |

*Deposits*

At June 30, 2013, CSC's deposits with various financial institutions had a bank balance of \$1,992,115 and a book balance of \$1,843,513. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

*Custodial Credit Risk – Deposits*

This is the risk that in the event of a bank failure, CSC's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for CSC's deposits with financial institutions up to \$250,000 each for the aggregate of all demand accounts and the aggregate of all savings and time deposits accounts at each institution. Deposits not covered, if any, are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2013*

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**CASH AND INVESTMENTS (Continued)**

*Custodial Credit Risk – Deposits (Continued)*

Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. At June 30, 2013, the balance covered by the PFCP was \$1,742,115.

*Investments*

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool 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 Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. 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, 2013, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to risk evaluation. 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, CSC manages its exposure to declines in fair value by limiting the maximum maturity of its investment portfolio to one year or less, specifically by maintaining funds in the Local Government Investment Pool. The LGIP had an average maturity of 172 days for the calendar year ended December 31, 2012.

*Custodial Risk - Investments*

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. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. 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. The LGIP is not rated for credit quality. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2013*

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**LOANS RECEIVABLE/UNEARNED REVENUE**

The loans receivable of \$5,404,225 consists of housing rehabilitation and Self-Help Homeownership Opportunity Program (SHOP) loans. The housing rehabilitation loans total \$5,364,393 and are a deferred payment loan made to low income families or owners of property rented to low income tenants. Community Housing Services, a 501(c)(3), is the mortgagee of \$4,552,151 of loans while the municipalities and CSC are the mortgagees for the remainder. The amount reported as loans receivable is the amount of original notes, less principal repayments received. The loans are at 0% interest with the majority of the loans due when the house is sold. Some loans require a small monthly payment. Repayments and interest received on these loans during the contract period are program income, to be applied against costs of the program. When the grants CSC administers for the cities and the counties terminate, responsibility for administration of the loans and program income reverts to Community Housing Services. The full amount of the housing rehabilitation loans receivable is offset by unearned revenue on the statement of net position.

The SHOP loans are funded through Community Frameworks and provide land acquisition or infrastructure development costs to create affordable housing. Loan repayments are kept in the program for future SHOP loans. The loans receivable is offset by an accounts payable to Community Frameworks.

The housing rehabilitation loans are fully reserved with an offsetting unearned revenue account. The loans will be recognized as revenues as they are repaid in the future. Unearned revenue at year-end was \$5,364,293.

**INVENTORIES**

Inventories as of June 30, 2013 consist of the following:

|                             |                   |
|-----------------------------|-------------------|
| Linn-Benton Food Share food | \$ 234,116        |
| USDA commodities food       | 12,462            |
| Weatherization materials    | 63,147            |
|                             | <hr/>             |
| <i>Total</i>                | <i>\$ 309,725</i> |
|                             | <hr/> <hr/>       |

**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

**CAPITAL ASSETS**

Capital assets activity for the year was as follows:

|  | <u>Balance</u><br><u>July 1, 2012</u> | <u>Additions</u>    | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2013</u> |
|--|---------------------------------------|---------------------|------------------|--|
| <i>Governmental Funds</i>                          |                                       |                     |                  |  |
| Capital assets not being depreciated:              |                                       |                     |                  |  |
| Land   | \$ 983,642                            | \$ -                | \$ -             | \$ 983,642                             |
| Construction in progress                           | 127,953                               | -                   | -                | 127,953                                |
| <i>Total capital assets not being depreciated</i>  | <u>1,111,595</u>                      | <u>-</u>            | <u>-</u>         | <u>1,111,595</u>                       |
| Capital assets being depreciated:                  |                                       |                     |                  |  |
| Furniture and Equipment                            | 308,955                               | -                   | (8,557)          | 300,398                                |
| Vehicles   | 505,908                               | 26,948              | -                | 532,856                                |
| LBFS - Warehouse                                   | 1,059,490                             | -                   | -                | 1,059,490                              |
| Head Start buildings                               | 1,040,051                             | -                   | -                | 1,040,051                              |
| Buildings  | 1,505,337                             | -                   | -                | 1,505,337                              |
| <i>Total capital assets being depreciated</i>      | <u>4,419,741</u>                      | <u>26,948</u>       | <u>(8,557)</u>   | <u>4,438,132</u>                       |
| Accumulated depreciation                           |                                       |                     |                  |  |
| Equipment  | (229,438)                             | (19,199)            | 8,557            | (240,080)                              |
| Vehicles   | (377,193)                             | (46,058)            | -                | (423,251)                              |
| Buildings  | (390,391)                             | (100,644)           | -                | (491,035)                              |
| <i>Total Accumulated depreciation</i>              | <u>(997,022)</u>                      | <u>(165,901)</u>    | <u>8,557</u>     | <u>(1,154,366)</u>                     |
| <i>Total capital assets being depreciated, net</i> | <u>3,422,719</u>                      | <u>(138,953)</u>    | <u>-</u>         | <u>3,283,766</u>                       |
| <i>Capital assets, net</i>                         | <u>\$ 4,534,314</u>                   | <u>\$ (138,953)</u> | <u>\$ -</u>      | <u>\$ 4,395,361</u>                    |

Depreciation is recognized as an administrative expense.

**LEASES**

CSC leases office and warehouse space in Corvallis, Albany, Lebanon, Lincoln City, and Newport under noncancellable operating leases. Rental expense under all noncancellable leases for the year ended June 30, 2013 was \$346,669.

The following is a schedule, by fiscal year, of the future minimum rental payments required under these leases as of June 30, 2013. Amounts included in the future minimum rental payments for the offices and warehouses are the gross rents payable. Based on the provisions of these leases, payments shall be

**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

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**LEASES (Continued)**

reduced by an amount equal to the tax savings by the lessor due to exemption from taxation by reason of the lessee's occupancy. The leases have different termination dates with the longest lease terminating in fiscal year 2016.

| <u>Year Ending</u> |                          |
|--------------------|--------------------------|
| 2014               | \$ 362,263               |
| 2015               | 162,891                  |
| 2016               | 58,808                   |
| <i>Total</i>       | <u><u>\$ 583,962</u></u> |

**OTHER PAYABLES**

On January 24, 2004, CSC borrowed \$30,000 from NW Regional Facilitators for the Self-Help Home Ownership (SHOP) program. The loan is non-interest bearing, and will be forgiven January 24, 2014 provided CSC complies with the terms of the agreement. \$ 30,000

On March 17, 2005, CSC borrowed \$40,000 from Community Frameworks for the Self-Help Home Ownership (SHOP) program. The loan is non-interest bearing and will be forgiven March 17, 2015 provided CSC complies with the terms of the agreement. 40,000

On May 21, 2010, CSC borrowed \$15,000 from Community Frameworks for the Self-Help Home Ownership (SHOP) program. The loan is non-interest bearing and will be forgiven May 21, 2020 provided CSC complies with the terms of the agreement 15,000

*Total* \$ 85,000

Management's intent for the above payables are to use the funds for affordable housing purposes for ten years, at which time the note payables will be forgiven and the funds generated will remain in CSC's home ownership loan programs.

**PENSION PLAN**

*Plan Description*

CSC participates in two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (Tier 1/Tier 2) is a cost-sharing multiple-employer defined benefit pension plan for qualifying employees hired before August 29, 2003. Benefits are established by state statute.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2013*

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**PENSION PLAN** *(Continued)*

*Plan Description (Continued)*

The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to Tier 1/Tier 2 consisting of two programs: a defined benefit pension plan and a defined contribution program (the Individual Account Program or IAP). The OPSRP pension plan is effective for all new employees hired on or after August 29, 2003. The plan provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary, years of service and type of service (general or police/fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. Tier 1/Tier 2 members retain their existing Tier 1/Tier 2 accounts, but future member contributions are deposited into the member's IAP account.

Both pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. All CSC employees are eligible to participate after six months of employment. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS, a component unit of the State of Oregon, issues a comprehensive annual financial report which may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling (503) 598-7377.

*Funding Policy*

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. CSC is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate out for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2013 were 12.23% and 10.16%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. CSC's contributions to PERS for the years ending June 30, 2011, 2012, and 2013 were \$512,505, \$517,369 and \$474,564 respectively, which equaled the required contribution for the year.

**OTHER POST EMPLOYMENT BENEFITS**

CSC implemented Governmental Accounting Standards Board Statement No. 45 (GASB 45), Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions, in fiscal year 2009. To comply with GASB 45, CSC must account for other postemployment benefits (OPEB) using the accrual basis of accounting rather than a pay-as-you-go basis. Under accrual accounting, a liability must be recognized when employees earn OPEB rather than when the benefits are paid. CSC qualifies under the alternative measuring method and therefore is not required to obtain a formal actuarial valuation. No separate financial statement is available.

**COMMUNITY SERVICES CONSORTIUM**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2013

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Benefit Description*

Until they become eligible for Medicare, CSC allows retirees to continue health insurance coverage for themselves and their qualified dependents at the same rates as active employees, as required by ORS 243.303. Additionally, retirees have the option to continue dental insurance coverage even after becoming eligible for Medicare. Retirees must pay the entire premium in order to maintain coverage; CSC does not directly contribute to the cost of premiums for retirees. However, premiums paid by retirees do not represent the full cost of providing health insurance to retirees because CSC's rates are determined based on claims experience for both active employees and retirees. Since retirees typically have higher medical claims than active employees, medical coverage would be more expensive for retirees in a separately rated health plan. Conversely, active employees would be expected to generate lower medical claims resulting in lower premiums. The additional cost of allowing retirees to purchase health insurance at a blended rate is called an implicit rate subsidy and is required to be valued under GASB 45. CSC treats this implicit rate subsidy as a single-employer, defined benefit OPEB plan administered by CSC only to satisfy the accounting and financial reporting requirements of GASB 45, and a separate financial report is not issued.

*Funding Policy*

Retirees pay the entire cost of premiums at blended rates. CSC's only contribution is the implicit rate subsidy which continues to be financed on a pay-as-you-go basis. CSC has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

*Annual OPEB Cost and Net OPEB Obligation*

CSC's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of CSC's annual OPEB cost for the fiscal year ending June 30, 2013, the amount actually contributed to the plans, and changes in CSC's net OPEB obligation:

|  | <u>2011</u>       | <u>2012</u>       | <u>2013</u>         |
|--|-------------------|-------------------|---------------------|
| Net OPEB obligation - beginning of year    | \$ 292,479        | \$ 468,548        | \$ 715,949          |
| Annual required contribution (ARC)         | 202,811           | 280,662           | 380,136             |
| Interest on net OPEB obligation            | 1,462             | 2,343             | 3,580               |
| Amortization adjustment to ARC             | (10,471)          | (16,774)          | (25,631)            |
| Annual OPEB Cost                           | <u>193,802</u>    | <u>266,231</u>    | <u>358,085</u>      |
| Contributions made (implicit rate subsidy) | (17,733)          | (18,830)          | (10,973)            |
| Change in net OPEB obligation              | <u>176,069</u>    | <u>247,401</u>    | <u>347,112</u>      |
| Net OPEB obligation - end of year          | <u>\$ 468,548</u> | <u>\$ 715,949</u> | <u>\$ 1,063,061</u> |
| Percentage of annual OPEB cost contributed | 9%                | 7%                | 3%                  |

**COMMUNITY SERVICES CONSORTIUM**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2013

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 valuation, the entry age normal actuarial cost method was used. The assumptions included a 0.5% investment rate of return (net of administrative expenses), inflation of 3% and an annual healthcare cost rate of between 5.0% and 7.7%. The UAAL is being amortized over an open period of 30 years as a level of projected payroll.

| <i>Year Ending</i> | <i>Value of Assets (a)</i> | <i>Accrued Liability (AAL) - Entry Age (b)</i> | <i>Unfunded AAL (UAAL) (b-a)</i> | <i>Funded Ratio (a/b)</i> | <i>Covered Payroll (c)</i> | <i>UAAL as Percentage of Covered Payroll ((b-a)/c)</i> |
|--------------------|----------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 6/30/2013          | \$ -                       | \$ 2,572,418                                   | \$ 2,572,418                     | 0%                        | \$ 3,538,350               | 73%  |
| 6/30/2012          | -                          | 1,640,563                                      | 1,640,563                        | 0%                        | 4,710,091                  | 35%  |
| 6/30/2011          | -                          | 2,068,865                                      | 2,068,865                        | 0%                        | 5,579,052                  | 37%  |

**COMMITMENTS AND CONTINGENCIES**

Reimbursement claims under federal and state program grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of CSC. CSC is aware of no communications from granting agencies regarding the lack of compliance with grant conditions that could result in a liability. There are no asserted or known unasserted claims against CSC that require disclosure or a loss accrual under ASC 450.

**NONMONETARY TRANSACTIONS**

CSC receives donated food from various sources for distribution to those in need. The value is estimated. About 5% of the food distributed is purchased with grant revenue. Revenue is recognized as the food is donated. Expenditures are recognized as the food is distributed.



