

**Comprehensive Annual Financial Report  
For year ended June 30, 2017**

Albany, Oregon

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

***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***Year Ended June 30, 2017***

Martha Lyon  
Executive Director

Prepared by  
Debbie Jackson, CPA, CFE - Finance Director  
Connor Lyons - Finance Manager

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

**COMMUNITY SERVICES CONSORTIUM**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2017**

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**GOVERNING BOARD**

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

**OFFICER**

Martha Lyon  
Executive Director

Debbie Jackson, CPA, CFE  
Finance Director

Connor Lyons  
Finance Manager

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

February 15, 2018

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

**Community Services Consortium**

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

Community Services Consortium was organized as a state-designated Community Action Agency (CAA) by Linn, Benton and Lincoln county governments over 37 years ago. We operate under ORS 190 as an “instrumentality of government,” performing essential social service roles previously considered the responsibility of local government or separate non-profit agencies.

In addition to the oversight that is required by state and federal funders, as well as the reporting which must be completed by all CAAs, CSC *voluntarily* prepares the higher level of disclosure and analysis required of local governments in a Comprehensive Annual Financial Report (a “CAFR”). CSC has undertaken this extra effort for twenty-five years in a row in order to assure that we have provided our boards, our advisory committees, our funders and our community with this added assurance of fiscal responsibility.

More and more, expectations of Community Action Agencies include building capacity in the communities they serve. Accordingly, CSC strives to meet the highest level of administrative transparency. This report is an important part of meeting that goal.



Martha Lyon  
Executive Director

## INTRODUCTION

We are pleased to submit this Comprehensive Annual Financial Report of Community Services Consortium (CSC) for the fiscal year ended June 30, 2017, in accordance with state requirements. Oregon law requires local governments to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) for the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants for each fiscal year.

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. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect CSC's assets from loss, theft, or misuse and to provide sufficient reliable information for the preparation of CSC's financial statements in conformity with GAAP. CSC has designed its internal controls to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement, recognizing the need to balance the cost of internal controls with their benefits. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

CSC's financial statements have been audited by Grove, Mueller & Swank PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that CSC's financial statements for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management 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, 2017 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.

The independent audit of CSC's financial statement was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on CSC's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Federal Compliance 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. In accordance with GAAP, management has provided a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A can be found immediately following the report of the independent auditors.



## **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 (CAPO) network. 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 CSC 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 or city government's budget and has no permanent tax base to raise resources.

The Governing Board of CSC also served as the Board of Directors for four 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 four 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. **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 Housing and Energy Services Departments to apply for grants related to educational, workforce training, and programs to promote economic stability. **Career Tech High School (CTHS)** was formed in 2013 as a non-profit entity, as requested in our Charter School contract with Lincoln County School District.

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

**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 2013-14 and is governed by a separate board in FY17. The CSC Governing Board no longer has controlling interest in Community Housing Services, although CSC serves as the fiscal agent for Community Housing Services, and that activity is reported in the audit report under a separate fiduciary fund statement.

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 business' employment needs.*

CSC partners with three counties, school districts, community colleges, education service districts, 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 two 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 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, 2017, CSC adopted two Supplemental Budgets.

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

For over thirty seven 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.

We believe that a healthy community system is one that is designed to support pathways into opportunity. We are fortunate that we share this core belief with our neighbors in Linn, Benton and Lincoln counties. Regardless of political ideology, most folks we run into believe that people are our biggest asset and fostering the growth of that asset is a wise investment.

We will continue working with Community Care Organizations, Early Learning Councils, Workforce Investment Boards and the Community Action Partners of Oregon, among others, to help describe what well-being looks like in an individual, a family and a community. We will utilize our local university and community colleges to help us look at outcome measures and evidence-based practices. Finally, we will utilize the creativity and dedication of our staff to shape our programs and services to promote that well-being and opportunity.

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. has slowed somewhat since last year, according to the U.S. Department of Labor, Bureau of Labor Statistics. Its most recent survey data, for 2017, showed that annual average unemployment rates decreased in 41 states. The U.S. jobless rates declined by .9 percent to 5.3 percent in 2015 to 4.4 percent in 2017. Oregon's unemployment rate declined 1.6 percent in two years, from 5.7 percent in 2015 down to 4.1 percent in 2017.<sup>1</sup>

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<sup>1</sup> "Regional and State Unemployment – 2017 Annual Averages U.S. Department of Labor, Bureau of Labor Statistics, January 2018

The Census Bureau's data for 2016 showed that the official poverty rate was 12.7 percent, decreased by .8 percent from 13.5 percent in 2016. The number of people in poverty decreased from 46.7 million in 2016 to 40.6 million in 2017 as the economy improved. The 2016 poverty rate was still slightly higher than 12.5 percent in 2007, the year before the most recent recession. This was the second consecutive decline in the national poverty rate.<sup>2i</sup>

In 2016, the Census Bureau survey showed that 12.7 percent of the population --- 40.6 million people were living in poverty - compared to 2007 at 12.5 percent of the population --- 39.8 million people. There is still an unacceptably large number of our population living in poverty and work to be done to alleviate the causes and conditions of poverty.

**What is the federal poverty level (FPL) in 2017?**

- **\$24,300 for a family of four.**
- **\$20,160 for a family of three.**
- **\$16,020 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:**

- **\$48,600 for a family of four.**
- **\$40,320 for a family of three.**
- **\$32,040 for a family of two.**

The estimated percentage of U.S. households that were food insecure declined significantly from 14.6 percent 2014, to 12.3 percent in 2016 continuing a downward trend in food insecurity from a high of 14.9 percent in 2011. The prevalence of very low food security also declined from 5.6 percent in 2014 to 4.9 percent in 2016.... Oregon is still one of fifteen states that have food insecurity above the U.S. average and is ranked 37<sup>th</sup> in the nation. Oregon had a 2014-2016 average food insecurity rate of 14.6 percent of households and a very low food insecurity rate averaging 6.2 percent of households.<sup>3</sup>

Linn Benton Food Share, one of our departments, is the regional food bank for Linn and Benton Counties, and locally, we are NOT experiencing a decrease in the demand for food, although other facets of the economy are improving. We believe that an additional factor that influences us locally is that Oregon is ranked 46<sup>th</sup> in the availability of affordable housing. Households that devote more than 40% of their income to housing are considered overburdened in their housing costs.

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<sup>2</sup> "Income and Poverty in the United States, 2016", J. Semega, K. Fontenot and M. Kollar, September 2017, U.S. Census Bureau, Report # P60-2596

<sup>3</sup>"Household Food Security in the United States in 2015", by Alisha Coleman-Jensen, Matthew Rabbitt, Christina Gregory, and Anita Singh, Economic Research Report No. (ERR-215) September 2016.

## LOCAL ECONOMIC CONDITIONS AND OUTLOOK

In 2016, Oregon ranked 28th among all states in unemployment at 5.3% unemployment and had 16.4 percent of residents living in poverty, ranking 34<sup>th</sup> in the nation.

The American Community Survey for 2016 estimated that the percentage of individuals living in poverty in Benton, Linn and Lincoln counties was 8.3%, 12.2% and 12.2% (2016) respectively. Benton County reflected significant decreases in percentage of poverty levels.

### BENTON COUNTY

Benton County encompasses 679 square miles and is the third smallest of Oregon's 36 counties. Based on information from the Center for Population Research at Portland State University, Benton County's July 1, 2017, population estimate was 91,320.<sup>4</sup> According to the US Department of Commerce Bureau of Economic Analysis using 2015 data, per capita personal income (PCPI) in Benton County was \$41,676.<sup>5</sup> The unemployment rate for Benton County was estimated at 3.9% in 2016.

### LINN COUNTY

Linn County encompasses 2,297 square miles and consists largely of small rural communities. Its July 1, 2017 population estimate was 122,315 with an estimated annual per capita personal income (PCPI) of \$37,355 in 2015. Linn County has an estimated 12.2 percent of the population living in poverty in 2016. The unemployment rate in Linn County is estimated at 5.8% in 2016.

### LINCOLN COUNTY

Lincoln County is located on the central Oregon coast and has an area of 992 square miles. The County's 2017 population estimate was 47,735. In 2015, the county's per capita personal income (PCPI) was \$38,968. Lincoln County had an estimated 12.2% of the population living in poverty in 2016. By July 2017, Lincoln County's unemployment rate was 5.7%. As with other areas of the state, many jobs are in the service sectors with many dependent on the tourist industry.

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>4</sup> Portland State University Population and Research Center: July 1, 2017 release date.

<sup>5</sup> Benton County, Oregon: Selected Economic Characteristics;; Data Set: 2017 American Community Survey 1-Year Estimates, Survey: American Community Survey.

## 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.

As a local government, CSC is subject to the budget provisions of ORS 294.900 to 294.930.

CSC is organized into three governmental accounting types of funds - the general fund, special revenue funds and fiduciary funds. For budgeting purposes, six funds have been established. These include a General Fund and five special revenue funds: Housing and Energy Services; Workforce and Education; Linn Benton Food Share; Child Development Services 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.

### 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, 2016. This was the **twenty-fifth** 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, 2017 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, Kelly Gould, Darryl Willaman and Jennifer McCooley as well as administrative staff members Susanne Lee and Emely Day.