**COMMUNITY SERVICES CONSORTIUM**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2013

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**NONMONETARY TRANSACTIONS (Continued)**

During the year ended June 30, 2013 the following nonmonetary transactions were recorded in the Linn-Benton Food Share Fund:

|   | <u>USDA</u>     | <u>Linn-Benton<br/>Food Share</u> | <u>Total</u>        |
|---|-----------------|-----------------------------------|---------------------|
| Food received - revenue   | \$ 495,122      | \$ 7,387,151                      | \$ 7,882,273        |
| Food distributed - expenditures   | 486,961         | 7,515,818                         | 8,002,779           |
| <i>Excess (Deficit) of Nonmonetary Revenues Over<br/>Nonmonetary Expenditures</i> | <u>\$ 8,161</u> | <u>\$ (128,667)</u>               | <u>\$ (120,506)</u> |

**RISK MANAGEMENT**

CSC 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. CSC carries commercial insurance for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CONSTRUCTION OF LINCOLN COUNTY BUILDING**

CSC, in conjunction with Lincoln County, has been in the process of raising funds to construct a Head Start facility in Newport, Oregon for several years. A Community Development Block Grant (CDBG) of \$800,000 awarded to Lincoln County is the largest single source of funds. In July 2008, the proposed costs of a Request for Proposal (RFP) for construction came in considerably higher than expected, leaving an approximate \$275,000 shortfall in funding.

After considering various alternatives for funding, Lincoln County, as the sponsor of the CDBG grant and the county in which the facility will be located, offered to loan CSC the funds to complete construction. Terms and conditions of this loan are still being worked out, however, the full Governing Board accepted Lincoln County's loan offer as the lowest cost alternative to ensure timely completion of construction of the facility. Construction was completed and the building has been occupied since 2010. The proposed loan amount is approximately \$325,000 as the final amounts and terms and conditions of the loan from Lincoln County are still being determined.

**DIVESTITURE OF COMMUNITY HOUSING SERVICES**

During FY13, CSC was notified by the Oregon Economic Development Department, (now known as Business Oregon), that Community Housing Services needed to alter the Governing Board structure to continue to be eligible to administrate Community Development Block Grant (CDBG) matter. The services currently provided by Community Housing Services (CHS) to municipalities include grant administration for the housing rehabilitation grants - existing and prospective, as well as being the

***DIVESTITURE OF COMMUNITY HOUSING SERVICES (Continued)***

recipient of loan repayments to de-federalize the loans made under the program for low income households. The required change in governance was that no more than 50% of the Board of Directors of the non-profit 501(c)(3) entity could be members of governmental organization. CSC's Governing Board initiated this change, appointing 4 more non-governmental directors to the CHS board and transferring the municipal loan receivable portfolios to the independent non-profit in FY14.

***NEW PRONOUNCEMENTS***

GASB Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government. The statement was implemented in the current year.

GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement is effective for fiscal years beginning after December 15, 2011.

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented in the current year.

CSC will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the pronouncements.

GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities." The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is effective for fiscal years beginning after December 15, 2012.

GASB Statement No. 68 "Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27." The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 "Government Combinations and Disposals of Government Operations." The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2013*

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***NEW PRONOUNCEMENTS (Continued)***

GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” The objective of the statement is to improve accounting and financial reporting by State and local governments that extend and receive nonexchange financial guarantees. The statement is effective for fiscal years beginning after June 15, 2013.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through January 24, 2014, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

***SUPPLEMENTAL INFORMATION***

**COMMUNITY SERVICES CONSORTIUM**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2013**

|   | <u>Original<br/>Budget*</u> | <u>Final<br/>Budget</u> | <u>Actual</u>           | <u>Variance</u>         |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| <b>REVENUES</b>                               | \$ 23,629,421               | \$ 24,152,515           | \$ 20,950,292           | \$ (3,202,223)          |
| <b>EXPENDITURES</b>                           |                             |                         |                         |                         |
| Personal services                             | 5,930,263                   | 7,080,065               | 5,725,255               | 1,354,810               |
| Materials and services                        | 17,690,038                  | 17,013,330              | 15,292,190              | 1,721,140               |
| Capital outlay                                | 9,120                       | 59,120                  | 26,948                  | 32,172                  |
|   | <u>23,629,421</u>           | <u>24,152,515</u>       | <u>21,044,393</u>       | <u>3,108,122</u>        |
| <i>Total Expenditures</i>                     |                             |                         |                         |                         |
|   | 23,629,421                  | 24,152,515              | 21,044,393              | 3,108,122               |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | -                           | -                       | (94,101)                | (94,101)                |
| <b>FUND BALANCE, Beginning of year</b>        | -                           | -                       | 4,017,108               | 4,017,108               |
|   | <u>-</u>                    | <u>-</u>                | <u>4,017,108</u>        | <u>4,017,108</u>        |
| <b>FUND BALANCE, End of year</b>              | \$ -                        | \$ -                    | \$ 3,923,007            | \$ 3,923,007            |
|   | <u><u>-</u></u>             | <u><u>-</u></u>         | <u><u>3,923,007</u></u> | <u><u>3,923,007</u></u> |

\* The adopted budget is on a modified accrual basis of accounting.

**COMMUNITY SERVICES CONSORTIUM****COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****EMERGENCY SERVICES**

YEAR ENDED JUNE 30, 2013

|                                    | <i>Beginning<br/>Fund Balance</i> | <i>Revenues</i>                                |                             |                           |
|------------------------------------|-----------------------------------|--|-----------------------------|---------------------------|
|                                    |                                   | <i>Operating<br/>Grants/<br/>Contributions</i> | <i>Fees for<br/>Service</i> | <i>Total<br/>Revenues</i> |
| CSBG                               | \$ -                              | \$ 42,427                                      | \$ -                        | \$ 42,427                 |
| Consumer Power                     | 11,626                            | 3,941  | -                           | 3,941                     |
| Rural Benton County - Energy       | -                                 | 5,000  | -                           | 5,000                     |
| GAS Assistance Program             | 10,583                            | 929  | -                           | 929                       |
| LIHEAP Energy Assistance           | -                                 | 2,109,389                                      | -                           | 2,109,389                 |
| LIHEAP Client Education            | -                                 | 82,095   | -                           | 82,095                    |
| LIHEAP WX EE                       | -                                 | 17,093   | -                           | 17,093                    |
| LIHEAP Leverage                    | -                                 | 17,724   | -                           | 17,724                    |
| Oregon Energy Assistance (OEA)     | -                                 | 1,139,077                                      | -                           | 1,139,077                 |
| OR Low Income Gas Assistance       | 26,522                            | 51,006   | -                           | 51,006                    |
| Oregon Heat                        | 50,675                            | 16,178   | -                           | 16,178                    |
| SOS                                | 17,517                            | 17,806   | -                           | 17,806                    |
| BPA Energy Ed                      | -                                 | 5,687  | -                           | 5,687                     |
| Echo Energy Ed                     | -                                 | 43,706   | -                           | 43,706                    |
| NW Natural Gas - Workshops         | 64,660                            | -  | -                           | -                         |
| NW Natural Dwelling Inspection     | 57,484                            | -  | -                           | -                         |
| Albany Water Assistance Program    | 19,788                            | 3,345  | -                           | 3,345                     |
| Continuum of Care IV               | -                                 | 76,122   | -                           | 76,122                    |
| Continuum of Care - HUD - Lincoln  | -                                 | 17,096   | -                           | 17,096                    |
| SHP - C of C - Project Passport    | -                                 | 14,354   | -                           | 14,354                    |
| Continuum of Care - LBHA SH1       | -                                 | 68,926   | -                           | 68,926                    |
| City of Corvallis                  | -                                 | -  | -                           | -                         |
| Miscellaneous Donations            | 3,069                             | 2,222  | -                           | 2,222                     |
| Miscellaneous Housing Grants       | 1,998                             | -  | -                           | -                         |
| Miscellaneous Energy Assistance    | 13,457                            | -  | -                           | -                         |
| Reach FFS                          | 12,271                            | -  | -                           | -                         |
| EHA Emergency Housing              | -                                 | 222,804  | -                           | 222,804                   |
| ESGP 10F                           | -                                 | 4,970  | -                           | 4,970                     |
| ESGP - Emergency Shelter Grant     | -                                 | 39,270   | -                           | 39,270                    |
| ESGP - 12                          | -                                 | 134,566  | -                           | 134,566                   |
| HOME TBA                           | -                                 | 188,310  | -                           | 188,310                   |
| HSP - Housing Stabilization        | -                                 | 29,182   | -                           | 29,182                    |
| LIRHF - Low Inc. Rental Housing    | -                                 | 12,991   | -                           | 12,991                    |
| Pelican Place - Supportive Housing | -                                 | 20,298   | -                           | 20,298                    |
| Pelican Place - Rental             | 23,601                            | -  | 66,495                      | 66,495                    |
| Pelican Place - Rental Reserve     | 24,000                            | -  | -                           | -                         |
| SHAP                               | -                                 | 86,608   | -                           | 86,608                    |
| Tern House - Supportive Housing    | -                                 | 8,253  | -                           | 8,253                     |
| Tern House - Rental                | 45,013                            | -  | 29,443                      | 29,443                    |
| Tern House - Rental Reserve        | 8,544                             | -  | -                           | -                         |
| <i>Total</i>                       | <u>\$ 390,808</u>                 | <u>\$ 4,481,375</u>                            | <u>\$ 95,938</u>            | <u>\$ 4,577,313</u>       |

| <i>Expenditures</i>   |                     |                           |                                   |                  |                            |
|-----------------------|---------------------|---------------------------|-----------------------------------|------------------|----------------------------|
| <i>Administration</i> | <i>Program</i>      | <i>Total Expenditures</i> | <i>Net Change in Fund Balance</i> | <i>Transfers</i> | <i>Ending Fund Balance</i> |
| \$ 8,639              | \$ 33,788           | \$ 42,427                 | \$ -                              | \$ -             | \$ -                       |
| -                     | -                   | -                         | 3,941                             | -                | 15,567                     |
| 145                   | 4,855               | 5,000                     | -                                 | -                | -                          |
| -                     | -                   | -                         | 929                               | -                | 11,512                     |
| 175,714               | 1,933,675           | 2,109,389                 | -                                 | -                | -                          |
| 3,981                 | 78,114              | 82,095                    | -                                 | -                | -                          |
| -                     | 17,093              | 17,093                    | -                                 | -                | -                          |
| -                     | 17,724              | 17,724                    | -                                 | -                | -                          |
| 122,270               | 1,016,807           | 1,139,077                 | -                                 | -                | -                          |
| 9,453                 | 41,554              | 51,007                    | (1)                               | -                | 26,521                     |
| -                     | 12,805              | 12,805                    | 3,373                             | -                | 54,048                     |
| -                     | 17,063              | 17,063                    | 743                               | -                | 18,260                     |
| 1,003                 | 4,684               | 5,687                     | -                                 | -                | -                          |
| 8,348                 | 35,358              | 43,706                    | -                                 | -                | -                          |
| -                     | 6,595               | 6,595                     | (6,595)                           | -                | 58,065                     |
| -                     | 28,250              | 28,250                    | (28,250)                          | -                | 29,234                     |
| -                     | -                   | -                         | 3,345                             | -                | 23,133                     |
| 3,624                 | 72,498              | 76,122                    | -                                 | -                | -                          |
| 859                   | 16,237              | 17,096                    | -                                 | -                | -                          |
| 934                   | 13,419              | 14,353                    | 1                                 | -                | 1                          |
| -                     | 68,926              | 68,926                    | -                                 | -                | -                          |
| -                     | -                   | -                         | -                                 | -                | -                          |
| -                     | 455                 | 455                       | 1,767                             | -                | 4,836                      |
| -                     | 75                  | 75                        | (75)                              | -                | 1,923                      |
| -                     | -                   | -                         | -                                 | -                | 13,457                     |
| -                     | -                   | -                         | -                                 | -                | 12,271                     |
| 49,006                | 173,798             | 222,804                   | -                                 | -                | -                          |
| -                     | 4,970               | 4,970                     | -                                 | -                | -                          |
| 1,084                 | 38,186              | 39,270                    | -                                 | -                | -                          |
| 3,541                 | 131,025             | 134,566                   | -                                 | -                | -                          |
| 773                   | 187,537             | 188,310                   | -                                 | -                | -                          |
| -                     | 29,182              | 29,182                    | -                                 | -                | -                          |
| -                     | 12,991              | 12,991                    | -                                 | -                | -                          |
| -                     | 20,298              | 20,298                    | -                                 | -                | -                          |
| -                     | 21,244              | 21,244                    | 45,251                            | (12,018)         | 56,834                     |
| -                     | -                   | -                         | -                                 | 12,018           | 36,018                     |
| 20,033                | 66,575              | 86,608                    | -                                 | -                | -                          |
| -                     | 8,253               | 8,253                     | -                                 | -                | -                          |
| -                     | 22,107              | 22,107                    | 7,336                             | (5,600)          | 46,749                     |
| -                     | 189                 | 189                       | (189)                             | 5,600            | 13,955                     |
| <b>\$ 409,407</b>     | <b>\$ 4,136,330</b> | <b>\$ 4,545,737</b>       | <b>\$ 31,576</b>                  | <b>\$ -</b>      | <b>\$ 422,384</b>          |