We commend the entire CSC staff for their hard work and dedicated 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,



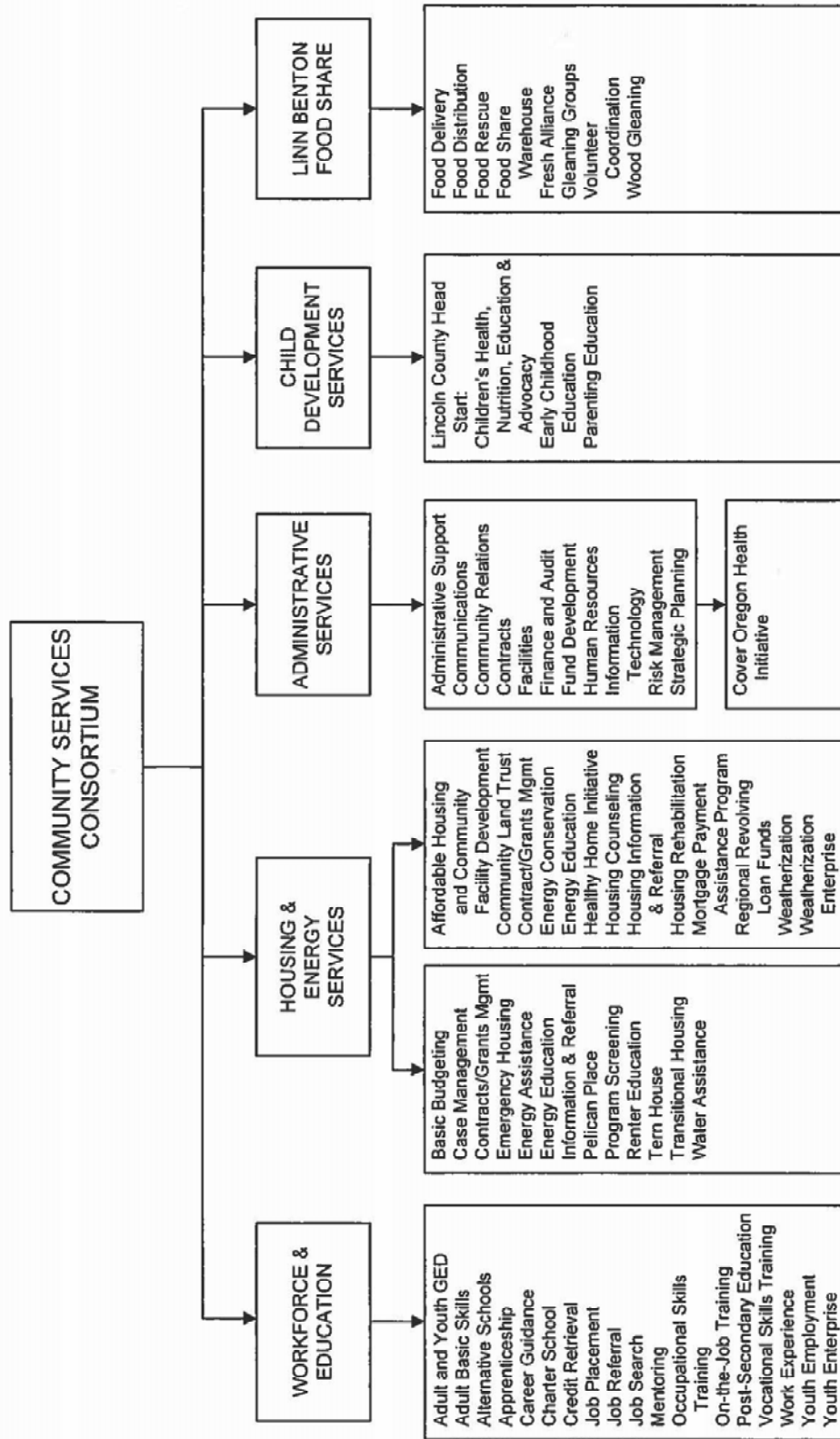
Martha Lyon  
Executive Director



Debbie Jackson, CPA, CFE  
Finance Director



# COMMUNITY SERVICES CONSORTIUM FUNCTIONAL CHART





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Community Services Consortium  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

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, 2017, 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 Community Services Consortium as of June 30, 2017, and the respective changes in financial position for the year the ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance – budget to actual, the schedules of OPERS retirement plan pension benefits, and the schedule of other post-employment benefits funding progress as seen in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, the schedules of OPERS retirement plan pension benefits and the schedule of other post-employment benefits funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CSC's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance – budget to actual was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedule has been subject to the auditing procedures applied in the audit of the basis 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 budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***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 other supplementary information, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the 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 other supplementary information 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.

***Other Reporting Required by Government Auditing Standards and Other Legal and Regulatory Requirements***


*Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2018, 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.

*Report on Other Legal and Regulatory Requirements*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 15, 2018, 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:   
Ryan T. Pasquarella, A Shareholder  
February 15, 2018

***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, 2017. 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 approximately \$6.7 million in federal and federal pass-through grants, \$5.53 million in state and local governmental grants and contracts, \$7.93 million in value of donated food, \$951,000 in contributions, about \$456,000 in charges for services, \$85,000 in loan repayments and about \$500,000 in other miscellaneous income, totaling \$22.4 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 incurred 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. 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 recent history. Continuing volatility in state and federal funding makes long-term funding projections almost impossible, so we continue to 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 FY18 forecast is not significantly different – we are projecting a slight decrease from our final FY17 budgeted figures of \$27 million to around \$25.6 million, a decrease of approximately 5.2%, if we receive all the grants we have budgeted for.
- As we have discussed in our introductory letter, our communities were 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 still growing, while grantor constraints and competition for our types of funding are increasing. 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 still a growing level of unmet need due to funding shortfalls and a sluggish economic recovery in our state. The State of Oregon reported 11.2% of our population living in poverty in 2015, reflected in local Benton County statistics of 8.9%, Linn County at 13.7% and Lincoln County at 11.5% in 2015. For 2016, State of Oregon reported 10.5% of the population living in poverty, with local statistics for Benton County improving to 8.3%, Linn County improving to 12.2% and Lincoln County worsening to 12.2%. Poverty figures are not yet available for 2017.



Employment growth has come mainly in sectors that offer the very lowest wages. This year's Prosperity Now Scorecard shows while the national unemployment rate has been cut in half since its peak in 2010 (falling from 9.6% to 4.5%) the rate of **low-wage jobs** has decreased only two percentage points from its peak in 2013 (down to 23.3% from 25.6%).<sup>6</sup> While overall unemployment has declined, per capita personal income has only increased slightly, leaving low-income residents in a state of economic instability. For 2016, Benton County had an unemployment rate of 3.9%, while Linn County was 5.8% and Lincoln County was 5.7%, compared to the state of Oregon average at 5.7%. 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 instance, in FY17, we offered a "Foundations" wrap-around approach through the DHS TANF Reinvestment funds to offer more diverse services. Staff assisted participants with overcoming barriers to obtaining employment such as locating housing and child care, parenting skills, and employment counseling. This was a one-time pilot program which was rated very successful by the participants and funders. Although we will focus resources and further expand our community partnerships as best we can, we concede that we will be unable to meet the growing needs of our community. We are currently gathering information about how receiving our services impacts the ability of our participants to move toward self-sufficiency, and plan to use that information to influence our use of program resources more effectively.

## **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 *statement of net position* presents information on CSC's assets, liabilities and deferred inflows/outflow of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether CSC's financial position is improving or declining.

The *statement of activities* presents information showing how CSC's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expense are therefore reported in this statement for some items in which the cash flows will occur in futures fiscal periods (such as unused vacation).

The government-wide financial statements can be found on pages 15-16 of this report.

### **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. CSC has only two fund types – governmental funds and fiduciary funds. The governmental funds are presented in six different departments.

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<sup>1</sup> "Whose Bad Choices? How Policy Precludes Prosperity and What We Can Do About It", Prosperity Now Scorecard, Main Findings Report, Feb. 2018.

**Governmental Funds** – *Governmental Funds* are used to account for essentially the same functions reports as governmental activities in the government-wide financial statements, however the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

### **Fiduciary Funds:**

Fiduciary funds are excluded from the government-wide financial statements and are presented separately because they are funds that are administered on behalf of other entities. The fiduciary activity reported by CSC has no measurement focus and is reported on the full accrual basis of accounting.

CSC provides administrative services and accounting services for Community Housing Services (CHS), a non-profit that is no longer a wholly owned subsidiary of CSC.

### **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. The notes to the financial statements can be found on pages 22-44 of this report.

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 this document.

### **Financial Analysis of the Consortium as a Whole**

**Net position** CSC's net position at June 30, 2017 was \$3,759,399 reflecting an increase of \$124,549 (about 3%) from \$3,634,850, at June 30, 2016 (See Table A). The largest portion of CSC's net position (107%) is its investment in capital assets (land, buildings, and equipment) of \$4,023,961. The increase in net capital assets of \$138,588 is the primary reason for the increase in total net position. Construction on a new classroom for the Newport Head Start building was started as part of a total project of \$725,000. (See the additional footnote on capital assets on page 32 for further detail).

The most significant decrease in the net position was primarily due to the accounting effects of pension liability reporting. For fiscal year 2017, CSC recognized pension expense of \$1,225,349 due to CSC's proportionate share of the net pension liability in the Oregon Public Employee Retirement System (PERS). CSC's proportionate share to all participating employers was 0.0455% at June 30, 2017, a decrease from 0.0515 at June 30, 2016. Employer contribution rates are set by an actuarial determination to reduce this unfunded pension liability over the next 20 years for members on the PERS program and over the next 16 years for members on the OPSRP program. Additional information on CSC's pension plan can be found in the footnote on pages 34-40 in this report.

A decrease in the General function's net position of \$28,141, is due to Other Post-Employment Benefits. 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 pages 40-42 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 \$131,193 claimed on all assets of CSC through the General fund, reduced the investment of \$269,781 in new assets by \$138,588.

**Community Services Consortium's Net Position**  
**TABLE A**

<b>ASSETS</b>	<b><u>June 30,</u></b> <b><u>2017</u></b>	<b><u>June 30,</u></b> <b><u>2016</u></b>
<i>Current and other assets</i>	\$ 6,586,025	\$ 5,624,961
Depreciable capital assets, net	<u>4,023,961</u>	<u>3,885,373</u>
<i>Total Assets</i>	10,609,986	9,510,334
<b>DEFERRED OUTFLOWS</b>		
<i>Deferred outflows related to pensions</i>	3,233,692	357,925
<b>LIABILITIES</b>		
Current and other liabilities	920,258	721,148
Noncurrent liabilities	1,785,383	1,684,170
Net pension obligation	<u>6,838,374</u>	<u>2,955,901</u>
<i>Total Liabilities</i>	9,544,015	5,361,219
<b>DEFERRED INFLOWS</b>		
<i>Deferred inflows related to pensions</i>	540,264	872,190
<b>NET POSITION</b>		
Net investment in capital assets	4,023,961	3,885,373
Restricted for grant programs	3,255,087	2,732,290
Unrestricted	<u>(3,519,649)</u>	<u>(2,982,813)</u>
<b>Total Net Position</b>	<b><u>\$ 3,759,399</u></b>	<b><u>\$ 3,634,850</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 \$742,651 is truly unrestricted with virtually all other balances being restricted by grant conditions, donor restrictions, contractual arrangements, or management assignments for specified purposes.

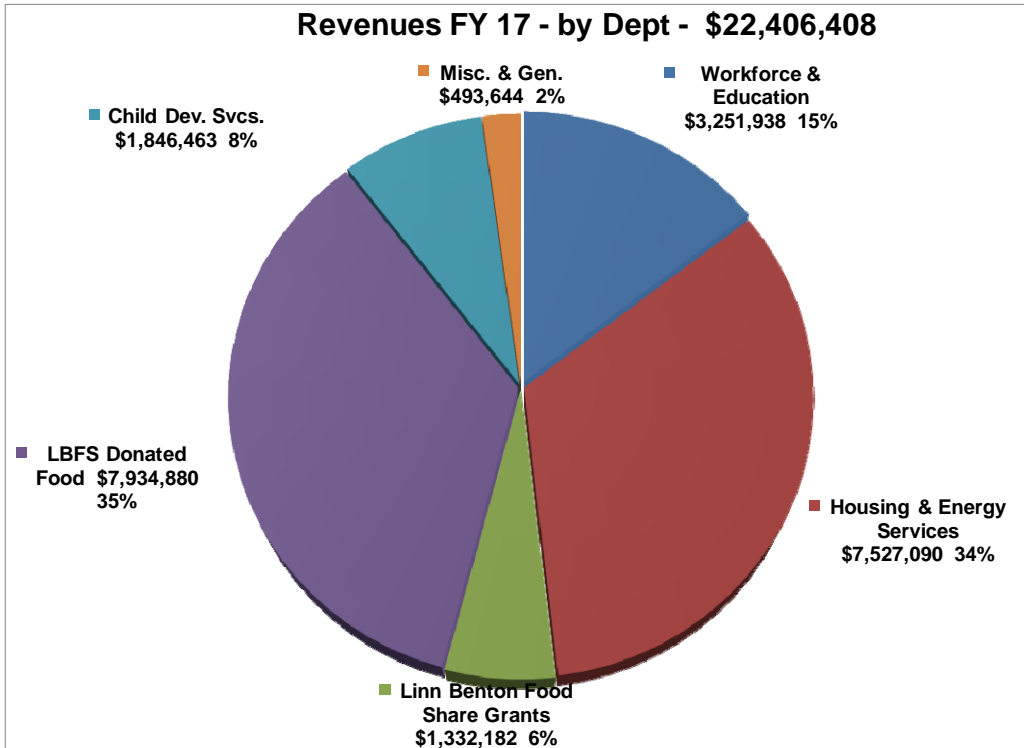
**Changes in net position:** CSC's total revenues increased by \$2,138,367 from \$20,268,041 in FY16 to \$22,406,408 in FY17. These revenue increases were primarily in the Housing and Energy Services department from a one-time infusion of state funds for housing assistance of about one million dollars and in the Workforce and Education department for the Foundations grant of about \$700,000 discussed previously,

CSC's total expenses decreased \$352,542 from \$22,634,401 in FY16 to \$22,281,859 in FY17. Personnel expenses increased about 3% from \$5.3 million in FY16 to \$5.9 million in FY17. Materials and services decreased about 3% from \$9 million to \$8.2 million. Donated food in the Linn Benton Food Share department decreased about 1% from \$8.2 million to \$7.87 million in value. (See Table B). The overall result was an increase of \$124,549 in net position, which was discussed above.

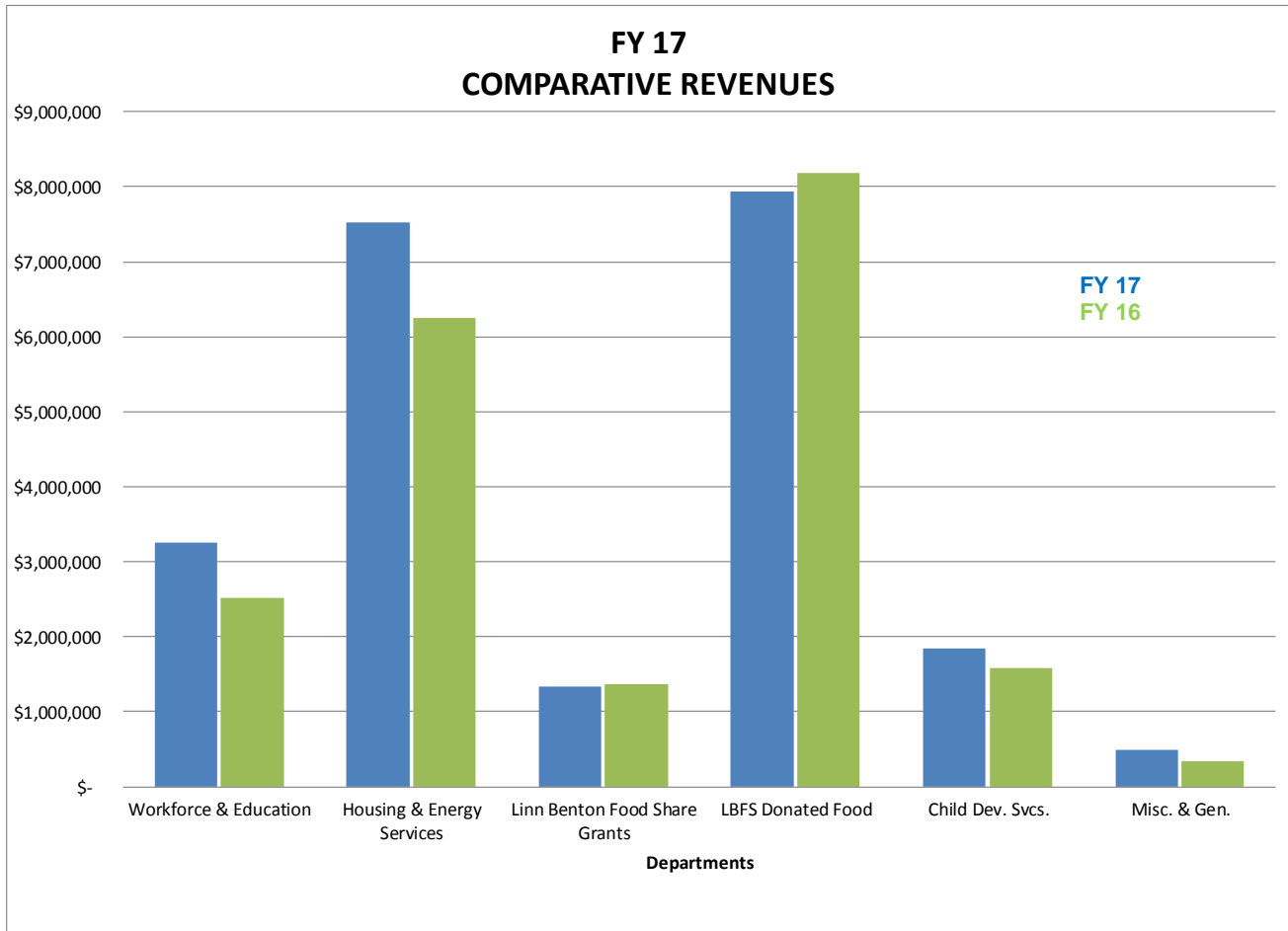
**Community Services Consortium's Changes in Net Position**  
**TABLE B**

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Program revenues		
Fees for services	\$ 237,388	\$ 525,159
Operating grants and contracts	21,200,384	18,877,089
Contributions	<u>948,425</u>	<u>853,985</u>
	22,386,197	20,256,233
General revenues, by source		
Interest and other income	<u>20,211</u>	<u>11,808</u>
<b>Total Revenues</b>	<b><u>\$ 22,406,408</u></b>	<b><u>\$ 20,268,041</u></b>
Program expenses		
Personal services	\$ 5,941,734	\$ 5,239,330
Materials and services	8,201,724	9,044,916
LBFS donated food	7,868,620	8,248,184
Capital outlay	<u>269,781</u>	<u>11,971</u>
<b>Total Expenses</b>	<b><u>\$ 22,281,859</u></b>	<b><u>\$ 22,634,401</u></b>
<b>Change in Net Position</b>	<b>\$ 124,549</b>	<b>\$ (2,366,360)</b>
Net position, beginning of year	3,634,850	5,579,561
Restatement of beginning net position	<u>-</u>	<u>421,649</u>
Net position, end of year	<b><u>\$ 3,759,399</u></b>	<b><u>\$ 3,634,850</u></b>

**Figure A**  
**Sources of Revenue for the Year Ended June 30, 2017**



**Figure B**  
**Revenue Comparison for the Years Ended June 30, 2017 and 2016**



**Changes in Fund Balances – Governmental Funds**

The **General Fund** increased overall by \$112,142 primarily from contributions of \$95,000 and fees of about \$36,000 for providing accounting services outside of CSC, reduced by a transfer of \$5,296 in unrestricted funds to the Workforce and Education department, to cover costs in excess of negotiated expenses for contracts with two Workforce Investment Boards.

The **Housing and Energy Services** fund increased by \$345,056 comprised of loan repayments of \$72,000; weatherization fee for service of \$150,000; contributions of \$41,000 for energy assistance and rental income of \$62,000. Portions of the rental income funded repair reserves for the supportive housing units.

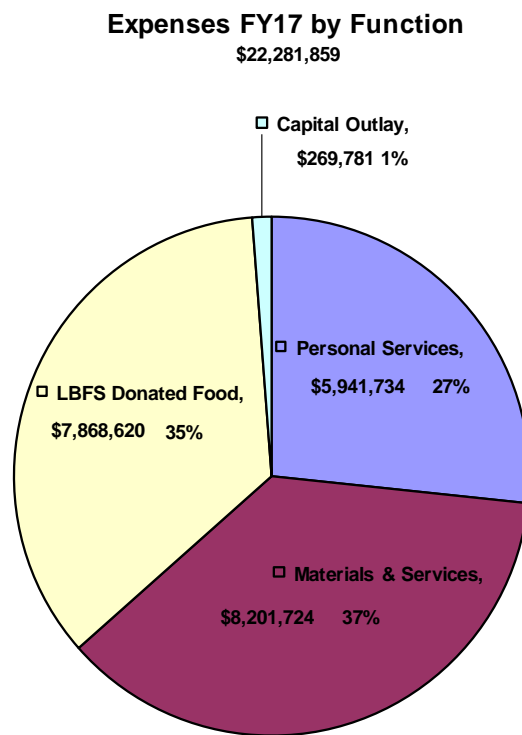
The **Workforce & Education** fund balance decreased by \$36,269 drawing down fund balances from prior years in Charter School activities. The department also received additional support from the General Fund of \$5,296. Additional funds in the Independent Living Program from DHS of approximately \$11,000 for youth enrichment services were received late in the year and were allowed to be carried over, along with a positive fund balance in a United Way grant for enhanced youth services. These balances are planned to offer additional services in FY18.