**COMMUNITY SERVICES CONSORTIUM****COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****WORKFORCE AND EDUCATION**

YEAR ENDED JUNE 30, 2013

|   | <b>Revenues</b>                   |  |                             |                  | <b>Total<br/>Revenues</b> |
|---|-----------------------------------|--|-----------------------------|------------------|---------------------------|
|   | <b>Beginning<br/>Fund Balance</b> | <b>Operating<br/>Grants/<br/>Contributions</b> | <b>Fees for<br/>Service</b> | <b>Other</b>     |                           |
| CSBG                                    | \$ -                              | \$ 4,559                                       | \$ -                        | \$ -             | \$ 4,559                  |
| DCS Administration                      | 8,109                             | -  | -                           | -                | -                         |
| Garden Gnome Run                        | -                                 | -  | -                           | 4,515            | 4,515                     |
| DCS Residuals                           | 15,748                            | -  | -                           | -                | -                         |
| Adult Miscellaneous                     | 2,815                             | -  | -                           | 1,061            | 1,061                     |
| Benton Learning Center                  | -                                 | -  | -                           | -                | -                         |
| Fee for Service                         | 23,450                            | 251  | 115,895                     | 166              | 116,312                   |
| Independent Living Program              | -                                 | 126,841  | -                           | -                | 126,841                   |
| OYCC - LRO                              | -                                 | 17,152   | -                           | -                | 17,152                    |
| OYCC - CRO Projects                     | -                                 | 11,111   | -                           | -                | 11,111                    |
| OYCC - NRO                              | -                                 | 11,111   | -                           | -                | 11,111                    |
| OYCC Benton Comm Stewardship            | -                                 | 19,100   | -                           | -                | 19,100                    |
| OYCC Lincoln Comm Stewardship           | -                                 | 19,600   | -                           | -                | 19,600                    |
| Benton Master Gardeners                 | 725                               | -  | -                           | -                | -                         |
| Weatherization Training PGM             | -                                 | -  | 105,757                     | -                | 105,757                   |
| JOBS                                    | -                                 | 167,629  | -                           | -                | 167,629                   |
| Back To Work Oregon                     | -                                 | 45,868   | -                           | -                | 45,868                    |
| Brock Home                              | 586                               | -  | -                           | -                | -                         |
| Edith Stewart Grant                     | 26,438                            | -  | -                           | -                | -                         |
| Youthbuild Donations                    | 2,245                             | 2,574  | -                           | 204              | 2,778                     |
| YB USA - Education Mini Grant           | -                                 | -  | 4,965                       | -                | 4,965                     |
| OR & ID Labor Employers Training        | -                                 | -  | -                           | 2,300            | 2,300                     |
| YB Americorp 2012-2013                  | -                                 | 41,711   | -                           | -                | 41,711                    |
| YB Americorp 2011-2012                  | -                                 | 24,844   | -                           | -                | 24,844                    |
| YB USA-OJJDP Mentor 2011-12             | -                                 | 13,161   | -                           | -                | 13,161                    |
| Youthbuild Fee for Service              | 1,652                             | -  | 21,224                      | 26,306           | 47,530                    |
| Lincoln County Charter School           | 45,003                            | 4  | 363,820                     | -                | 363,824                   |
| Lincoln SD - Help Homeless              | -                                 | 1,694  | -                           | -                | 1,694                     |
| Lincoln County Youth Comm. Const.       | 951                               | -  | -                           | -                | -                         |
| Mid Coast Watershed Council             | -                                 | -  | -                           | 27,211           | 27,211                    |
| Lincoln County Youth - Donations        | -                                 | 3,483  | -                           | -                | 3,483                     |
| WIA Adult                               | -                                 | 494,818  | -                           | -                | 494,818                   |
| WIA Youth                               | 14,247                            | 632,757  | -                           | -                | 632,757                   |
| WIA Student Enterprises                 | (14,247)                          | -  | -                           | 2,748            | 2,748                     |
| WIA Dislocated Worker                   | -                                 | 479,999  | -                           | -                | 479,999                   |
| WIA Local Admin Activities              | -                                 | 188,003  | -                           | -                | 188,003                   |
| WIA High Concentration Youth            | -                                 | 16,731   | -                           | -                | 16,731                    |
| DOL SESP ARRA                           | -                                 | 73,503   | -                           | -                | 73,503                    |
| OGTC ARRA                               | -                                 | 49,488   | -                           | -                | 49,488                    |
| National Career Readiness Certificate   | -                                 | 9,749  | -                           | -                | 9,749                     |
| Trust Mgmt - Summer Nat'l Resource Crew | (396)                             | -  | -                           | -                | -                         |
| Juan Young Trust - Helps NRO            | 1,896                             | -  | -                           | -                | -                         |
| Siletz Tribe Linc Nat Resource          | 1,115                             | -  | -                           | -                | -                         |
| Spirit Mountain Community Fund          | -                                 | 10,000   | -                           | -                | 10,000                    |
| James Standard Family Foundation        | -                                 | 5,000  | -                           | -                | 5,000                     |
| <b>Total</b>                            | <b>\$ 130,337</b>                 | <b>\$ 2,470,741</b>                            | <b>\$ 611,661</b>           | <b>\$ 64,511</b> | <b>\$ 3,146,913</b>       |



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*Expenditures*

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| <i>Administration</i> | <i>Program</i> | <i>Total Expenditures</i> | <i>Net Change in Fund Balance</i> | <i>Transfers</i> | <i>Ending Fund Balance</i> |
|-----------------------|----------------|---------------------------|-----------------------------------|------------------|----------------------------|
| \$ -                  | \$ 4,559       | \$ 4,559                  | \$ -                              | \$ -             | \$ -                       |
| -                     | -              | -                         | -                                 | -                | 8,109                      |
| -                     | 3,225          | 3,225                     | 1,290                             | -                | 1,290                      |
| -                     | -              | -                         | -                                 | -                | 15,748                     |
| -                     | -              | -                         | 1,061                             | -                | 3,876                      |
| -                     | 174            | 174                       | (174)                             | 10,000           | 9,826                      |
| 9,447                 | 83,265         | 92,712                    | 23,600                            | (10,000)         | 37,050                     |
| 6,962                 | 119,879        | 126,841                   | -                                 | -                | -                          |
| 1,715                 | 15,437         | 17,152                    | -                                 | -                | -                          |
| 1,111                 | 10,000         | 11,111                    | -                                 | -                | -                          |
| 1,111                 | 10,000         | 11,111                    | -                                 | -                | -                          |
| 1,910                 | 17,190         | 19,100                    | -                                 | -                | -                          |
| 1,960                 | 17,640         | 19,600                    | -                                 | -                | -                          |
| -                     | 725            | 725                       | (725)                             | -                | -                          |
| 8,473                 | 78,907         | 87,380                    | 18,377                            | -                | 18,377                     |
| 16,762                | 150,867        | 167,629                   | -                                 | -                | -                          |
| 4,051                 | 41,817         | 45,868                    | -                                 | -                | -                          |
| -                     | -              | -                         | -                                 | -                | 586                        |
| -                     | 16,660         | 16,660                    | (16,660)                          | -                | 9,778                      |
| -                     | 855            | 855                       | 1,923                             | -                | 4,168                      |
| -                     | 4,965          | 4,965                     | -                                 | -                | -                          |
| -                     | 2,300          | 2,300                     | -                                 | -                | -                          |
| 2,084                 | 39,627         | 41,711                    | -                                 | -                | -                          |
| 1,241                 | 23,603         | 24,844                    | -                                 | -                | -                          |
| -                     | 13,161         | 13,161                    | -                                 | -                | -                          |
| 85                    | 44,404         | 44,489                    | 3,041                             | -                | 4,693                      |
| 33,168                | 308,607        | 341,775                   | 22,049                            | (396)            | 66,656                     |
| -                     | 1,694          | 1,694                     | -                                 | -                | -                          |
| -                     | 951            | 951                       | (951)                             | -                | -                          |
| (2,246)               | 29,457         | 27,211                    | -                                 | -                | -                          |
| -                     | 408            | 408                       | 3,075                             | -                | 3,075                      |
| 74,929                | 419,889        | 494,818                   | -                                 | -                | -                          |
| 56,510                | 573,802        | 630,312                   | 2,445                             | -                | 16,692                     |
| -                     | 5,193          | 5,193                     | (2,445)                           | -                | (16,692)                   |
| 65,443                | 414,557        | 480,000                   | (1)                               | -                | (1)                        |
| 188,003               | -              | 188,003                   | -                                 | -                | -                          |
| 1,673                 | 15,058         | 16,731                    | -                                 | -                | -                          |
| 5,422                 | 68,081         | 73,503                    | -                                 | -                | -                          |
| 5,215                 | 44,273         | 49,488                    | -                                 | -                | -                          |
| -                     | 9,749          | 9,749                     | -                                 | -                | -                          |
| -                     | -              | -                         | -                                 | 396              | -                          |
| 125                   | -              | 125                       | (125)                             | -                | 1,771                      |
| -                     | 1,115          | 1,115                     | (1,115)                           | -                | -                          |
| -                     | 8,108          | 8,108                     | 1,892                             | -                | 1,892                      |
| 614                   | 1,799          | 2,413                     | 2,587                             | -                | 2,587                      |
| <hr/>                 | <hr/>          | <hr/>                     | <hr/>                             | <hr/>            | <hr/>                      |
| \$ 485,768            | \$ 2,602,001   | \$ 3,087,769              | \$ 59,144                         | \$ -             | \$ 189,481                 |
| <hr/>                 | <hr/>          | <hr/>                     | <hr/>                             | <hr/>            | <hr/>                      |

**COMMUNITY SERVICES CONSORTIUM****COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****LINN-BENTON FOOD SHARE**

YEAR ENDED JUNE 30, 2013

|                             | <i>Revenues</i>                   |  |                   |                           |
|-----------------------------|-----------------------------------|--|-------------------|---------------------------|
|                             | <i>Beginning<br/>Fund Balance</i> | <i>Operating<br/>Grants/<br/>Contributions</i> | <i>Other</i>      | <i>Total<br/>Revenues</i> |
| Linn-Benton Food Share      | \$ 1,640,839                      | \$ 8,023,361                                   | \$ 286,927        | \$ 8,310,288              |
| GFFP                        | -                                 | 37,365   | -                 | 37,365                    |
| USDA Cash for Commodities   | -                                 | 27,321   | -                 | 27,321                    |
| USDA Commodity Foods*       | (18,560)                          | 495,122  | -                 | 495,122                   |
| Benton County               | -                                 | 21,000   | -                 | 21,000                    |
| Linn County                 | -                                 | 17,100   | -                 | 17,100                    |
| City of Corvallis           | -                                 | 36,000   | -                 | 36,000                    |
| Trust Management Services   | 5,000                             | -  | -                 | -                         |
| Miscellaneous Grants        | 125,534                           | 28,500   | -                 | 28,500                    |
| Bank of America Foundation  | 14,153                            | -  | -                 | -                         |
| Warehouse Building Fund     | 71,435                            | -  | -                 | -                         |
| Warehouse Expansion Reserve | 164,446                           | 75,952   | -                 | 75,952                    |
| DEQ Matching                | 68,105                            | 51,920   | -                 | 51,920                    |
| LBFS Truck Reserve          | 13,639                            | -  | -                 | -                         |
| SHAP                        | -                                 | 20,374   | -                 | 20,374                    |
| CSBG                        | -                                 | 106,840  | -                 | 106,840                   |
| <i>Total</i>                | <u>\$ 2,084,591</u>               | <u>\$ 8,940,855</u>                            | <u>\$ 286,927</u> | <u>\$ 9,227,782</u>       |

\*Note: The negative fund balance reflects a decrease in the amount and value of the USDA commodities.

| <i>Expenditures</i>   |                      |                           |                                   |                  |                            |
|-----------------------|----------------------|---------------------------|-----------------------------------|------------------|----------------------------|
| <i>Administration</i> | <i>Food Programs</i> | <i>Total Expenditures</i> | <i>Net Change in Fund Balance</i> | <i>Transfers</i> | <i>Ending Fund Balance</i> |
| \$ 37,432             | \$ 8,259,249         | \$ 8,296,681              | \$ 13,607                         | \$ (5,000)       | \$ 1,649,446               |
| 1,091                 | 36,274               | 37,365                    | -                                 | -                | -                          |
| -                     | 27,321               | 27,321                    | -                                 | -                | -                          |
| -                     | 486,961              | 486,961                   | 8,161                             | -                | (10,399)                   |
| 3,968                 | 17,032               | 21,000                    | -                                 | -                | -                          |
| 3,493                 | 13,607               | 17,100                    | -                                 | -                | -                          |
| 5,000                 | 31,000               | 36,000                    | -                                 | -                | -                          |
| -                     | 5,000                | 5,000                     | (5,000)                           | -                | -                          |
| 200                   | 13,997               | 14,197                    | 14,303                            | -                | 139,837                    |
| -                     | 14,153               | 14,153                    | (14,153)                          | -                | -                          |
| -                     | -                    | -                         | -                                 | 5,000            | 76,435                     |
| -                     | -                    | -                         | 75,952                            | -                | 240,398                    |
| -                     | 52,962               | 52,962                    | (1,042)                           | -                | 67,063                     |
| -                     | -                    | -                         | -                                 | -                | 13,639                     |
| 2,477                 | 17,897               | 20,374                    | -                                 | -                | -                          |
| 9,740                 | 97,100               | 106,840                   | -                                 | -                | -                          |
| <b>\$ 63,401</b>      | <b>\$ 9,072,553</b>  | <b>\$ 9,135,954</b>       | <b>\$ 91,828</b>                  | <b>\$ -</b>      | <b>\$ 2,176,419</b>        |