**Linn Benton Food Share** fund balance increased by \$275,570 from contributions of cash and food, even though food donations decreased about 3% in value from the prior year.

**Child Development Services** had a slight decrease of \$2,321 due to the use of previously received donations being used.

The **Miscellaneous Grant** Fund operates solely on grant funds which are reimbursable and do not carry fund balances.

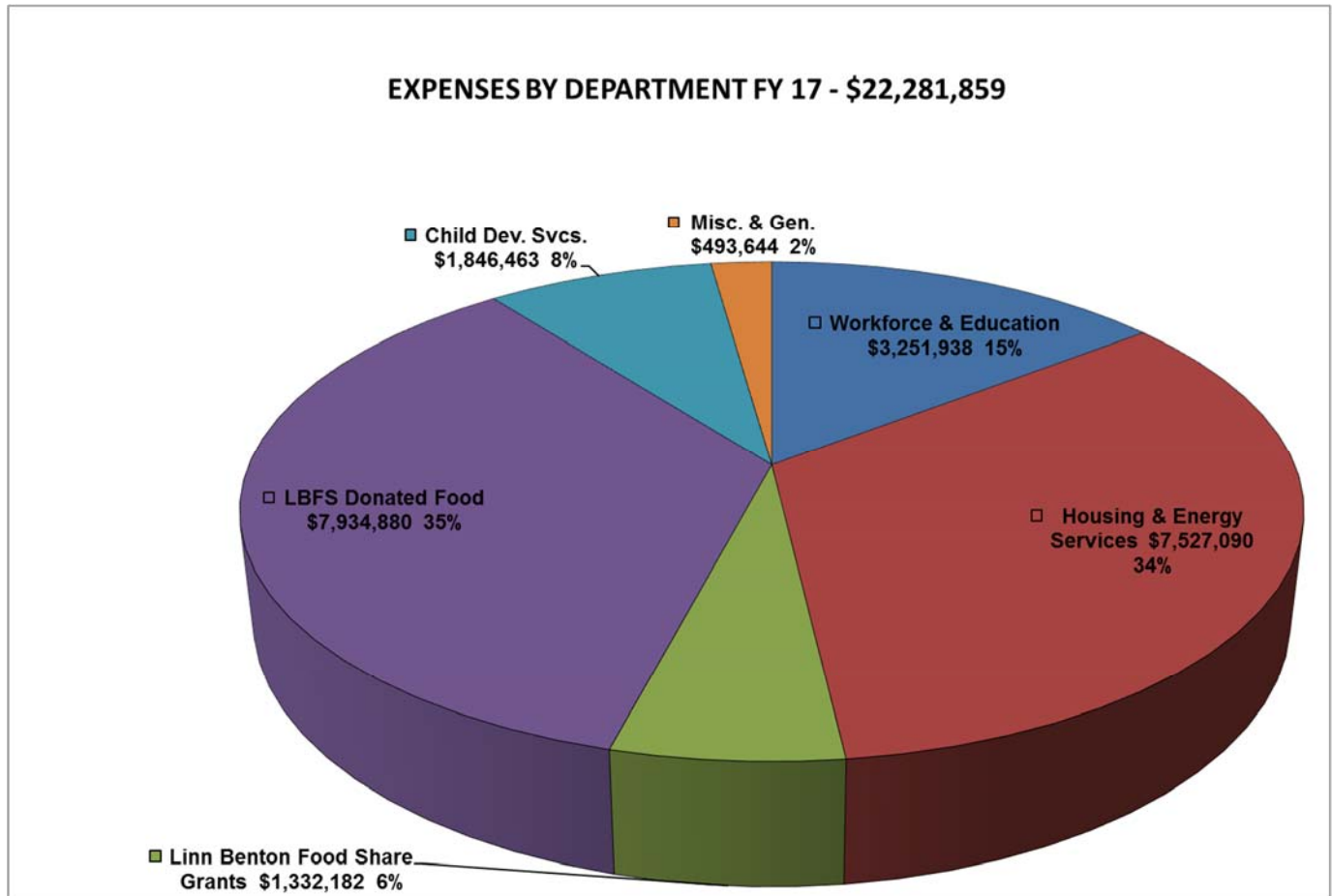
**Figure C**  
**Expenses by Function for the Year Ended June 30, 2017**



The major reason for the \$350,000 expenditure decrease (about 1.5%), was in our materials and services category where the grants provide direct services. Personnel services, which represent only 27% of overall costs, increased by about \$612,000 due to health costs and additional funds in one-time funds for housing and workforce grants. Donated food also decreased about \$380,000.

Of the total expenses for FY17 of \$22.2 million, almost 63% or \$13.66 million (including food distribution) were made directly on behalf of participants in our programs. As a proportion of the FY17 materials and services costs of \$16.2 million, the direct assistance of \$13.66 million was 84%, 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 greatly exceeded our goal of providing 50% direct client benefit.

**Figure D**  
**Expenses by Department for the Year Ended June 30, 2017**



Four funds had significant changes in their FY17 activities. The **Housing and Energy Services** fund expenditures increased by about 17% or \$1 million from state funds for emergency housing and homelessness prevention. About \$128,000 of these funds were passed through to local partner organizations.

The **Workforce and Education fund** expenditures increased about 25% or \$656,000 from DHS in the Foundations program previously mentioned. About \$350,000 of these funds were passed through to local partners in Linn and Benton counties for this pilot project.

The **Child Development Services** fund increased by 17% or \$262,272 due to increased federal Head Start funding to begin the construction of an additional classroom at our Newport site which will help provide additional services there. This construction is part of a grant for \$725,000 for the building. Additional funds for staffing and classroom preparation at all three Head Start locations will be received in FY18.

The **Miscellaneous Grant** fund increased by about \$100,000 (from \$211,812 to \$314,186) because of additional food purchases with Community Services Block Grant funding.

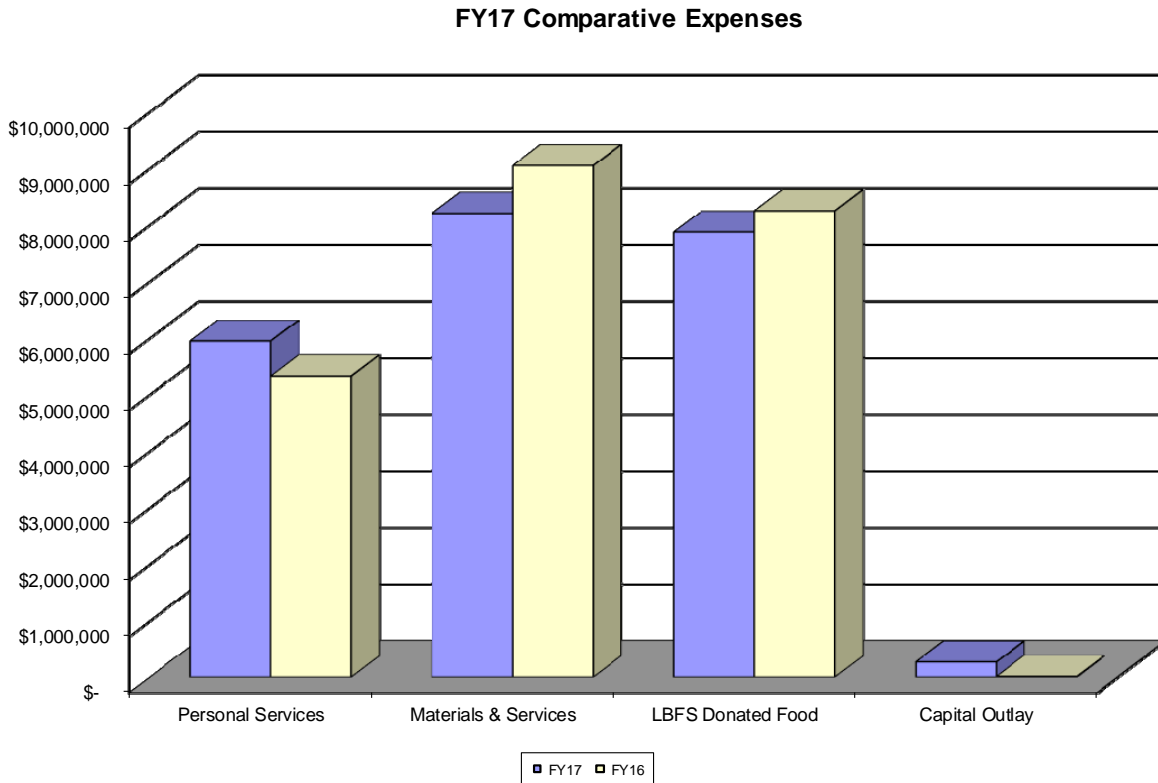


## Budgetary Highlights

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. There were two supplemental budgets adopted this year to include additional grants received during the year as state and federal revenue sources became more certain. The total increase for the amendments was \$2,255,612 as shown in the Required Supplementary Information for Budget and Actual on page 45 of this report.

The following chart demonstrates a comparison of expenses between FY17 and FY16. Personal services increased from 24% to 27% of total expenditures. Total materials and services decreased from 76% to 72% of the budget in FY17, Services directly on behalf of our program participants, including food distributions, were about \$13.66 million dollars, approximately 63% of the total annual expenses.

**Figure E**  
**Expense Comparison for the Years Ended June 30, 2017 and 2016**



## Capital Asset Administration

Total capital assets, net of accumulated depreciation, increased \$138,588 from \$3,885,373 in FY16 to \$34,023,961 in FY17. CSC's capital asset change is primarily due to construction in progress (non-depreciable) on the Newport Head Start building. The construction costs were \$262,221, with equipment purchases of \$7,560 totaling \$269,781.

As of June 2017, 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 been on a continuing resolution throughout the federal fiscal year. It is extremely difficult to predict the priorities and funding levels that will be imposed by the new federal administration and Congress.

CSC has continued to report to two different regional Workforce Investment Boards (WIBs) during FY17. CSC provides youth services in Linn and Polk counties and adult services in Linn county through Incite, Inc. on an annual contract with rollover extensions. These contracts are not going out for bid in FY18.

CSC was not awarded Adult workforce services by the Northwest Oregon Works (NOW) coastal board for FY17. We were awarded expanded youth service contracts in Clatsop, Columbia and Tillamook counties for FY17, so our Youth workforce services cover a five county area including Benton and Lincoln counties. This contract was originally supposed to be a multi-year contract, but NOW announced that it intended to solicit a request for proposal for one sole provider for both youth and adult services to serve the five county area beginning in FY19. CSC is uniquely qualified to provide both levels of service as we previously did under the Linn Benton Lincoln Workforce Board for many years prior to FY15 which was the transitional year with the two new WIBs. CSC intends to present a strong proposal to the Northwest Oregon Works board for this RFP.

Levels of funding and sources of pass-through funding are still relatively unstable in our experience of over thirty-seven 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 FY18, roughly \$25.63 million, a decrease of about 5.17% from the final adopted FY17 budgeted revenues of about \$27.03 million. Some grants overlap in budgeting over several connecting fiscal years because of carryover balances and additional grant become available during almost every fiscal year.

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, 2017**

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**ASSETS**

**Current Assets**

Cash	\$ 4,128,749
Receivables	
Grants and contracts	1,797,613
Loans	13,087
Inventories	548,279
Prepaid items	98,297

*Total Current Assets* 6,586,025

**Noncurrent Assets**

Non-depreciable capital assets	1,245,863
Depreciable capital assets, net	2,778,098

*Total Noncurrent Assets* 4,023,961

*Total Assets* 10,609,986

**DEFERRED OUTFLOWS**

Deferred outflows related to pensions	3,233,692
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**LIABILITIES**

**Current Liabilities**

Accounts payable	544,684
Accrued payroll	267,779
Unearned revenue	92,795
Other payables	15,000

*Total Current Liabilities* 920,258

**Noncurrent Liabilities**

Accrued vacation	300,841
Other post employment benefits	1,484,542
Net pension liability	6,838,374

*Total Noncurrent Liabilities* 8,623,757

*Total Liabilities* 9,544,015

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**DEFERRED INFLOWS**

Deferred inflows related to pensions	\$ 540,264
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**NET POSITION**

Investment in capital assets	4,023,961
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Restricted for:

Housing and Energy Services	1,084,368
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Workforce and Education	50,271
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Linn-Benton Food Share	2,063,722
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Head Start	55,608
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Wellness Network	1,118
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Unrestricted	(3,519,649)
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<i>Total Net Position</i>	<u>\$ 3,759,399</u>
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**COMMUNITY SERVICES CONSORTIUM**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	<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	\$ 365,161	\$ -	\$ 179,459	\$ (185,702)
Workforce and Education	2,746,616	112,700	3,139,238	505,322
Housing and Energy Services	8,117,961	124,688	7,402,402	(590,871)
Linn Benton Food Share	8,998,523	-	9,267,062	268,539
Child Development Services	1,739,413	-	1,846,463	107,050
Miscellaneous Grants	314,185	-	314,185	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total</i>	\$ 22,281,859	\$ 237,388	\$ 22,148,809	104,338
	<u>                    </u>	<u>                    </u>	<u>                    </u>	
<b>GENERAL REVENUES</b>				
Interest				20,211
				<u>                    </u>
<b>CHANGE IN NET POSITION</b>				
				124,549
<b>NET POSITION, Beginning of year</b>				
				3,634,850
				<u>                    </u>
<b>NET POSITION, End of year</b>				
				\$ 3,759,399
				<u>                    </u>

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

**COMMUNITY SERVICES CONSORTIUM**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>General</u>	<u>Housing and Energy Services</u>	<u>Workforce and Education</u>
<b>ASSETS</b>			
Cash	\$ 4,127,729	\$ 450	\$ 50
Receivables			
Grants and contracts	4,568	792,340	696,268
Loans	-	671,764	-
Due from other funds	899,956	1,483,090	68,946
Inventories	-	215,700	-
Prepaid items	89,178	1,219	7,900
	<u>\$ 5,121,431</u>	<u>\$ 3,164,563</u>	<u>\$ 773,164</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 12,494	\$ 224,446	\$ 114,152
Accrued payroll	568,620	-	-
Due to other funds	3,797,666	825,604	580,841
Unearned revenue	-	555	20,000
Other payables	-	15,000	-
	<u>4,378,780</u>	<u>1,065,605</u>	<u>714,993</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	658,677	-
<b>FUND BALANCES</b>			
Nonspendable	89,178	216,919	7,900
Restricted	1,118	1,084,368	50,271
Assigned	-	332,624	-
Unassigned	652,355	(193,630)	-
	<u>742,651</u>	<u>1,440,281</u>	<u>58,171</u>
	<u>\$ 5,121,431</u>	<u>\$ 3,164,563</u>	<u>\$ 773,164</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>			

<i>Linn-Benton Food Share</i>	<i>Child Development Services</i>	<i>Misc. Grants</i>	<i>Totals</i>
\$ -	\$ 520	\$ -	\$ 4,128,749
24,930	244,682	34,826	1,797,614
-	-	-	671,764
2,815,665	148,708	131	5,416,496
332,579	-	-	548,279
-	-	-	98,297
<u>\$ 3,173,174</u>	<u>\$ 393,910</u>	<u>\$ 34,957</u>	<u>\$ 12,661,199</u>
\$ 58,130	\$ 134,591	\$ 870	\$ 544,683
-	-	-	568,620
46,827	131,471	34,087	5,416,496
-	72,240	-	92,795
-	-	-	15,000
<u>104,957</u>	<u>338,302</u>	<u>34,957</u>	<u>6,637,594</u>
-	-	-	658,677
332,579	-	-	646,576
2,063,722	55,608	-	3,255,087
589,376	-	-	922,000
82,540	-	-	541,265
<u>3,068,217</u>	<u>55,608</u>	<u>-</u>	<u>5,364,928</u>
<u>\$ 3,173,174</u>	<u>\$ 393,910</u>	<u>\$ 34,957</u>	<u>\$ 12,661,199</u>

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



**COMMUNITY SERVICES CONSORTIUM**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

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Total Governmental Fund Balances \$ 5,364,928

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	5,647,784
Accumulated depreciation	(1,623,825)

The net pension liability and related deferred outflows and deferred inflows are not current financial requirements and therefore are not reported in the governmental funds.

Deferred outflows	3,233,692
Deferred inflows	(540,264)
Net pension liability	(6,838,374)

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

(1,484,542)

*Total Net Position*

\$ 3,759,399

**COMMUNITY SERVICES CONSORTIUM****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Housing and Energy Services</u>	<u>Workforce and Education</u>
<b>REVENUES</b>			
Grants and contracts	\$ 397	\$ 7,282,584	\$ 3,034,329
Contributions	95,564	47,171	22,495
Loan repayments	-	70,835	-
Fees for service	-	124,688	112,700
Commodity foods	-	-	-
Other	83,497	1,811	82,414
Interest	20,211	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	199,669	7,527,089	3,251,938
<b>EXPENDITURES</b>			
Administration	87,527	588,627	662,612
Workforce and Education	-	-	2,630,891
Housing and Energy Services	-	6,593,406	-
Head Start	-	-	-
Food programs	-	-	-
Miscellaneous programs	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	87,527	7,182,033	3,293,503
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	112,142	345,056	(41,565)
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers	(5,296)	-	5,296
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	106,846	345,056	(36,269)
<b>FUND BALANCES, Beginning of year</b>	635,805	1,095,225	94,440
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, End of year</b>	\$ 742,651	\$ 1,440,281	\$ 58,171
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Linn-Benton Food Share</i>	<i>Child Development Services</i>	<i>Misc. Grants</i>	<i>Totals</i>
\$ 260,191	\$ 1,841,949	\$ 314,186	\$ 12,733,636
778,681	4,514	-	948,425
-	-	-	70,835
-	-	-	237,388
7,934,880	-	-	7,934,880
293,310	-	-	461,032
-	-	-	20,211
9,267,062	1,846,463	314,186	22,406,407
54,701	173,876	128,899	1,696,242
-	-	-	2,630,891
-	-	-	6,593,406
-	1,674,908	-	1,674,908
8,936,791	-	-	8,936,791
-	-	185,287	185,287
8,991,492	1,848,784	314,186	21,717,525
275,570	(2,321)	-	688,882
-	-	-	-
275,570	(2,321)	-	688,882
2,792,647	57,929	-	4,676,046
\$ 3,068,217	\$ 55,608	\$ -	\$ 5,364,928

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, 2017**

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Net changes in fund balances - total governmental funds	\$ 688,882
 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.	
Capital asset purchases capitalized	269,781
Depreciation	(131,193)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the effect of the change in these liabilities during the year.	
Net pension liability and related deferrals	(674,780)
Net OPEB obligation	(28,141)
	<hr/>
<i>Change in Net Position</i>	<u><u>\$ 124,549</u></u>

**COMMUNITY SERVICES CONSORTIUM**

**STATEMENT OF NET POSITION- FIDUCIARY FUND TYPE – AGENCY FUNDS**

**JUNE 30, 2017**

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**ASSETS**

Cash	\$ 900,846
Loans receivable	4,170,359

<i>Total Assets</i>	<u><u>\$ 5,071,205</u></u>
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**LIABILITIES**

Due to Community Housing Services	<u><u>\$ 5,071,205</u></u>
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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 Workforce Investment Opportunity Act (WIOA) 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 and management of CSC has operational responsibility for the units. None of the organizations issue separate financial statements.

- Linn-Benton Food Share
- Career Tech High School
- Head Start in Lincoln County
- 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 nonfiduciary activities of CSC.

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)*

Separate financial statements are provided for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements.

When expenditures are paid for purposes in which both restricted and unrestricted resources are available, CSC deems restricted resources 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.

Assigned fund balance represents amounts that are not restricted or committed, but are intended to be used for specific purposes in accordance with the annual budget adopted by the board. 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.



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

*Definitions of Governmental Fund Types (Continued)*

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 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. 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.

The fiduciary activity reported by CSC has no measurement focus and is reported on the full accrual basis of accounting.

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 also administers various Oregon Counties and Cities housing rehabilitation grants. CSC reports the following special revenues funds:

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

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

*Special Revenue Funds (Continued)*

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

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

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

CSC also reports an agency fund that accounts for housing rehabilitation grants - existing and prospective on behalf of Community Housing Services.

*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.

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

*Inventories (Continued)*

Inventories of weatherization materials are recorded at average cost and work-in-progress for 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.

*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 three year rolling average of actual payments made to employees. The liability decreased by \$30,791 for an ending liability of \$300,841.

*Unearned Revenue*

Unearned revenues 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.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

*Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

*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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and addition to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*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.

*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.