**COMMUNITY SERVICES CONSORTIUM**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**HOUSING AND COMMUNITY RESOURCES**  
**YEAR ENDED JUNE 30, 2013**

|  | <b>Revenues</b>                   |  |                             |                   | <b>Total<br/>Revenues</b> |
|--|-----------------------------------|--|-----------------------------|-------------------|---------------------------|
|  | <b>Beginning<br/>Fund Balance</b> | <b>Operating<br/>Grants/<br/>Contributions</b> | <b>Fees for<br/>Service</b> | <b>Other</b>      |                           |
| Housing Project Dev.                   | \$ -                              | \$ -   | \$ -                        | \$ -              | \$ -                      |
| Pelican Place - Foundations            | (76,072)                          | -  | -                           | -                 | -                         |
| Adair Village CDBG                     | 18,209                            | -  | -                           | -                 | -                         |
| Toledo CDBG                            | 29,846                            | -  | -                           | -                 | -                         |
| RD HPG - USDA 2011                     | -                                 | 29,824   | -                           | -                 | 29,824                    |
| CSC Reloaned Proceeds                  | -                                 | -  | -                           | 15,281            | 15,281                    |
| RD HPG - 2012 Lincoln                  | -                                 | 155  | -                           | -                 | 155                       |
| Lincoln County Land Trust - Financial  | 27,778                            | 32,415   | -                           | 128,032           | 160,447                   |
| Loan Repayment - CSC as Grantee        | 32,483                            | -  | -                           | -                 | -                         |
| LIHEAP WX                              | -                                 | 600,012  | -                           | -                 | 600,012                   |
| BPA WX 12                              | -                                 | 121,869  | -                           | -                 | 121,869                   |
| DOE FY11 WX                            | -                                 | 88,952   | -                           | -                 | 88,952                    |
| ECHO WX                                | -                                 | 452,135  | -                           | -                 | 452,135                   |
| Duke El Paso Wx                        | -                                 | 30,603   | -                           | -                 | 30,603                    |
| OR Low Income Energy Efficiency        | 34,345                            | -  | 105,821                     | 16,835            | 122,656                   |
| CLPUD                                  | 3,524                             | -  | 20,421                      | -                 | 20,421                    |
| Reliant Wx                             | -                                 | 12,846   | -                           | -                 | 12,846                    |
| Misc Revenue Weatherization            | 2,690                             | -  | 17,500                      | 1,085             | 18,585                    |
| DOE ARRA SERC                          | 1                                 | -  | -                           | -                 | -                         |
| <b>Subtotal Non 501 (C) (3)</b>        | <b>72,804</b>                     | <b>1,368,811</b>                               | <b>143,742</b>              | <b>161,233</b>    | <b>1,673,786</b>          |
| Affordable Housing                     | (20,699)                          | -  | -                           | -                 | -                         |
| Land Acquisition and Development       | 167,443                           | -  | -                           | -                 | -                         |
| Community Land Trust                   | -                                 | -  | 35,691                      | -                 | 35,691                    |
| Community Housing Services             | -                                 | 1,500  | -                           | 202               | 1,702                     |
| Lincoln Regional Loan Fund             | 59,452                            | -  | -                           | 44,954            | 44,954                    |
| Linn Benton Revolving Loan             | 191,103                           | -  | -                           | 89,280            | 89,280                    |
| RCAC HSG Counseling FFY12              | -                                 | 19,844   | -                           | -                 | 19,844                    |
| Home Owner Asist Prg                   | 17,999                            | 18,355   | -                           | -                 | 18,355                    |
| NFMC - National Foreclosure Counseling | -                                 | 8,839  | -                           | -                 | 8,839                     |
| Self-Help Housing Ownership            | 82,131                            | -  | -                           | -                 | -                         |
| SHOP - HPG Linn Match                  | -                                 | -  | -                           | -                 | -                         |
| SHOP Match - HPG Lincoln 2012          | -                                 | -  | -                           | -                 | -                         |
| OAHAC MORTG PYMT Assistance            | 117,900                           | 70,875   | -                           | -                 | 70,875                    |
| OHCS Pre-Mediation Foreclosure         | -                                 | 47,546   | -                           | -                 | 47,546                    |
| CDBG City of Newport                   | 255,240                           | -  | -                           | 2,520             | 2,520                     |
| Lincoln County CDBG 06                 | -                                 | -  | -                           | -                 | -                         |
| <b>Subtotal 501 (C) (3)</b>            | <b>870,569</b>                    | <b>166,959</b>                                 | <b>35,691</b>               | <b>136,956</b>    | <b>339,606</b>            |
| <b>Total</b>                           | <b>\$ 943,373</b>                 | <b>\$ 1,535,770</b>                            | <b>\$ 179,433</b>           | <b>\$ 298,189</b> | <b>\$ 2,013,392</b>       |

**Expenditures**

| <u>Admin</u>      | <u>Weatherization</u> | <u>Housing<br/>Rehabilitation</u> | <u>Total<br/>Expenditures</u> | <u>Net Change in<br/>Fund Balance</u> | <u>Transfers</u> | <u>Ending<br/>Fund Balance</u> |
|-------------------|-----------------------|-----------------------------------|-------------------------------|---------------------------------------|------------------|--------------------------------|
| \$ -              | \$ -                  | \$ 18,558                         | \$ 18,558                     | \$ (18,558)                           | \$ -             | \$ (18,558)                    |
| -                 | -                     | -                                 | -                             | -                                     | -                | (76,072)                       |
| -                 | -                     | -                                 | -                             | -                                     | -                | 18,209                         |
| -                 | -                     | -                                 | -                             | -                                     | -                | 29,846                         |
| 521               | -                     | 29,303                            | 29,824                        | -                                     | -                | -                              |
| -                 | -                     | -                                 | -                             | 15,281                                | 8,592            | 23,873                         |
| -                 | -                     | 155                               | 155                           | -                                     | -                | -                              |
| -                 | -                     | 175,960                           | 175,960                       | (15,513)                              | -                | 12,265                         |
| -                 | -                     | 47,167                            | 47,167                        | (47,167)                              | (3,363)          | (18,047)                       |
| 53,967            | 546,045               | -                                 | 600,012                       | -                                     | -                | -                              |
| 15,814            | 106,055               | -                                 | 121,869                       | -                                     | -                | -                              |
| 8,249             | 80,703                | -                                 | 88,952                        | -                                     | -                | -                              |
| 50,806            | 401,329               | -                                 | 452,135                       | -                                     | -                | -                              |
| 2,142             | 28,461                | -                                 | 30,603                        | -                                     | -                | -                              |
| 22,641            | 134,360               | -                                 | 157,001                       | (34,345)                              | -                | -                              |
| 3,366             | 19,039                | -                                 | 22,405                        | (1,984)                               | -                | 1,540                          |
| 899               | 11,947                | -                                 | 12,846                        | -                                     | -                | -                              |
| 6,506             | 7,969                 | -                                 | 14,475                        | 4,110                                 | -                | 6,800                          |
| 1                 | -                     | -                                 | 1                             | (1)                                   | -                | -                              |
| 164,912           | 1,335,908             | 271,143                           | 1,771,963                     | (98,177)                              | 5,229            | (20,144)                       |
| -                 | -                     | 38,034                            | 38,034                        | (38,034)                              | -                | (58,733)                       |
| -                 | -                     | -                                 | -                             | -                                     | -                | 167,443                        |
| 2,820             | -                     | 36,234                            | 39,054                        | (3,363)                               | 3,363            | -                              |
| -                 | -                     | 379                               | 379                           | 1,323                                 | -                | 1,323                          |
| 1,421             | -                     | 70,792                            | 72,213                        | (27,259)                              | 12,458           | 44,651                         |
| 1,697             | -                     | 70,119                            | 71,816                        | 17,464                                | (8,592)          | 199,975                        |
| 4,329             | -                     | 15,515                            | 19,844                        | -                                     | -                | -                              |
| 400               | -                     | 17,954                            | 18,354                        | 1                                     | -                | 18,000                         |
| 5,544             | -                     | 3,295                             | 8,839                         | -                                     | -                | -                              |
| -                 | -                     | 8,017                             | 8,017                         | (8,017)                               | (46,500)         | 27,614                         |
| 489               | -                     | 24,749                            | 25,238                        | (25,238)                              | 46,500           | 21,262                         |
| 3                 | -                     | 153                               | 156                           | (156)                                 | -                | (156)                          |
| 45,667            | -                     | 85,294                            | 130,961                       | (60,086)                              | -                | 57,814                         |
| 4,955             | -                     | 42,591                            | 47,546                        | -                                     | -                | -                              |
| 1,017             | -                     | 42,925                            | 43,942                        | (41,422)                              | (12,458)         | 201,360                        |
| -                 | -                     | 58                                | 58                            | (58)                                  | -                | (58)                           |
| 68,342            | -                     | 456,109                           | 524,451                       | (184,845)                             | (5,229)          | 680,495                        |
| <u>\$ 233,254</u> | <u>\$ 1,335,908</u>   | <u>\$ 727,252</u>                 | <u>\$ 2,296,414</u>           | <u>\$ (283,022)</u>                   | <u>\$ -</u>      | <u>\$ 660,351</u>              |

**COMMUNITY SERVICES CONSORTIUM**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

**CHILD DEVELOPMENT SERVICES**

YEAR ENDED JUNE 30, 2013

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|  | <i>Revenues</i>                   |  |                           |
|--|-----------------------------------|--|---------------------------|
|  | <i>Beginning<br/>Fund Balance</i> | <i>Operating<br/>Grants/<br/>Contributions</i> | <i>Total<br/>Revenues</i> |
| Head Start Oregon Pre K                  | \$ -                              | \$ 512,571                                     | \$ 512,571                |
| Head Start Building Repair               | 871                               | -  | -                         |
| Miscellaneous Donations                  | 1,702                             | 45   | 45                        |
| Head Start - Body Start Play Center      | -                                 | -  | -                         |
| Head Start HHS 10/11 - 9/12              | -                                 | 260,632  | 260,632                   |
| Head Start HHS 10/12 - 9/13              | -                                 | 757,801  | 757,801                   |
| Subtotal                                 | 2,573                             | 1,531,049                                      | 1,531,049                 |
| Head Start in Lincoln County - 501(c)(3) | 54,696                            | 2,394  | 2,394                     |
| <i>Total</i>                             | <i>\$ 57,269</i>                  | <i>\$ 1,533,443</i>                            | <i>\$ 1,533,443</i>       |

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| <i>Expenditures</i>   |                |                           |                                   |                  |                            |
|-----------------------|----------------|---------------------------|-----------------------------------|------------------|----------------------------|
| <i>Administration</i> | <i>Program</i> | <i>Total Expenditures</i> | <i>Net Change in Fund Balance</i> | <i>Transfers</i> | <i>Ending Fund Balance</i> |
| \$ 69,662             | \$ 442,909     | \$ 512,571                | \$ -                              | \$ -             | \$ -                       |
| -                     | -              | -                         | -                                 | -                | 871                        |
| -                     | 381            | 381                       | (336)                             | -                | 1,366                      |
| -                     | -              | -                         | -                                 | -                | -                          |
| 43,097                | 217,535        | 260,632                   | -                                 | -                | -                          |
| 106,919               | 650,882        | 757,801                   | -                                 | -                | -                          |
| 219,678               | 1,311,707      | 1,531,385                 | (336)                             | -                | 2,237                      |
| 665                   | 11,815         | 12,480                    | (10,086)                          | -                | 44,610                     |
| \$ 220,343            | \$ 1,323,522   | \$ 1,543,865              | \$ (10,422)                       | \$ -             | \$ 46,847                  |

**COMMUNITY SERVICES CONSORTIUM****COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
RETIRED AND SENIOR VOLUNTEER PROGRAM  
YEAR ENDED JUNE 30, 2013**

|                                    | <i>Revenues</i>                   |  |                 | <i>Total<br/>Revenues</i> |
|------------------------------------|-----------------------------------|--|-----------------|---------------------------|
|                                    | <i>Beginning<br/>Fund Balance</i> | <i>Operating<br/>Grants/<br/>Contributions</i> | <i>Other</i>    |                           |
| CNCS April 2012 - March 2013       | \$ -                              | \$ 63,041                                      | \$ -            | \$ 63,041                 |
| Other                              | 1,072                             | 41   | 970             | 1,011                     |
| LB Vision Volunteer                | -                                 | -  | 41              | 41                        |
| Benton County United Way           | -                                 | 4,040  | -               | 4,040                     |
| Spirit Mountain                    | 2,500                             | -  | -               | -                         |
| Linn United Way                    | -                                 | 13,315   | -               | 13,315                    |
| City of Corvallis                  | -                                 | 4,583  | -               | 4,583                     |
| SHIBA - Linn County                | 5,203                             | 12,000   | -               | 12,000                    |
| SHIBA - MIPAA                      | 2,396                             | 2,869  | -               | 2,869                     |
| Senior Medical Fraud Patrol        | -                                 | 12,778   | -               | 12,778                    |
| Linn-Benton Volunteers - 501(c)(3) | 8,670                             | 4,108  | 3,637           | 7,745                     |
| <i>Total</i>                       | <u>\$ 19,841</u>                  | <u>\$ 116,775</u>                              | <u>\$ 4,648</u> | <u>\$ 121,423</u>         |