The board adopted two supplemental budgets during the year ended June 30, 2017. 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.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2017*

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**CASH**

CSC maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. At June 30, 2017, the carrying value of cash and investments at fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2017:

<b>Cash</b>	
Cash on hand	\$ 1,220
Deposits with financial institutions	2,931,129
Cash held in the name of Community Housing Services	250,000
Local Government Investment Pool	1,847,246
	<hr/>
	\$ 5,029,595
	<hr/>
Cash held by CSC	\$ 4,128,749
Cash held by Fiduciary Fund	900,846
	<hr/>
	\$ 5,029,595
	<hr/>

*Deposits*

At June 30, 2017, CSC's deposits with various financial institutions had a bank balance of \$3,094,781 and a book balance of \$2,931,129. 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 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, 2017 the balance covered by the PFCP was \$2,844,781.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2017*

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**CASH** (Continued)

*LGIP*

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The 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, 2017, 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 174 days for the calendar year ended December 31, 2017.

*Custodial Risk - LGIP*

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, 2017*

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**LOANS RECEIVABLE/UNEARNED REVENUE**

The loans receivable of \$671,764 consists of housing rehabilitation and Self-Help Homeownership Opportunity Program (SHOP) loans. The housing rehabilitation loans total \$658,677 and are a deferred payment loan made to low income families or owners of property rented to low income tenants. 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. The full amount of the housing rehabilitation loans receivable is offset by unavailable revenue on the governmental funds balance sheet.

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 a payable to Community Frameworks.

**INVENTORIES**

Inventories as of June 30, 2017 consist of the following:

Linn-Benton Food Share food	\$ 320,613
USDA commodities food	11,966
Weatherization materials	55,822
Weatherization work in progress	159,878
<i>Total</i>	<u><u>\$ 548,279</u></u>



**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2017</i>
<i>Governmental Funds</i>				
Capital assets not being depreciated:				
Land	\$ 983,642	\$ -	\$ -	\$ 983,642
Construction in progress	-	262,221	-	262,221
<i>Total capital assets not being depreciated</i>	<u>983,642</u>	<u>262,221</u>	<u>-</u>	<u>1,245,863</u>
Capital assets being depreciated:				
Furniture and equipment	293,971	7,560	(14,508)	287,023
Vehicles	510,022	-	-	510,022
LBFS - Warehouse	1,059,490	-	-	1,059,490
Head Start buildings	1,102,850	-	-	1,102,850
Buildings	1,442,538	-	-	1,442,538
<i>Total capital assets being depreciated</i>	<u>4,408,871</u>	<u>7,560</u>	<u>(14,508)</u>	<u>4,401,923</u>
Accumulated depreciation				
Equipment	(245,256)	(13,282)	14,508	(244,030)
Vehicles	(468,919)	(17,267)	-	(486,186)
Buildings	(792,965)	(100,644)	-	(893,609)
<i>Total accumulated depreciation</i>	<u>(1,507,140)</u>	<u>(131,193)</u>	<u>14,508</u>	<u>(1,623,825)</u>
<i>Total capital assets being depreciated, net</i>	<u>2,901,731</u>	<u>(123,633)</u>	<u>-</u>	<u>2,778,098</u>
<i>Capital assets, net</i>	<u>\$ 3,885,373</u>	<u>\$ 138,588</u>	<u>\$ -</u>	<u>\$ 4,023,961</u>

Depreciation is recognized as a general administrative expense.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2017*

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**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, 2017 was \$248,094.

The following is a schedule, by fiscal year, of the future minimum rental payments required under these leases as of June 30, 2017. 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 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 2021.

<u>Year Ending</u>	
2018	\$ 239,960
2019	155,000
2020	113,558
2021	70,277
2022	-
<i>Total</i>	<u><u>\$ 578,795</u></u>

**OTHER PAYABLES**

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. Management's intent for the 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.

**COMMUNITY SERVICES CONSORTIUM**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2017

**FUND BALANCE**

Fund balance classifications for the year ended June 30, 2017 are as follows:

	<i>General</i>	<i>Housing and Energy Services</i>	<i>Workforce and Education</i>	<i>Linn- Benton Food Share</i>	<i>Child Development Services</i>	<i>Totals</i>
<b>Restricted for:</b>						
Housing and Energy Services	\$ -	\$ 1,084,368	\$ -	\$ -	\$ -	\$ 1,084,368
Workforce and Education	-	-	50,271	-	-	50,271
Linn-Benton Food Share	-	-	-	2,063,722	-	2,063,722
Head Start	-	-	-	-	55,608	55,608
Wellness network	1,118	-	-	-	-	1,118
	<u>\$ 1,118</u>	<u>\$ 1,084,368</u>	<u>\$ 50,271</u>	<u>\$ 2,063,722</u>	<u>\$ 55,608</u>	<u>\$ 3,255,087</u>
<b>Assigned to:</b>						
Housing and Energy Services	\$ -	\$ 332,624	\$ -	\$ -	\$ -	\$ 332,624
Linn-Benton Food Share	-	-	-	589,376	-	589,376
	<u>\$ -</u>	<u>\$ 332,624</u>	<u>\$ -</u>	<u>\$ 589,376</u>	<u>\$ -</u>	<u>\$ 922,000</u>

**PENSION PLAN**

*Plan Description*

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple employer defined benefit plan. Qualified employees of CSC are provided with pensions through OPERS. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS issues a publicly available financial report that can be obtained at

[http://www.oregon.gov/pers/pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/pages/section/financial_reports/financials.aspx).

Benefits provided under ORS Chapter 238 – Tier One/ Tier Two

*Pension Benefits:* The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2017*

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**PENSION PLAN** (Continued)

*Plan Description (Continued)*

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

*Death Benefits:* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: the member was employed by a PERS employer at the time of death; the member died within 120 days after termination of PERS-covered employment; the member died as a result of injury sustained while employed in a PERS-covered job, or; the member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability Benefits:* A member with 10 or more years of creditable service who becomes disabled from other than duty connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

*Benefit Changes After Retirement:* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Benefits provided under Chapter 238A - OPSRP Pension Program (OPSRP DB)

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**COMMUNITY SERVICES CONSORTIUM**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2017*

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**PENSION PLAN** (Continued)

*Plan Description (Continued)*

*Death Benefits:* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability Benefits:* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*Benefit Changes After Retirement:* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation. CSC contribution rates in effect for the fiscal year ended June 30, 2017 were 14.64 percent for Tier One/Two members and 9.63 percent for OPSRP general service members. CSC contributions for the year ended June 30, 2017 were \$198,012, excluding amounts to fund employer specific liabilities.

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The total contributed by employees for the year ended June 30, 2017 was \$81,119.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows

At June 30, 2017, CSC reported a liability of \$6,838,375 for its proportionate share of the OPERS net pension liability. The net pension liability was measured by OPERS as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. CSC's proportion of the net pension asset was based on a projection of CSC's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, CSC's proportion was 0.0455%, which is changed from its proportion measured as of June 30, 2016 of .0515%.

**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**PENSION PLAN (Continued)**

*Plan Description (Continued)*

For the year ended June 30, 2017, CSC recognized pension expense of \$1,225,349. The fund in which the related payroll costs are expended will be used to liquidate the net pension liability. Any residual net pension liability will be liquidated through the General Fund. At June 30, 2017, CSC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 226,243	\$ -
Changes of assumptions	1,458,461	-
Net difference between projected and actual earnings on investments	1,350,976	-
Changes in proportionate share	-	365,387
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	174,877
Contributions subsequent to measurement date	198,012	-
Total	<u>\$ 3,233,692</u>	<u>\$ 540,264</u>

Deferred outflows of resources related to pensions of \$198,012 resulting from CSC's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Fiscal Year Ending</u>	
2018	\$ 404,153
2019	404,153
2020	910,308
2021	691,201
2022	85,601
Total	<u>\$ 2,495,416</u>

**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**PENSION PLAN (Continued)**

*Plan Description (Continued)*

Actuarial Methods and Assumptions:

The employer contribution rates effective July 1, 2016, through June 30, 2017, were set by OPERS using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Valuation Date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increases	3.50 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

**COMMUNITY SERVICES CONSORTIUM**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2017

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**PENSION PLAN** (Continued)

*Plan Description (Continued)*

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CSC's proportionate share of the net pension liability to changes in the discount rate

The following presents CSC's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what CSC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Discount Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
Proportionate share of the net pension	\$ 11,041,696	\$ 6,838,375	\$ 3,325,135

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.



**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**PENSION PLAN (Continued)**

*Plan Description (Continued)*

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	2.50	4.64
Hedge Fund - Event-driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation - Mean		2.50 %

**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.

***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, 2017, the amount actually contributed to the plans, and changes in CSC's net OPEB obligation:

**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Annual OPEB Cost and Net OPEB Obligation (Continued)*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net OPEB obligation - beginning of year	\$ 1,507,373	\$ 1,418,399	\$ 1,456,401
Annual required contribution (ARC)	393,463	98,789	84,859
Interest on net OPEB obligation	7,839	13,333	19,006
Amortization adjustment to ARC	(54,116)	(53,960)	(58,220)
Annual OPEB Cost	347,186	58,162	45,645
Contributions made (implicit rate subsidy)	(14,511)	(20,160)	(17,504)
Change in net OPEB obligation	332,675	38,002	28,141
Net OPEB obligation - end of year	<u>\$ 1,840,048</u>	<u>\$ 1,456,401</u>	<u>\$ 1,484,542</u>
Percentage of annual OPEB cost contributed	4%	35%	38%

The beginning balance for the year ended June 30, 2016 has been restated due to an error in the calculation and the prior year restated information was not available.

*Funded Status and Funding Progress*

As of June, 30, 2017, the most recent valuation date, the accrued liability was \$1,484,542, all of which is unfunded because CSC has not set aside any assets to pre-fund OPEB resulting from the implicit rate subsidy. The annual payroll of active employees covered by CSC's healthcare plan was \$3,242,152, and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 34%. The schedule of funding progress included as required supplementary information presents multi-year trend information.

*Methods and Assumptions*

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.

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.

**COMMUNITY SERVICES CONSORTIUM**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Methods and Assumptions (Continued)*

In the June 30, 2016 valuation, the entry age normal actuarial cost method was used. The assumptions included a 0.94% investment rate of return (net of administrative expenses), inflation of 3% and an annual healthcare cost rate of 4%. The UAAL is being amortized over an open period of 30 years as a level of projected payroll.

**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.

During the year ended June 30, 2017 the following nonmonetary transactions were recorded in the Linn-Benton Food Share Fund:

	<u>USDA</u>	<u>Linn-Benton Food Share</u>	<u>Total</u>
Food received - revenue	\$ 455,352	\$ 7,479,528	\$ 7,934,880
Food distributed - expenditures	459,310	7,409,310	7,868,620
<i>Excess (Deficit) of Nonmonetary Revenues Over Nonmonetary Expenditures</i>	<u>\$ (3,958)</u>	<u>\$ 70,218</u>	<u>\$ 66,260</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, raised funds to construct a Head Start facility in Newport, Oregon over several years. A Community Development Block Grant (CDBG) of \$800,000 awarded to Lincoln County was 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, loaned 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.

***REQUIRED SUPPLEMENTARY INFORMATION***

**COMMUNITY SERVICES CONSORTIUM**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017**

	<u>Original Budget*</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>	\$ 24,782,808	\$ 27,027,420	\$ 22,406,407	\$ (4,621,013)
<b>EXPENDITURES</b>				
Personal services	6,807,477	7,120,529	5,941,734	1,178,795
Materials and services	17,380,331	18,480,310	15,506,010	2,974,300
Capital outlay	595,000	1,426,581	269,781	1,156,800
<i>Total Expenditures</i>	<u>24,782,808</u>	<u>27,027,420</u>	<u>21,717,525</u>	<u>5,309,895</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	688,882	688,882
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>4,676,046</u>	<u>4,676,046</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,364,928</u>	<u>\$ 5,364,928</u>

\* The adopted budget is on a modified accrual basis of accounting and is adopted at the agency-wide level.

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULES OF OPERS RETIREMENT PLAN PENSION BENEFITS**  
**YEAR ENDED JUNE 30, 2017**

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**Schedule of CSC's Proportionate Share of the Net Pension Liability (Asset)**  
**Oregon Public Employees Retirement System**  
**Last Three Fiscal Years<sup>1</sup>**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CSC's proportion of the net pension liability (asset)	0.0455%	0.0515%	0.0550%
CSC's proportionate share of the net pension liability (asset)	\$ 6,838,375	\$ 2,955,901	\$ (1,245,674)
CSC's covered-employee payroll	1,352,016	1,355,002	1,520,180
CSC's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	505.8%	218.1%	-81.9%
Plan fiduciary net position as a percentage of the total pension liability	80.5%	91.9%	103.6%

<sup>1</sup>10-year trend information required by GASB Statement 68 will be presented prospectively

**Schedule of CSC's Contributions**  
**Oregon Public Employees Retirement System**  
**Last Three Fiscal Years<sup>1</sup>**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 198,012	\$ 198,528	\$ 190,012
Contributions in relation to the contractually required contribution	(198,012)	(198,528)	(190,012)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CSC's covered-employee payroll	\$ 1,352,016	\$ 1,355,002	\$ 1,520,180
Contributions as a percentage of covered-employee payroll	14.65%	14.65%	12.50%

<sup>1</sup>10-year trend information required by GASB Statement 68 will be presented prospectively



**COMMUNITY SERVICES CONSORTIUM**

**SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS FUNDING PROGRESS**

**YEAR ENDED JUNE 30, 2017**

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<b><i>Year Ending</i></b>	<b><i>Value of Assets (a)</i></b>	<b><i>Accrued Liability (AAL) - Entry Age (b)</i></b>	<b><i>Unfunded AAL (UAAL) (b-a)</i></b>	<b><i>Funded Ratio (a/b)</i></b>	<b><i>Covered Payroll (c)</i></b>	<b><i>UAAL as Percentage of Covered Payroll ((b-a)/c)</i></b>
6/30/2017	\$ -	\$ 1,112,620	\$ 1,112,620	0%	\$ 3,242,152	34%
6/30/2016	-	1,456,402	1,456,402	0%	3,413,980	43%
6/30/2015	-	2,464,687	2,464,687	0%	3,972,249	62%

***OTHER SUPPLEMENTARY INFORMATION***

**COMMUNITY SERVICES CONSORTIUM**

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

**GENERAL FUND**

YEAR ENDED JUNE 30, 2017

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		<i>Revenues</i>	
	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Total Revenues</i>
Administration	\$ 322,396	\$ 70,057	\$ 70,057
Administration - Misc Income	32,498	-	-
CSC Unrestricted Sources	94,420	81,093	81,093
CSC Employee Wellness Fund	608	-	-
Discretionary Donations	101,960	12,916	12,916
Barrel To Keg Relay	80,549	35,227	35,227
Admin Contracted Services	-	-	-
Coast To Cascades Wellness Network	2,500	-	-
Infrastructure Pool	874	376	376
<i>Total</i>	<u>\$ 635,805</u>	<u>\$ 199,669</u>	<u>\$ 199,669</u>

***Expenditures***

<b><i>Administration</i></b>	<b><i>Miscellaneous Programs</i></b>	<b><i>Total Expenditures</i></b>	<b><i>Net Change in Fund Balance</i></b>	<b><i>Transfers</i></b>	<b><i>Ending Fund Balance</i></b>
\$ 60,157	\$ -	\$ 60,157	\$ 9,900	\$ -	\$ 332,296
-	-	-	-	-	32,498
-	-	-	81,093	-	175,513
-	-	-	-	-	608
1,640	-	1,640	11,276	(5,296)	107,940
24,348	-	24,348	10,879	-	91,428
-	-	-	-	-	-
1,382	-	1,382	(1,382)	-	1,118
-	-	-	376	-	1,250
<b>\$ 87,527</b>	<b>\$ -</b>	<b>\$ 87,527</b>	<b>\$ 112,142</b>	<b>\$ (5,296)</b>	<b>\$ 742,651</b>

**COMMUNITY SERVICES CONSORTIUM**

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

**HOUSING AND ENERGY SERVICES**

YEAR ENDED JUNE 30, 2017

	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Revenues</i>	
			<i>Fees for Service</i>	<i>Other</i>
CSBG CY 16 - Emergency SVC	\$ -	\$ 9,172	\$ -	\$ -
CPI - Low Income Energy Assist	20,378	1,756	-	-
GAS Assistance Program	13,222	844	-	-
LIHEAP Energy Assistance	1	631,552	-	-
LIHEAP - Low Income Energy Assist 16-17	-	1,211,790	-	-
LIHEAP Education 15-16	-	33,869	-	-
LIHEAP Education 16-17	-	40,174	-	-
Oregon Energy Assistance (OEA)	1	173,504	-	-
OEAP - Oregon Energy Assist 16-17	-	1,474,043	-	-
OR Low Income Gas Assistance	68,634	6,426	-	-
OLGA - Oregon Low Income Gas 16-17	-	66,599	-	-
Oregon Heat	76,170	4,926	-	-
Oregon Heat - Fuel Blind	(1,755)	-	-	-
FerrellGas Settlement	-	6,695	-	-
SOS	19,126	24,710	-	-
BPA Energy Ed	-	8,896	-	-
Echo Energy Ed	-	43,335	-	-
NW Natural Gas - Workshops	56,787	-	-	-
NW Natural Dwelling Inspection	29,082	-	-	-
Albany Water Assistance Program	31,470	3,615	-	-
Toledo Water Assistance	-	255	-	-
Continuum of Care HUD	-	71,560	-	-
C of C - Passport 15-16	-	20,675	-	-
C of C - Passport 16-17	-	28,401	-	-
CSC SHP - C of C 15-16	-	35,881	-	-
CSC SHP - C of C - 16-17	-	78,742	-	-
Samaritan Health - Social Accountability	-	20,000	-	-
DHS - AST Working Families Support	-	39,698	-	-
Fair Housing - LASO/FHCO Project	-	91,387	-	-
Miscellaneous Donations	4,542	1,084	1,150	-
Miscellaneous Housing Grants	1,053	-	-	-
Miscellaneous Energy Assistance	16,936	-	-	-
Reach FFS	11,125	-	-	-
EHA Emergency Housing	-	310,253	-	-
EHA Discretionary	-	3,882	-	-

<b>Total Revenues</b>	<b>Expenditures</b>			<b>Net Change in Fund Balance</b>	<b>Transfers</b>	<b>Ending Fund Balance</b>
	<b>Administration</b>	<b>Program</b>	<b>Total Expenditures</b>			
\$ 9,172	\$ 2,247	\$ 6,925	\$ 9,172	\$ -	\$ -	\$ -
1,756	-	-	-	1,756	-	22,134
844	-	-	-	844	-	14,066
631,552	91,704	539,847	631,551	1	-	2
1,211,790	69,748	1,142,042	1,211,790	-	-	-
33,869	(542)	34,411	33,869	-	-	-
40,174	1,408	38,766	40,174	-	-	-
173,504	22,647	150,857	173,504	-	-	1
1,474,043	62,865	1,411,178	1,474,043	-	-	-
6,426	2,822	5,780	8,602	(2,176)	-	66,458
66,599	6,645	32,925	39,570	27,029	-	27,029
4,926	-	399	399	4,527	(1,755)	78,942
-	-	-	-	-	1,755	-
6,695	446	6,249	6,695	-	-	-
24,710	-	14,900	14,900	9,810	-	28,936
8,896	979	7,917	8,896	-	-	-
43,335	4,333	39,002	43,335	-	-	-
-	-	-	-	-	-	56,787
-	-	-	-	-	-	29,082
3,615	-	-	-	3,615	-	35,085
255	-	-	-	255	-	255
71,560	4,681	66,879	71,560	-	-	-
20,675	1,265	19,410	20,675	-	-	-
28,401	1,002	27,399	28,401	-	-	-
35,881	2,748	33,133	35,881	-	-	-
78,742	2,745	75,997	78,742	-	-	-
20,000	-	20,000	20,000	-	-	-
39,698	490	39,208	39,698	-	-	-
91,387	10,113	81,274	91,387	-	-	-
2,234	-	1,419	1,419	815	-	5,357
-	-	-	-	-	-	1,053
-	-	-	-	-	-	16,936
-	-	-	-	-	-	11,125
310,253	56,637	253,616	310,253	-	-	-
3,882	-	3,882	3,882	-	-	-