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*Expenditures*

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| <i>Administration</i> | <i>Program</i> | <i>Total Expenditures</i> | <i>Net Change in Fund Balance</i> | <i>Transfers</i> | <i>Ending Fund Balance</i> |
|-----------------------|----------------|---------------------------|-----------------------------------|------------------|----------------------------|
| \$ -                  | \$ 63,041      | \$ 63,041                 | \$ -                              | \$ -             | \$ -                       |
| 500                   | 1,583          | 2,083                     | (1,072)                           | -                | -                          |
| -                     | 41             | 41                        | -                                 | -                | -                          |
| -                     | 4,040          | 4,040                     | -                                 | -                | -                          |
| 272                   | 2,228          | 2,500                     | (2,500)                           | -                | -                          |
| 324                   | 12,991         | 13,315                    | -                                 | -                | -                          |
| 361                   | 4,222          | 4,583                     | -                                 | -                | -                          |
| 2,335                 | 14,868         | 17,203                    | (5,203)                           | -                | -                          |
| 531                   | 4,734          | 5,265                     | (2,396)                           | -                | -                          |
| 1,654                 | 11,124         | 12,778                    | -                                 | -                | -                          |
| 6,049                 | 10,366         | 16,415                    | (8,670)                           | -                | -                          |
| <hr/>                 | <hr/>          | <hr/>                     | <hr/>                             | <hr/>            | <hr/>                      |
| \$ 12,026             | \$ 129,238     | \$ 141,264                | \$ (19,841)                       | \$ -             | \$ -                       |
| <hr/>                 | <hr/>          | <hr/>                     | <hr/>                             | <hr/>            | <hr/>                      |

**COMMUNITY SERVICES CONSORTIUM**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MISCELLANEOUS GRANTS  
YEAR ENDED JUNE 30, 2013**

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|                           | <u>Revenues</u>                   |                             |                           |
|---------------------------|-----------------------------------|-----------------------------|---------------------------|
|                           | <u>Beginning<br/>Fund Balance</u> | <u>Operating<br/>Grants</u> | <u>Total<br/>Revenues</u> |
| CSBG Resource Development | \$ -                              | \$ 92,282                   | \$ 92,282                 |
| CSBG Discretionary        | -                                 | 1,235                       | 1,235                     |
| Americorps Vista VI       | 8,651                             | -                           | -                         |
| DHS Healthy Kids          | -                                 | 80,000                      | 80,000                    |
| <i>Total</i>              | <u>\$ 8,651</u>                   | <u>\$ 173,517</u>           | <u>\$ 173,517</u>         |

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| <i>Expenditures</i>   |                    |                           |                                   |                  |                            |
|-----------------------|--------------------|---------------------------|-----------------------------------|------------------|----------------------------|
| <i>Administration</i> | <i>Interagency</i> | <i>Total Expenditures</i> | <i>Net Change in Fund Balance</i> | <i>Transfers</i> | <i>Ending Fund Balance</i> |
| \$ 11,858             | \$ 80,424          | \$ 92,282                 | \$ -                              | \$ -             | \$ -                       |
| 1,235                 | -                  | 1,235                     | -                                 | -                | -                          |
| 1,641                 | 7,010              | 8,651                     | (8,651)                           | -                | -                          |
| 3,727                 | 76,273             | 80,000                    | -                                 | -                | -                          |
| <u>\$ 18,461</u>      | <u>\$ 163,707</u>  | <u>\$ 182,168</u>         | <u>\$ (8,651)</u>                 | <u>\$ -</u>      | <u>\$ -</u>                |

***STATISTICAL SECTION***

# COMMUNITY SERVICES CONSORTIUM (CSC)

## Statistical Section

*This part of Community Services Consortium's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the CSC's overall financial health.*

### Contents

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how CSC's financial performance and well-being have changed over time.*

#### **Revenue Capacity**

*These schedules contain information to help the reader assess CSC's most significant revenue source, which is derived from grants.*

#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which CSC's financial activities take place.*

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. CSC implemented GASB Statement 34 in 2003 – schedules presenting government-wide information include information beginning in that year.*

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***STATISTICAL SECTION***

***FINANCIAL TRENDS***

**COMMUNITY SERVICES CONSORTIUM**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(accrual basis of accounting)*

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|                                  | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities          |                     |                     |                     |                     |                     |
| Net investment in capital assets | \$ 4,395,361        | \$ 4,534,314        | \$ 3,786,264        | \$ 3,771,555        | \$ 3,221,558        |
| Restricted                       | 2,709,696           | 2,392,488           | 2,272,834           | 2,622,005           | 2,709,156           |
| Unrestricted                     | <u>150,250</u>      | <u>908,667</u>      | <u>709,898</u>      | <u>276,097</u>      | <u>262,130</u>      |
| Total Net Position               | <u>\$ 7,255,307</u> | <u>\$ 7,835,469</u> | <u>\$ 6,768,996</u> | <u>\$ 6,669,657</u> | <u>\$ 6,192,844</u> |

Financial trend schedule: Net position by component is intended to provide the user with summary data to analyze changes in the components of net assets.

Accompanying schedule: Changes in net position provides user with additional detail for analytical purposes.

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| <u>2008</u>         | <u>2007</u>         | <u>2006</u>         | <u>2005</u>         | <u>2004</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 1,733,160        | \$ 1,808,644        | \$ 1,389,081        | \$ 1,430,658        | \$ 1,438,836        |
| 3,024,848           | 2,360,859           | 2,028,832           | 1,625,529           | 1,728,210           |
| <u>248,723</u>      | <u>255,194</u>      | <u>207,550</u>      | <u>193,327</u>      | <u>182,453</u>      |
| <u>\$ 5,006,731</u> | <u>\$ 4,424,697</u> | <u>\$ 3,625,463</u> | <u>\$ 3,249,514</u> | <u>\$ 3,349,499</u> |



**COMMUNITY SERVICES CONSORTIUM**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(accrual basis of accounting)*

|  | <u>2013</u>         | <u>2012</u>         | <u>2011</u>       | <u>2010</u>       |
|--|---------------------|---------------------|-------------------|-------------------|
| <b>Expenses</b>                                |                     |                     |                   |                   |
| Governmental activities:                       |                     |                     |                   |                   |
| Workforce and education                        | \$ 2,575,053        | \$ 3,108,337        | \$ 5,278,519      | \$ 6,441,682      |
| Weatherization                                 | 1,335,908           | 3,224,953           | 2,282,750         | 2,033,711         |
| Emergency services                             | 4,136,330           | 4,711,932           | 5,517,482         | 5,993,035         |
| Housing rehabilitation                         | 727,252             | 802,144             | 1,423,212         | 1,300,741         |
| Child development services                     | 1,323,522           | 1,311,282           | 1,173,940         | 1,596,804         |
| Food programs                                  | 9,072,553           | 9,543,203           | 7,905,891         | 8,337,625         |
| Retirement and senior volunteers               | 129,238             | 130,727             | 190,533           | 207,425           |
| Interagency departments                        | 163,707             | 281,131             | 234,806           | 376,920           |
| Administration                                 | 2,066,891           | 2,218,087           | 2,245,267         | 2,237,542         |
| Total governmental activities expenses         | <u>21,530,454</u>   | <u>25,331,796</u>   | <u>26,252,400</u> | <u>28,525,485</u> |
| <b>Program Revenues</b>                        |                     |                     |                   |                   |
| Governmental activities:                       |                     |                     |                   |                   |
| Grants and contracts                           | 20,029,785          | 25,460,982          | 25,217,647        | 27,850,884        |
| Charges for services                           | 909,850             | 912,288             | 1,125,963         | 1,138,336         |
| General revenues:                              |                     |                     |                   |                   |
| Interest                                       | 10,657              | 11,833              | 6,627             | 13,078            |
| Sales of house and other assets                | -                   | 13,166              | 1,500             | -                 |
| Total governmental activities program revenues | <u>20,950,292</u>   | <u>26,398,269</u>   | <u>26,351,737</u> | <u>29,002,298</u> |
| <b>Change in Net Position</b>                  | <u>\$ (580,162)</u> | <u>\$ 1,066,473</u> | <u>\$ 99,337</u>  | <u>\$ 476,813</u> |

Financial trend schedule: Changes in Net Position is intended to provide the user with detailed information related to net position activities and changes in those activities.

---

| <u>2009</u>         | <u>2008</u>       | <u>2007</u>       | <u>2006</u>       | <u>2005</u>        | <u>2004</u>       |
|---------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| \$ 4,403,039        | \$ 4,676,578      | \$ 5,578,603      | \$ 5,813,186      | \$ 5,161,745       | \$ 4,684,032      |
| 1,344,917           | 884,679           | 854,264           | 1,030,992         | 983,601            | 760,895           |
| 4,886,597           | 3,544,412         | 3,043,521         | 2,861,134         | 3,149,305          | 2,938,519         |
| 1,398,821           | 1,410,755         | 1,412,293         | 1,255,650         | 1,614,365          | 1,203,684         |
| 1,401,874           | 1,613,622         | 1,376,038         | 1,230,250         | 1,028,853          | 1,101,090         |
| 8,394,943           | 7,997,334         | 8,652,019         | 7,868,476         | 7,671,270          | 6,771,974         |
| 214,813             | 183,752           | -                 | -                 | -                  | -                 |
| 172,454             | 241,844           | 187,082           | 10,792            | 5,687              | 76,312            |
| 2,165,064           | 1,303,150         | 915,494           | 1,548,086         | 1,565,015          | 1,490,261         |
| <u>24,382,522</u>   | <u>21,856,126</u> | <u>22,019,314</u> | <u>21,618,566</u> | <u>21,179,841</u>  | <u>19,026,767</u> |
| 24,290,332          | 21,625,431        | 21,524,612        | 21,041,139        | 19,976,456         | 18,658,546        |
| 1,255,349           | 772,544           | 1,137,549         | 944,486           | 1,098,952          | 663,173           |
| 22,948              | 40,185            | 38,127            | 8,890             | 9,791              | 8,539             |
| <u>-</u>            | <u>-</u>          | <u>118,264</u>    | <u>-</u>          | <u>-</u>           | <u>-</u>          |
| <u>25,568,629</u>   | <u>22,438,160</u> | <u>22,818,552</u> | <u>21,994,515</u> | <u>21,085,199</u>  | <u>19,330,258</u> |
| <u>\$ 1,186,107</u> | <u>\$ 582,034</u> | <u>\$ 799,238</u> | <u>\$ 375,949</u> | <u>\$ (94,642)</u> | <u>\$ 303,491</u> |

**COMMUNITY SERVICES CONSORTIUM**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(modified accrual basis of accounting)*

|                                    | <u>2013</u>                | <u>2012</u>                | <u>2011</u>                | <u>2010</u>                |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| General Fund                       |                            |                            |                            |                            |
| Reserved                           | \$ -                       | \$ -                       | \$ -                       | \$ 14,443                  |
| Unreserved                         | -                          | -                          | -                          | 261,654                    |
| Nonspendable                       | 13,608                     | 20,644                     | 10,423                     | -                          |
| Unassigned                         | 413,917                    | 361,590                    | 285,203                    | -                          |
| Total general fund                 | <u>427,525</u>             | <u>382,234</u>             | <u>295,626</u>             | <u>276,097</u>             |
| All Other Governmental Funds       |                            |                            |                            |                            |
| Reserved, reported in:             |                            |                            |                            |                            |
| Special revenue funds              | -                          | -                          | -                          | 2,914,484                  |
| Nonspendable                       | 318,499                    | 432,723                    | 345,088                    | -                          |
| Restricted                         | 2,709,696                  | 2,392,488                  | 2,272,834                  | -                          |
| Assigned                           | 644,842                    | 809,659                    | 537,832                    | -                          |
| Unassigned                         | (177,555)                  | -                          | (100)                      | -                          |
| Total all other governmental funds | <u>3,495,482</u>           | <u>3,634,870</u>           | <u>3,155,654</u>           | <u>2,914,484</u>           |
| Total Fund Balance                 | <u><u>\$ 3,923,007</u></u> | <u><u>\$ 4,017,104</u></u> | <u><u>\$ 3,451,280</u></u> | <u><u>\$ 3,190,581</u></u> |

This schedule was modified with the implementation of GASB Statement No. 54, which occurred June 30, 2011.

| <u>2009</u>         | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         | <u>2005</u>         | <u>2004</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 89,083           | \$ (17,367)         | \$ 13,215           | \$ 10,619           | \$ 10,690           | \$ 10,685           |
| 173,053             | 231,356             | 241,979             | 207,550             | 193,327             | 182,453             |
| -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   |
| <u>262,136</u>      | <u>213,989</u>      | <u>255,194</u>      | <u>218,169</u>      | <u>204,017</u>      | <u>193,138</u>      |
| 2,878,271           | 3,059,582           | 2,360,859           | 2,018,213           | 1,614,839           | 1,717,525           |
| -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | -                   | -                   | -                   | -                   |
| <u>2,878,271</u>    | <u>3,059,582</u>    | <u>2,360,859</u>    | <u>2,018,213</u>    | <u>1,614,839</u>    | <u>1,717,525</u>    |
| <u>\$ 3,140,407</u> | <u>\$ 3,273,571</u> | <u>\$ 2,616,053</u> | <u>\$ 2,236,382</u> | <u>\$ 1,818,856</u> | <u>\$ 1,910,663</u> |

**COMMUNITY SERVICES CONSORTIUM**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(modified accrual basis of accounting)*

|                                   | <u>2013</u>        | <u>2012</u>       | <u>2011</u>       | <u>2010</u>       |
|-----------------------------------|--------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                   |                    |                   |                   |                   |
| Grants and contracts              | \$ 10,630,359      | \$ 14,122,307     | \$ 16,642,556     | \$ 18,820,051     |
| Contributions                     | 851,903            | 803,226           | 781,713           | 729,103           |
| Loan repayments                   | 264,807            | 241,289           | 181,758           | 193,547           |
| Fees for service                  | 887,032            | 912,291           | 1,125,963         | 1,138,336         |
| Commodity foods                   | 7,882,273          | 8,604,144         | 6,916,493         | 7,238,221         |
| Other                             | 423,262            | 628,340           | 695,126           | 666,254           |
| Sale of houses and other assets   | -                  | 139,540           | 1,500             | 203,708           |
| Interest                          | 10,656             | 11,833            | 6,627             | 13,079            |
| <b>Total Revenues</b>             | <u>20,950,292</u>  | <u>25,462,970</u> | <u>26,351,736</u> | <u>29,002,299</u> |
| <b>Expenditures</b>               |                    |                   |                   |                   |
| Workforce and education           | 2,602,001          | 3,108,337         | 5,294,442         | 6,510,030         |
| Weatherization                    | 1,335,908          | 3,224,953         | 2,282,750         | 2,033,711         |
| Emergency services                | 4,136,330          | 4,721,932         | 5,532,482         | 5,993,468         |
| Housing rehabilitation            | 727,252            | 790,097           | 1,528,283         | 1,798,168         |
| Child development services        | 1,323,522          | 1,311,282         | 1,173,940         | 1,607,747         |
| Food programs                     | 9,072,553          | 9,543,203         | 7,905,891         | 8,416,338         |
| Retired and senior volunteers     | 129,238            | 130,727           | 190,533           | 207,425           |
| Interagency departments           | 163,707            | 281,131           | 234,806           | 376,920           |
| Interest expenses                 | -                  | -                 | -                 | -                 |
| Capital outlay                    | -                  | -                 | -                 | -                 |
| Administration                    | 1,553,882          | 1,785,485         | 1,947,910         | 2,008,318         |
| <b>Total Expenditures</b>         | <u>21,044,393</u>  | <u>24,897,147</u> | <u>26,091,037</u> | <u>28,952,125</u> |
| <b>Net Change in Fund Balance</b> | <u>\$ (94,101)</u> | <u>\$ 565,823</u> | <u>\$ 260,699</u> | <u>\$ 50,174</u>  |

| <u>2009</u>         | <u>2008</u>       | <u>2007</u>       | <u>2006</u>       | <u>2005</u>        | <u>2004</u>       |
|---------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| \$ 15,200,673       | \$ 12,758,612     | \$ 12,550,730     | \$ 12,856,442     | \$ 12,265,541      | \$ 12,146,932     |
| 758,607             | 598,401           | 547,775           | 439,393           | 387,754            | 360,394           |
| 171,515             | 248,810           | 380,804           | 396,136           | 522,227            | 90,284            |
| 1,271,092           | 984,170           | 756,745           | 548,350           | 502,628            | 500,542           |
| 7,518,064           | 7,246,770         | 7,896,190         | 7,253,985         | 6,663,036          | 6,206,013         |
| 625,728             | 557,145           | 229,917           | 192,396           | 146,076            | 69,516            |
| -                   | 4,067             | 220,791           | 340,500           | 596,324            | -                 |
| 22,948              | 40,185            | 38,127            | 8,890             | 9,791              | 8,539             |
| <u>25,568,627</u>   | <u>22,438,160</u> | <u>22,621,079</u> | <u>22,036,092</u> | <u>21,093,377</u>  | <u>19,382,220</u> |
| 4,403,039           | 4,676,578         | 5,578,603         | 5,795,035         | 5,135,662          | 4,663,595         |
| 1,344,917           | 884,679           | 854,264           | 1,015,258         | 983,601            | 746,896           |
| 4,886,597           | 3,544,412         | 3,094,382         | 2,861,134         | 3,149,305          | 2,925,439         |
| 2,871,671           | 1,410,755         | 1,412,293         | 1,243,934         | 1,575,256          | 1,203,684         |
| 1,401,874           | 1,613,622         | 883,073           | 1,176,755         | 1,028,853          | 1,092,860         |
| 8,394,943           | 7,997,334         | 8,652,019         | 7,864,691         | 7,580,110          | 6,771,974         |
| 214,813             | 183,752           | -                 | -                 | -                  | -                 |
| 172,454             | 241,844           | 187,082           | 10,792            | 12,812             | 76,312            |
| -                   | -                 | 27,466            | 11,716            | 11,458             | 13,928            |
| -                   | -                 | 518,388           | 91,165            | 110,772            | 59,505            |
| 2,011,482           | 1,227,667         | 1,033,837         | 1,548,086         | 1,592,012          | 1,472,574         |
| <u>25,701,790</u>   | <u>21,780,643</u> | <u>22,241,407</u> | <u>21,618,566</u> | <u>21,179,841</u>  | <u>19,026,767</u> |
| <u>\$ (133,163)</u> | <u>\$ 657,517</u> | <u>\$ 379,672</u> | <u>\$ 417,526</u> | <u>\$ (86,464)</u> | <u>\$ 355,453</u> |

**COMMUNITY SERVICES CONSORTIUM**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE - ALL FUND TYPES**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(modified accrual basis of accounting)*

| <i>Function</i>       | <i>2013</i>          | <i>2012</i>          | <i>2011</i>          | <i>2010</i>          |
|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Grants and contracts  | \$ 10,630,359        | \$ 14,122,307        | \$ 16,642,556        | \$ 18,820,051        |
| Contributions         | 851,903              | 803,226              | 781,713              | 729,103              |
| Loan repayments       | 264,807              | 241,289              | 181,758              | 193,547              |
| Fees for service      | 887,032              | 912,291              | 1,125,963            | 1,138,336            |
| Commodity foods       | 7,882,273            | 8,604,144            | 6,916,493            | 7,238,221            |
| Other                 | 423,262              | 767,880              | 696,626              | 869,962              |
| Interest              | 10,656               | 11,833               | 6,627                | 13,079               |
| <i>Total Revenues</i> | <u>\$ 20,950,292</u> | <u>\$ 25,462,970</u> | <u>\$ 26,351,736</u> | <u>\$ 29,002,299</u> |

Source: Comprehensive annual financial report.

| <i>2009</i>          | <i>2008</i>          | <i>2007</i>          | <i>2006</i>          | <i>2005</i>          | <i>2004</i>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 15,200,673        | \$ 12,758,612        | \$ 12,550,730        | \$ 12,856,442        | \$ 12,265,541        | \$ 12,404,036        |
| 758,607              | 598,401              | 547,775              | 439,393              | 387,754              | 360,394              |
| 171,515              | 248,810              | 380,804              | 396,136              | 522,227              | 90,284               |
| 1,271,092            | 984,170              | 756,745              | 548,350              | 502,628              | 243,438              |
| 7,518,064            | 7,246,770            | 7,896,190            | 7,253,985            | 6,663,036            | 6,206,013            |
| 625,728              | 561,212              | 450,708              | 532,896              | 742,400              | 69,516               |
| 22,948               | 40,185               | 38,127               | 8,890                | 9,791                | 8,539                |
| <u>\$ 25,568,627</u> | <u>\$ 22,438,160</u> | <u>\$ 22,621,079</u> | <u>\$ 22,036,092</u> | <u>\$ 21,093,377</u> | <u>\$ 19,382,220</u> |



**COMMUNITY SERVICES CONSORTIUM**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - ALL FUND TYPES**  
**LAST TEN FISCAL YEARS - UNAUDITED**

| <i>Function</i>               | <i>2013</i>   | <i>2012</i>   | <i>2011</i>   | <i>2010</i>   |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b><i>Current</i></b>         |               |               |               |               |
| Administration                | \$ 1,553,882  | \$ 1,785,485  | \$ 1,947,910  | \$ 2,008,318  |
| Workforce and education       | 2,602,001     | 3,108,337     | 5,294,442     | 6,510,030     |
| Weatherization                | 1,335,908     | 3,224,953     | 2,282,750     | 2,033,711     |
| Emergency services            | 4,136,330     | 4,721,932     | 5,532,482     | 5,993,468     |
| Housing rehabilitation        | 727,252       | 790,097       | 1,528,283     | 1,798,168     |
| Head Start                    | 1,323,522     | 1,311,282     | 1,173,940     | 1,607,747     |
| Food programs                 | 9,072,553     | 9,543,203     | 7,905,891     | 8,416,338     |
| Retired and senior volunteers | 129,238       | 130,727       | 190,533       | 207,425       |
| Interagency departments       | 163,707       | 281,131       | 234,806       | 376,920       |
| <i>Total Current</i>          | 21,044,393    | 24,897,147    | 26,091,037    | 28,952,125    |
| <b><i>Debt Service</i></b>    |               |               |               |               |
| Interest                      | -             | -             | -             | -             |
| <i>Total Debt Service</i>     | -             | -             | -             | -             |
| <i>Total Expenditures</i>     | \$ 21,044,393 | \$ 24,897,147 | \$ 26,091,037 | \$ 28,952,125 |

Source: Comprehensive annual financial report.

| <u>2009</u>          | <u>2008</u>          | <u>2007</u>          | <u>2006</u>          | <u>2005</u>          | <u>2004</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,011,482         | \$ 1,227,667         | \$ 1,552,225         | \$ 1,639,251         | \$ 1,592,012         | \$ 1,476,333         |
| 4,403,039            | 4,676,578            | 5,578,603            | 5,795,035            | 5,161,745            | 4,684,032            |
| 1,344,917            | 884,679              | 854,264              | 1,015,258            | 983,601              | 760,895              |
| 4,886,597            | 3,544,412            | 3,094,382            | 2,861,134            | 3,149,305            | 2,938,519            |
| 2,871,671            | 1,410,755            | 1,412,293            | 1,243,934            | 1,614,365            | 1,203,684            |
| 1,401,874            | 1,613,622            | 883,073              | 1,176,755            | 1,028,853            | 1,101,090            |
| 8,394,943            | 7,997,334            | 8,652,019            | 7,864,691            | 7,625,690            | 6,771,974            |
| 214,813              | 183,752              | -                    | -                    | -                    | -                    |
| 172,454              | 241,844              | 187,082              | 10,792               | 12,812               | 76,312               |
| 25,701,790           | 21,780,643           | 22,213,941           | 21,606,850           | 21,168,383           | 19,012,839           |
| -                    | -                    | 27,466               | 11,716               | 11,458               | 13,928               |
| -                    | -                    | 27,466               | 11,716               | 11,458               | 13,928               |
| <u>\$ 25,701,790</u> | <u>\$ 21,780,643</u> | <u>\$ 22,241,407</u> | <u>\$ 21,618,566</u> | <u>\$ 21,179,841</u> | <u>\$ 19,026,767</u> |

***STATISTICAL SECTION***

***REVENUE CAPACITY***

**COMMUNITY SERVICES CONSORTIUM**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(modified accrual basis of accounting)*

|                                  | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Function/Program</b>          |                      |                      |                      |                      |
| <b>General Fund</b>              |                      |                      |                      |                      |
| Grants and contracts             | \$ 99,996            | \$ 126,416           | \$ -                 | \$ -                 |
| Contributions                    | 12,063               | 11,810               | 8,410                | 5,100                |
| Other                            | 36,637               | 26,840               | 6,105                | 84                   |
| Interest                         | <u>7,813</u>         | <u>6,141</u>         | <u>5,137</u>         | <u>10,586</u>        |
| <i>Subtotal General Revenues</i> | <u>156,509</u>       | <u>171,207</u>       | <u>19,652</u>        | <u>15,770</u>        |
| <b>Governmental activities:</b>  |                      |                      |                      |                      |
| Grants and contracts             | 10,530,363           | 13,995,891           | 16,642,556           | 18,820,051           |
| Contributions                    | 839,840              | 791,416              | 773,303              | 724,003              |
| Loan repayments                  | 264,807              | 241,289              | 181,758              | 193,547              |
| Fees for service                 | 887,032              | 912,291              | 1,125,963            | 1,138,336            |
| Commodity foods                  | 7,882,273            | 8,604,144            | 6,916,493            | 7,238,221            |
| Other                            | 386,625              | 601,500              | 689,021              | 666,170              |
| Sale of houses and other assets  | -                    | 139,540              | 1,500                | 203,708              |
| Interest                         | <u>2,843</u>         | <u>5,692</u>         | <u>1,490</u>         | <u>2,493</u>         |
| <i>Subtotal Special Revenues</i> | <u>20,793,783</u>    | <u>25,291,763</u>    | <u>26,332,084</u>    | <u>28,986,529</u>    |
| <b>Total Revenues</b>            | <u>\$ 20,950,292</u> | <u>\$ 25,462,970</u> | <u>\$ 26,351,736</u> | <u>\$ 29,002,299</u> |

| <u>2009</u>          | <u>2008</u>          | <u>2007</u>          | <u>2006</u>          | <u>2005</u>          | <u>2004</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| 2,550                | 1,200                | 954                  | 1,016                | 1,321                | 158                  |
| 2,016                | 1,573                | 87                   | 5,659                | 1,011                | 134                  |
| <u>22,266</u>        | <u>39,415</u>        | <u>37,204</u>        | <u>8,106</u>         | <u>8,547</u>         | <u>6,804</u>         |
| <u>26,832</u>        | <u>42,188</u>        | <u>38,245</u>        | <u>14,781</u>        | <u>10,879</u>        | <u>7,096</u>         |
| 15,200,673           | 12,758,612           | 12,550,730           | 12,856,442           | 12,265,541           | 12,146,896           |
| 756,057              | 597,201              | 546,821              | 438,377              | 386,433              | 360,236              |
| 171,515              | 248,810              | 380,804              | 396,136              | 522,227              | 90,284               |
| 1,271,092            | 984,170              | 756,745              | 548,350              | 502,628              | 500,542              |
| 7,518,064            | 7,246,770            | 7,896,190            | 7,253,985            | 6,663,036            | 6,206,013            |
| 623,712              | 555,572              | 229,830              | 186,737              | 145,065              | 69,418               |
| -                    | 4,067                | 220,791              | 340,500              | 596,324              | -                    |
| <u>682</u>           | <u>770</u>           | <u>923</u>           | <u>784</u>           | <u>1,244</u>         | <u>1,735</u>         |
| <u>25,541,795</u>    | <u>22,395,972</u>    | <u>22,582,834</u>    | <u>22,021,311</u>    | <u>21,082,498</u>    | <u>19,375,124</u>    |
| <u>\$ 25,568,627</u> | <u>\$ 22,438,160</u> | <u>\$ 22,621,079</u> | <u>\$ 22,036,092</u> | <u>\$ 21,093,377</u> | <u>\$ 19,382,220</u> |

***STATISTICAL SECTION***  
***DEMOGRAPHIC AND ECONOMIC***  
***INFORMATION***

**COMMUNITY SERVICES CONSORTIUM**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS - UNAUDITED**

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**Date of Incorporation**

July 1, 1980

**Form of Government**

Nine-member governing board

**Area by County**

Benton County 679 square miles  
 Linn County 2,297 square miles  
 Lincoln County 992 square miles

| <b>State of Oregon</b> |                   | <b>Total</b>    | <b>Per</b>      | <b>Unemployment</b> | <b>Percentage of</b>     |
|------------------------|-------------------|-----------------|-----------------|---------------------|--------------------------|
| <b>Year</b>            | <b>Population</b> | <b>Personal</b> | <b>Capita</b>   | <b>Rate</b>         | <b>Population Living</b> |
|                        |                   | <b>Income</b>   | <b>Personal</b> |                     | <b>In Poverty</b>        |
|                        |                   |                 | <b>Income</b>   |                     |                          |
| 2004                   | 3,582,600         | \$112,973,834   | \$ 30,679       | 7.4%                | 14%                      |
| 2005                   | 3,631,440         | 117,634,076     | 31,580          | 6.1%                | 14%                      |
| 2006                   | 3,690,505         | 127,403,090     | 33,648          | 5.4%                | 13.3%                    |
| 2007                   | 3,745,455         | 133,821,268     | 35,143          | 5.2%                | 12.9%                    |
| 2008                   | 3,791,075         | 140,948,951     | 35,956          | 5.1%                | 13.6%                    |
| 2009                   | 3,823,465         | 135,474,469     | 36,365          | 6.4%                | 14.3%                    |
| 2010                   | 3,837,300         | 139,841,938     | 35,667          | 10.3%               | 15.8%                    |
| 2011                   | 3,856,815         | 145,299,628     | 37,744          | 9.7%                | 17.5%                    |
| 2012                   | 3,857,625         | 152,721,624     | 39,166          | 8.6%                | 17.3%                    |
| 2013                   | 3,883,735         | N/A             | N/A             | 8.7%                | N/A                      |

| <b>Benton County</b> |                   | <b>Total</b>    | <b>Per</b>      | <b>Unemployment</b> | <b>Percentage of</b>     |
|----------------------|-------------------|-----------------|-----------------|---------------------|--------------------------|
| <b>Year</b>          | <b>Population</b> | <b>Personal</b> | <b>Capita</b>   | <b>Rate</b>         | <b>Population Living</b> |
|                      |                   | <b>Income</b>   | <b>Personal</b> |                     | <b>In Poverty</b>        |
|                      |                   |                 | <b>Income</b>   |                     |                          |
| 2004                 | 81,750            | \$ 2,785,012    | \$ 34,444       | 3.5%                | 13.0%                    |
| 2005                 | 82,835            | 2,707,034       | 33,256          | 4.9%                | 16.6%                    |
| 2006                 | 84,125            | 2,863,698       | 34,956          | 4.7%                | 15.3%                    |
| 2007                 | 85,300            | 3,012,941       | 36,398          | 4.1%                | 19.3%                    |
| 2008                 | 86,120            | 3,160,392       | 36,937          | 6.4%                | 18.5%                    |
| 2009                 | 86,725            | 3,132,559       | 37,755          | 7.6%                | 15.6%                    |
| 2010                 | 85,735            | 3,193,015       | 37,922          | 7.0%                | 18.9%                    |
| 2011                 | 85,995            | 3,306,025       | 38,439          | 6.5%                | 21.8%                    |
| 2012                 | 85,995            | 3,446,794       | 39,880          | 6.4%                | 23.4%                    |
| 2013                 | 86,785            | N/A             | N/A             | 6.1%                | N/A                      |

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| <b>Linn County</b> |                   |                              |                                   |                          |   |
|--------------------|-------------------|------------------------------|-----------------------------------|--------------------------|---|
| <b>Year</b>        | <b>Population</b> | <b>Total Personal Income</b> | <b>Per Capita Personal Income</b> | <b>Unemployment Rate</b> | <b>Percentage of Population Living In Poverty</b> |
| 2004               | 106,350           | \$ 2,798,188                 | \$ 25,361                         | 9.3%                     | 10.9%   |
| 2005               | 107,150           | 2,889,447                    | 25,739                            | 6.9%                     | 16.0%   |
| 2006               | 108,250           | 3,119,012                    | 27,190                            | N/A                      | 16.8%   |
| 2007               | 109,320           | 3,292,512                    | 28,153                            | 6.4%                     | 14.0%   |
| 2008               | 110,185           | 3,459,740                    | 28,676                            | 6.5%                     | 14.1%   |
| 2009               | 110,865           | 3,433,550                    | 29,273                            | 15.2%                    | 14.6%   |
| 2010               | 116,840           | 3,411,859                    | 29,451                            | 12.8%                    | 14.9%   |
| 2011               | 117,340           | 3,530,136                    | 29,882                            | 11.8%                    | 19.2%   |
| 2012               | 117,340           | 3,667,273                    | 30,984                            | 11.0%                    | 19.8%   |
| 2013               | 118,035           | N/A                          | N/A                               | 10.9%                    | N/A   |

| <b>Lincoln County</b> |                   |                              |                                   |                          |   |
|-----------------------|-------------------|------------------------------|-----------------------------------|--------------------------|---|
| <b>Year</b>           | <b>Population</b> | <b>Total Personal Income</b> | <b>Per Capita Personal Income</b> | <b>Unemployment Rate</b> | <b>Percentage of Population Living In Poverty</b> |
| 2004                  | 44,400            | \$ 1,312,356                 | \$ 27,880                         | 8.3%                     | 15.3%   |
| 2005                  | 44,405            | 1,345,992                    | 28,414                            | 6.7%                     | 13.9%   |
| 2006                  | 44,520            | 1,438,426                    | 30,501                            | 6.0%                     | 17.6%   |
| 2007                  | 44,360            | 1,497,500                    | 31,796                            | 5.6%                     | 17.1%   |
| 2008                  | 44,715            | 1,557,959                    | 32,530                            | 6.5%                     | 16.7%   |
| 2009                  | 44,700            | 1,565,174                    | 33,485                            | 10.8%                    | 16.5%   |
| 2010                  | 46,135            | 1,550,294                    | 33,810                            | 10.9%                    | 17.0%   |
| 2011                  | 46,060            | 1,611,429                    | 35,119                            | 9.6%                     | 14.8%   |
| 2012                  | 46,155            | 1,678,713                    | 36,374                            | 8.9%                     | 15.6%   |
| 2013                  | 46,295            | N/A                          | N/A                               | 9.3%                     | N/A   |

**Sources:** Population information provided by the Center for Population and Census Research, Portland State University. Personal income and unemployment data provided by the Oregon Department of Employment and U.S. Bureau of Economic Analysis. Percentage of population living in poverty provided by the U.S. Census American Community Survey.

**Note:** Population is based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.



**COMMUNITY SERVICES CONSORTIUM**  
**MISCELLANEOUS STATISTICS**  
**LAST SIX FISCAL YEARS - UNAUDITED**

|  | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Population                             |             |             |             |             |             |             |
| Benton                                 | 86,785      | 85,995      | 85,995      | 85,735      | 86,725      | 86,120      |
| Linn                                   | 118,035     | 117,340     | 117,340     | 116,840     | 110,865     | 110,815     |
| Lincoln                                | 46,295      | 46,155      | 46,060      | 46,135      | 44,700      | 44,715      |
| Employees                              |             |             |             |             |             |             |
| Non-management (represented) employees | 88          | 107         | 132         | 128         | 106         | 100         |
| Management (exempt) employees          | 19          | 15          | 23          | 24          | 27          | 30          |
| Total FTE                              | <u>107</u>  | <u>122</u>  | <u>155</u>  | <u>152</u>  | <u>133</u>  | <u>130</u>  |
| Employees by Function                  |             |             |             |             |             |             |
| Administration                         | 4           | 6           | 5           | 5           | 5           | 5           |
| Finance                                | 4           | 4           | 6           | 6           | 5           | 5           |
| Technology                             | 3           | 3           | 3           | 3           | 3           | 2           |
| Workforce Investment Board             | -           | 2           | 2           | 2           | 2           | 2           |
| Community Resource Development         | 3           | 4           | 3           | 3           | 2           | 2           |
| Child Development Services             | 21          | 19          | 18          | 20          | 21          | 26          |
| Workforce and Education                | 27          | 34          | 59          | 60          | 50          | 48          |
| Emergency Services                     | 20          | 22          | 24          | 22          | 20          | 17          |
| Housing and Community Resources        | 16          | 19          | 25          | 21          | 15          | 14          |
| Linn Benton Food Share / Gleaning      | 7           | 7           | 7           | 7           | 7           | 7           |
| Retired and Senior Volunteers          | 2           | 2           | 3           | 3           | 3           | 2           |
|  | <u>107</u>  | <u>122</u>  | <u>155</u>  | <u>152</u>  | <u>133</u>  | <u>130</u>  |

The data in this table will continue to be accumulated until ten years of data can be displayed.

The populations listed are preliminary estimates of populations as of June 30<sup>th</sup> of each year.

The Center for Populations and Census Research at Portland State University, which provided these estimates, notes that they are subject to change.

It is not feasible to present the level of service as the make of the individual grants dictate what services are to be provided. Grants fluctuate widely between departments and from year-to-year. CSC operates almost two hundred grants and each would have a separate measure. Additionally, many of the grants are combined to provide services to duplicative individuals.

***STATE COMPLIANCE SECTION***



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

CSC Governing Board  
Community Services Consortium  
Albany, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Community Services Consortium (CSC) as of and for the year ended June 30, 2013, and have issued our report thereon dated January 24, 2014.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether CSC'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 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).**
- **Budgets legally required (ORS Chapter 294.900).**
- **Insurance and fidelity bonds in force or required.**
- **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 CSC 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 except CSC did not formally elect a budget committee secretary as required under ORS 294.905(7).

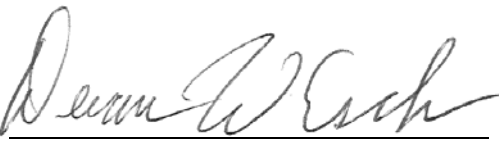
***OAR 162-10-0230 - Internal Control***

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

***Restriction on Use***

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

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Devan W. Esch, A Shareholder  
January 24, 2014

***FEDERAL COMPLIANCE SECTION***

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

|   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass Through Organization</b>        | <b>Pass<br/>Through ID</b> | <b>Expenditures</b> |
|---|------------------------------------|---|----------------------------|---------------------|
| <u>U.S. Department of Agriculture</u>   |                                    |   |                            |                     |
| <i>Emergency Food Assistance Cluster</i>  |                                    |   |                            |                     |
| Temporary Emergency Food Assistance Program - Cash                              | 10.568                             | Oregon Food Bank                        | unknown                    | \$ 27,321           |
| Temporary Emergency Food Assistance Program<br>- Commodities                    | 10.569                             | Oregon Food Bank                        | unknown                    | 486,961             |
|   |                                    |   |                            | <u>514,282</u>      |
| Housing Preservation Grant -USDA - Lincoln                                      | 10.433                             | Rural Development Administration        | USDA-HPG-CSC 2012-14       | 155                 |
| Housing Preservation Grant -USDA - Linn   | 10.433                             | Rural Development Administration        | USDA-RD-HCRP-HPG-2011      | 29,823              |
| Child and Adult Care Food Program   | 10.558                             | Oregon Department of Education          | 2103001                    | 47,187              |
| Child and Adult Care Food Program   | 10.558                             | Oregon Department of Education          | 2103001                    | 29,802              |
| Total U.S. Department of Agriculture  |                                    |   |                            | <u>621,249</u>      |
| <u>U.S. Department of Housing and Urban Development</u>                         |                                    |   |                            |                     |
| Continuum of Care   | 14.235                             | Direct                                  | OR0075B0E051003            | 76,122              |
| Continuum of Care HUD - Passport (Interim) 7/1/12 - 11/30-12                    | 14.235                             | Direct                                  | OR0079B0E051003            | 17,096              |
| Continuum of Care HUD - Passport - CSC 12/1/12 - 6/30/13                        | 14.235                             | Direct                                  | OR0079B0E051004            | 14,354              |
| Continuum of Care HUD - LBHASH1   | 14.235                             | Linn-Benton Housing Authority           | OR0063B0E051002            | 68,926              |
| Housing Counseling Assistance Program - RCAC                                    | 14.169                             | Rural Community Assistance Corporations | HOC13-C348                 | 2,866               |
| Housing Counseling Assistance Program - RCAC                                    | 14.169                             | Rural Community Assistance Corporations | HOC12A-C348/12             | 16,978              |
| ESGP 10F- Emergency Shelter Grant Program                                       | 14.231                             | Oregon Housing and Community Services   | OHCS MGA 11-13 #2035       | 4,970               |
| ESGP 11 - Emergency Shelter Grant Program                                       | 14.231                             | Oregon Housing and Community Services   | OHCS MGA 11-13 #2035       | 39,270              |
| ESGP 12 - Emergency Shelter Grant Program                                       | 14.231                             | Oregon Housing and Community Services   | OHCS MGA 11-13 #2035       | 134,566             |
| Home Tenant Based Assistance  | 14.239                             | Oregon Housing and Community Services   | OHCS MGA 11-13 #2035       | 188,310             |
| Total U.S. Department of Housing and Urban Development                          |                                    |   |                            | <u>563,458</u>      |
| <u>U.S. Department of Justice - Juvenile Justice and Delinquency Prevention</u> |                                    |   |                            |                     |
| Juvenile Mentoring Program 2009-2012  | 16.726                             | Youthbuild USA                          | 2009-FU-JX-0004            | 13,161              |
| Total U.S. Department of Justice - Juvenile Justice and Delinquency Prevention  |                                    |   |                            | <u>13,161</u>       |

*See notes to schedule of expenditures of federal awards.*

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

|   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass Through Organization</b>                       | <b>Pass<br/>Through ID</b> | <b>Expenditures</b> |
|---|------------------------------------|--|----------------------------|---------------------|
| <u>U.S. Department of Labor</u>                                       |                                    |  |                            |                     |
| <i>Workforce Investment Act (WIA) Cluster</i>                         |                                    |  |                            |                     |
| Title IB - Adult - PY12   | 17.258                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | \$ 41,406           |
| Title IB - Adult - FY12   | 17.258                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 84,405              |
| Title IB - Adult - FY13   | 17.258                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 369,007             |
| Title IB - Local Admin - FY13- Adult                                  | 17.258                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 33,348              |
| Title IB - Local Admin - PY12- Youth                                  | 17.259                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 73,637              |
| Title IB - Local Admin - PY12 - Adult                                 | 17.260                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 4,600               |
| Title IB - Local Admin - PY12 - Dislocated Worker                     | 17.260                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 8,839               |
| Title IB - Local Admin - FY12 - Dislocated Worker                     | 17.258                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 51,507              |
| Title IB - Local Admin - FY12 - Adult                                 | 17.258                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 16,072              |
| Title IB - High Concentration Youth - PY11- Youth                     | 17.259                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 16,731              |
| Title IB - Youth - PY11   | 17.259                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 123,637             |
| Title IB - Youth - PY12   | 17.259                             | Oregon Community Colleges and Workforce<br>Development | J02014                     | 509,120             |
| Title IB - CSC Staff Loan to CCWD - SESP                              | 17.275                             | Oregon Community Colleges and Workforce<br>Development | IGA0472                    | 48,016              |
| Title IB - CSC Staff Loan to CCWD - National Emergency<br>Grant (NEG) | 17.277                             | Oregon Community Colleges and Workforce<br>Development | IGA0472                    | 2,444               |
| Title IB - CSC Staff Loan to CCWD - Dislocated Worker                 | 17.278                             | Oregon Community Colleges and Workforce<br>Development | IGA0472                    | 49,536              |

*See notes to schedule of expenditures of federal awards.*

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

|  | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass Through Organization</b>                    | <b>Pass<br/>Through ID</b> | <b>Expenditures</b> |
|--|------------------------------------|---|----------------------------|---------------------|
| <i>Workforce Investment Act (WIA) Cluster (Continued)</i>                |                                    |   |                            |                     |
| Title IB - Dislocated Workers - FY13                                     | 17.278                             | Oregon Community Colleges and Workforce Development | J02014                     | \$ 325,275          |
| Title IB - Dislocated Workers - PY12                                     | 17.278                             | Oregon Community Colleges and Workforce Development | J02014                     | 79,552              |
| Title IB - Dislocated Workers - FY12                                     | 17.278                             | Oregon Community Colleges and Workforce Development | J02014                     | 75,172              |
| Title 1B - NCRC - PY12 - DW RR   | 17.278                             | Oregon Community Colleges and Workforce Development | J02014                     | 3,899               |
| Title 1B - NCRC - FY13 - DW RR   | 17.278                             | Oregon Community Colleges and Workforce Development | J02014                     | 5,850               |
| <i>Total Workforce Investment Act (WIA) Cluster</i>                      |                                    |   |                            | 1,922,053           |
| ARRA SESP - State Energy Sector Partnership and Training Grant - Program | 17.275                             | Oregon Community Colleges and Workforce Development | GRNT0448                   | 73,503              |
| Title 1B WIA -ARRA -OGTC -Oregon Green Tech - SESP                       | 17.275                             | The Oregon Consortium                               | PY10-R4-OGTC SESP          | 49,488              |
| Total U.S. Department of Labor   |                                    |   |                            | 2,045,044           |
| <u>U.S. Department of Treasury</u>                                       |                                    |   |                            |                     |
| National Foreclosure Mitigation Counseling                               | 21.XXX                             | Oregon Housing and Community Services               | GRNT # 01138               | 8,839               |
| Total U.S. Department of Treasury  |                                    |   |                            | 8,839               |
| <u>U.S. Department of Energy</u>   |                                    |   |                            |                     |
| BPA - WX FY12  | 81.042                             | Oregon Housing and Community Services               | OHCS MGA 11-13 #2035       | 121,869             |
| BPA - Energy Education   | 81.042                             | Oregon Housing and Community Services               | OHCS MGA 11-13 #2035       | 5,687               |
| DOE - WX FY11  | 81.042                             | Oregon Housing and Community Services               | OHCS MGA 11-13 #2035       | 88,952              |
| Total U.S. Department of Energy  |                                    |   |                            | 216,508             |
| <u>U.S. Department of Health and Human Services</u>                      |                                    |   |                            |                     |
| <i>Head Start Cluster</i>  |                                    |   |                            |                     |
| Headstart 2011-12  | 93.600                             | Direct  | G-10CH0155/17              | 260,631             |
| Headstart 2012-13  | 93.600                             | Direct  | G-10CH0155/18              | 710,614             |
| Total Head Start Cluster   |                                    |   |                            | 971,245             |

See notes to schedule of expenditures of federal awards.



**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

|   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass Through Organization</b>                      | <b>Pass<br/>Through ID</b> | <b>Expenditures</b> |
|---|------------------------------------|---|----------------------------|---------------------|
| <u>U.S. Department of Health and Human Services (Continued)</u> |                                    |   |                            |                     |
| <i>Temporary Assistance for Needy Families (TANF) Cluster</i>   |                                    |   |                            |                     |
| Housing Stabilization Program / TANF                            | 93.558                             | Oregon Housing and Community Services                 | OHCS MGA 11-13 #2035       | \$ 29,182           |
| <i>Community Services Block Grants Cluster</i>                  |                                    |   |                            |                     |
| Community Services Block Grant - FFY12                          | 93.569                             | Oregon Housing and Community Services                 | OHCS MGA 11-13 #2035       | 185,714             |
| Community Services Block Grant - FFY13                          | 93.569                             | Oregon Housing and Community Services                 | OHCS MGA 11-13 #2035       | 60,394              |
| Community Services Block Grant - FFY12 Discretionary            | 93.569                             | Oregon Housing and Community Services                 | OHCS MGA 11-13 #2035       | 1,235               |
| <i>Total Community Services Block Grants Cluster</i>            |                                    |   |                            | <u>247,343</u>      |
| LIHEAP - Low Income Energy Assistance                           | 93.568                             | Oregon Housing and Community Services                 | OHCS MGA 11-13 #2035       | 2,109,389           |
| LIHEAP - Weatherization   | 93.568                             | Oregon Housing and Community Services                 | OHCS MGA 09-11 #2035       | 17,093              |
| LIHEAP - Leverage   | 93.568                             | Oregon Housing and Community Services                 | OHCS MGA 09-11 #2035       | 17,724              |
| LIHEAP - Education  | 93.568                             | Oregon Housing and Community Services                 | OHCS MGA 09-11 #2035       | 82,095              |
| LIHEAP - Weatherization - FFY13                                 | 93.568                             | Oregon Housing and Community Services                 | OHCS MGA 09-11 #2035       | 343,667             |
| LIHEAP - Weatherization - FFY12                                 | 93.568                             | Oregon Housing and Community Services                 | OHCS MGA 09-11 #2035       | 256,345             |
| Senior Health Insurance Benefits Assistance - MIPPA             | 93.779                             | Oregon Department of Consumer<br>and Business Affairs | SHIBA 11-12-14             | 17,203              |
| RSVP -MIPAA -SHIBA  | 93.779                             | Seniors Serving Oregon Coalition (SSOC)               | MIPPA 11-3                 | 5,265               |
| Total U.S. Department of Health and Human Services              |                                    |   |                            | <u>4,096,551</u>    |
| <u>Corporation for National and Community Service</u>           |                                    |   |                            |                     |
| Retired and Senior Volunteer Program - RSVP                     | 95.002                             | Direct  | 10SRPOR003                 | 63,041              |
| Americorps - Youthbuild - 2012-2013                             | 94.006                             | Youthbuild USA  | 10NDHMA0030053             | 41,711              |
| Americorps - Youthbuild - 2011-2012                             | 94.006                             | Youthbuild USA  | 10NDHMA0030053             | 24,844              |
| Total Corporation for National and Community Service            |                                    |   |                            | <u>129,596</u>      |
| Total Expenditures of Federal Awards                            |                                    |   |                            | <u>\$ 7,694,406</u> |

See notes to schedule of expenditures of federal awards.

## ***COMMUNITY SERVICES CONSORTIUM***

### ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

***YEAR ENDED JUNE 30, 2013***

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#### ***Purpose of the Schedule***

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to the Community Services Consortium's (CSC) financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of CSC, it is not intended to and does not present either the financial position, changes in net assets or fund balances, or the operating funds' revenues and expenses.

#### ***SIGNIFICANT ACCOUNTING POLICIES***

##### ***Basis of Presentation***

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

##### ***Federal Financial Assistance***

Pursuant to the Single Audit Act Amendment of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

##### ***Major Programs***

The Single Audit Act Amendment of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for CSC are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

##### ***Reporting Entity***

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by CSC for the year ended June 30, 2013.

##### ***Revenue and Expenditure Recognition***

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

**COMMUNITY SERVICES CONSORTIUM**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED JUNE 30, 2013

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*Subrecipients*

Of the federal expenditures presented in the schedule, CSC provided federal awards to subrecipients as follows:

| <i>Program Title</i>           | <i>Federal CFDA<br/>Number</i> | <i>Amount<br/>Provided to<br/>Subrecipients</i> |
|--------------------------------|--------------------------------|---|
| Workforce Investment Act - WIA |                                |   |
| Title 1B - Adult               | 17.258                         | \$ 11,154                                       |
| Title 1B - Youth               | 17.259                         | 2,467   |
| Title 1B - Dislocated Worker   | 17.260                         | 8,630   |
| DOL SESP ARRA                  | 17.275                         | 554   |
|                                |                                | <hr/>   |
|                                |                                | \$ 22,805                                       |
|                                |                                | <hr/> <hr/>                                     |



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

CSC Governing Board  
Community Services Consortium  
Albany, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Community Services Consortium (CSC), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise CSC's basic financial statements, and have issued our report thereon dated January 24, 2014.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered CSC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CSC's internal control. Accordingly, we do not express an opinion on the effectiveness of CSC'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of CSC'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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether CSC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS  
January 24, 2014



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133***

CSC Governing Board  
Community Services Consortium  
Albany, Oregon

#### ***Report on Compliance for Each Major Federal Program***

We have audited Community Services Consortium's (CSC) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CSC's major federal programs for the year ended June 30, 2013. CSC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of CSC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CSC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CSC's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, CSC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Report on Internal Control Over Compliance***


Management of CSC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CSC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CSC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS  
January 24, 2014

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

|   |               |
|---|---------------|
| Type of auditor's report issued:                      | Unmodified    |
| Internal control reporting:                           |               |
| • Material weakness(es) identified?                   | No            |
| • Significant deficiency(ies) identified?             | None Reported |
| Noncompliance material to financial statements noted? | No            |

**Federal Awards**

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| • Material weakness(es) identified?  | No            |
| • Significant deficiency(ies) identified?  | None Reported |
| Type of auditor's report issued on compliance for major programs:  | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No            |

Identification of major program:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 10.568/10.569       | Food Distribution Cluster                 |
| 14.239              | HOME TBA                                  |
| 17.275              | State Energy Section Partnership          |
| 93.569              | Community Services Block Grant            |
| 93.600              | Head Start                                |

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee?                                   | Yes       |

**FINANCIAL STATEMENT FINDINGS**

*None*

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*None*

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

*None*