**COMMUNITY SERVICES CONSORTIUM**

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

**HOUSING AND ENERGY SERVICES (continued)**

YEAR ENDED JUNE 30, 2017

	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Revenues</i>	
			<i>Fees for Service</i>	<i>Other</i>
EHA New 16-17	\$ -	\$ 429,989	\$ -	\$ -
ESGP - 12	2	6,182	-	-
ESP FY16	-	110,451	-	-
HOME TBA	-	62,424	-	-
Home TBA 17 - Tenant Based Assistance	-	95,188	-	-
Home TBA 176 - Tenant Based Assistance	-	8,625	-	-
SVDP - VA Support Services - Cycle 15-16	-	52,387	-	-
SVDP - VA Support Services - Cycle 16-17	-	220,855	-	-
Veteran's Stand Down - HELPS	1,925	7,246	-	-
EHA 15 VET DRF	-	23,497	-	-
HSP - TANF	-	32,419	-	-
LIRHF - Low Inc. Rental Housing	-	15,018	-	-
Pelican Place - Supportive Housing	-	81,124	-	-
Pelican Place - Rental	109,938	-	87,610	-
Pelican Place - Rental Reserve	108,026	-	-	-
SHAP	-	104,198	-	-
SHAP - State Homeless Assist - New	-	112,232	-	-
Tern House - Rental	13,873	-	35,928	146
Tern House - Repair Reserve	11,854	-	-	-
Land Acquisition and Development	150,000	-	-	-
Home Owner Assistance Program	28,951	-	-	6,000
Self-Help Housing Ownership	105,593	-	-	-
OAHAC Mortgage Payment Assist	1,526	-	-	-
CSC Reloaned Proceeds	56,061	-	-	64,836
Loan Repayment - CSC as Grantee	5,644	-	-	-
LIHEAP WX	(3)	78,473	-	-
LIHEAP WX 17	-	254,346	-	-
LIHEAP WX EE	-	14,069	-	-
LIHEAP 17 WX EE	-	1,562	-	-
BPA WX	-	26,676	-	-
BPA WX 17	-	93,275	-	-
DOE WX	-	149,522	-	-
ECHO WX	2	657,825	-	-
Rebates - Fee for Service	69,164	188,266	-	989
NW Natural - Energy Ed #2	60,175	15,015	-	-
Misc Revenue - Housing	22,939	-	-	675
Misc Revenue - Weatherization	283	150	-	-
Healthy Homes	-	15,000	-	-
CHS Contracted Services	2,500	-	-	-
Albany Rehab - Contracted Services	-	30,017	-	-
<i>Total</i>	<u>\$ 1,095,225</u>	<u>\$ 7,329,755</u>	<u>\$ 124,688</u>	<u>\$ 72,646</u>

<i>Total Revenues</i>	<i>Expenditures</i>			<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
	<i>Administration</i>	<i>Program</i>	<i>Total Expenditures</i>			
\$ 429,989	\$ 44,215	\$ 385,774	\$ 429,989	\$ -	\$ -	\$ -
6,182	164	6,018	6,182	-	-	2
110,451	2,907	107,544	110,451	-	-	-
62,424	1,659	60,765	62,424	-	-	-
95,188	-	95,188	95,188	-	-	-
8,625	807	7,818	8,625	-	-	-
52,387	-	52,387	52,387	-	-	-
220,855	16,645	204,210	220,855	-	-	-
7,246	-	7,495	7,495	(249)	-	1,676
23,497	2,344	21,153	23,497	-	-	-
32,419	3,242	29,177	32,419	-	-	-
15,018	1,051	13,967	15,018	-	-	-
81,124	3,584	77,540	81,124	-	-	-
87,610	-	36,931	36,931	50,679	(12,018)	148,599
-	-	-	-	-	12,018	120,044
104,198	27,219	76,979	104,198	-	-	-
112,232	17,132	95,100	112,232	-	-	-
36,074	131	23,562	23,693	12,381	(2,872)	23,382
-	-	-	-	-	2,872	14,726
-	-	-	-	-	-	150,000
6,000	181	406	587	5,413	-	34,364
-	302	677	979	(979)	-	104,614
-	-	-	-	-	-	1,526
64,836	1,956	4,387	6,343	58,493	-	114,554
-	-	-	-	-	-	5,644
78,473	10,329	68,144	78,473	-	-	(3)
254,346	13,409	240,937	254,346	-	-	-
14,069	104	13,965	14,069	-	-	-
1,562	-	1,562	1,562	-	-	-
26,676	2,078	24,598	26,676	-	-	-
93,275	7,679	85,596	93,275	-	-	-
149,522	13,678	135,844	149,522	-	-	-
657,825	72,470	585,355	657,825	-	-	2
189,255	358	30,051	30,409	158,846	-	228,010
15,015	-	8,427	8,427	6,588	-	66,763
675	-	6,333	6,333	(5,658)	-	17,281
150	-	5	5	145	-	428
15,000	-	2,079	2,079	12,921	-	12,921
-	-	-	-	-	-	2,500
30,017	-	30,017	30,017	-	-	-
<b>\$ 7,527,089</b>	<b>\$ 588,627</b>	<b>\$ 6,593,406</b>	<b>\$ 7,182,033</b>	<b>\$ 345,056</b>	<b>\$ -</b>	<b>\$ 1,440,281</b>



**COMMUNITY SERVICES CONSORTIUM**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
WORKFORCE AND EDUCATION  
YEAR ENDED JUNE 30, 2017

	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Revenues</i>	
			<i>Fees for Service</i>	<i>Other</i>
CSBG CY16	\$ -	\$ 37,455	\$ -	\$ -
CSBG CY17	-	4,979	-	-
Garden Gnome Run	6,194	650	-	-
DCS Residuals	-	-	-	-
Zonta Club - At Risk Girls	-	900	-	-
Benton Learning Center	933	-	-	-
Fee for Service	-	-	-	1,600
Independent Living Program	-	190,266	-	-
OYCC - CRO Projects	-	12,650	-	-
OYCC - OR. Youth Conservation	-	12,650	-	-
OYCC BLM Yaquina Head Proj	-	-	-	-
OYCC Benton Comm Stewardship	-	17,500	-	-
OYCC Lincoln Comm Stewardship	-	17,500	-	-
OYCC Youthbuild School Year	-	12,650	-	-
OYCC Youthbuild Comm. Stewardship	-	-	17,500	-
Weatherization Training Program	-	-	19,699	250
JOBS	-	199,000	-	-
Back to Work Oregon - Incite	-	-	-	-
DHS TANF Reinvestment (Foundations)	-	674,817	-	-
Boys & Girls Club - Santiam - Youth Dev	-	12,732	-	-
Lincoln City - Youth Dev Coalition	-	-	-	56,100
YDC - Benton County Youth and Innovation	-	50,000	-	-
Albany CDBG Employment Training Services	-	12,800	-	-
Youthbuild Donations	-	4,500	-	230
YB AMC 14-15	-	5,541	-	-
YB AMC 15-16	-	78,919	-	-
YB AMC 16-17	-	4,332	-	-
Youthbuild Fee for Service	-	-	501	21,678
Lincoln County Charter School	87,313	364,406	-	-
Lincoln County Youth - Donations	-	3,000	-	964
Oregon Dept of Transportation - NRC	-	-	-	-

		<i>Expenditures</i>					
<i>Total</i>				<i>Total</i>	<i>Net Change</i>		<i>Ending</i>
<i>Revenues</i>	<i>Administration</i>	<i>Program</i>		<i>Expenditures</i>	<i>in Fund</i>	<i>Transfers</i>	<i>Fund</i>
					<i>Balance</i>		<i>Balance</i>
\$ 37,455	\$ 37,455	\$ -	\$ 37,455	\$ -	\$ -	\$ -	\$ -
4,979	3,401	1,578	4,979	-	-	-	-
650	-	3,519	3,519	(2,869)	-	-	3,325
-	-	290	290	(290)	290	-	-
900	-	-	-	900	-	-	900
-	-	933	933	(933)	-	-	-
1,600	-	1,131	1,131	469	-	-	469
190,266	20,430	158,942	179,372	10,894	-	-	10,894
12,650	1,265	11,385	12,650	-	-	-	-
12,650	1,265	11,385	12,650	-	-	-	-
-	-	-	-	-	-	-	-
17,500	1,750	15,750	17,500	-	-	-	-
17,500	1,750	15,750	17,500	-	-	-	-
12,650	1,265	11,385	12,650	-	-	-	-
17,500	1,750	15,750	17,500	-	-	-	-
19,949	149	21,337	21,486	(1,537)	1,537	-	-
199,000	23,880	175,120	199,000	-	-	-	-
-	-	-	-	-	-	-	-
674,817	49,728	625,089	674,817	-	-	-	-
12,732	450	12,282	12,732	-	-	-	-
56,100	-	56,100	56,100	-	-	-	-
50,000	5,000	45,000	50,000	-	-	-	-
12,800	775	12,025	12,800	-	-	-	-
4,730	1,061	2,514	3,575	1,155	-	-	1,155
5,541	-	5,541	5,541	-	-	-	-
78,919	3,944	74,975	78,919	-	-	-	-
4,332	216	4,116	4,332	-	-	-	-
22,179	-	25,085	25,085	(2,906)	3,469	-	563
364,406	43,831	386,420	430,251	(65,845)	-	-	21,468
3,964	511	3,453	3,964	-	-	-	-
-	-	-	-	-	-	-	-

**COMMUNITY SERVICES CONSORTIUM**

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

**WORKFORCE AND EDUCATION (Continued)**

YEAR ENDED JUNE 30, 2017

	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Revenues</i>	
			<i>Fees for Service</i>	<i>Other</i>
Incite - WIOA Adult - Linn	\$ -	\$ 162,830	\$ -	\$ -
Incite - WIOA Youth - Linn	-	229,015	-	-
Incite - WIOA Youth - Polk	-	245,467	-	-
Incite - WIOA DW - Linn	-	206,661	-	-
Incite - WIOA Sector Partners NEG	-	23,159	-	-
WIOA Student Enterprises	-	264	-	1,592
NOW - WIOA Youth - 5 Counties	-	417,161	-	-
NOW - WIOA Closeout	-	12,840	-	-
HELPS	-	180	-	-
Trust Management - HELPS	-	20,000	-	-
Samaritan Health - HELPS - Corvallis	-	12,000	-	-
Samaritan Health - HELPS - Lincoln	-	10,000	-	-
United Way - HELPS - Youth	-	-	75,000	-
<i>Total</i>	<u>\$ 94,440</u>	<u>\$ 3,056,824</u>	<u>\$ 112,700</u>	<u>\$ 82,414</u>

<i><b>Total Revenues</b></i>	<i><b>Expenditures</b></i>		<i><b>Total Expenditures</b></i>	<i><b>Net Change in Fund Balance</b></i>	<i><b>Transfers</b></i>	<i><b>Ending Fund Balance</b></i>
	<i><b>Administration</b></i>	<i><b>Program</b></i>				
\$ 162,830	\$ 16,283	\$ 146,547	\$ 162,830	\$ -	\$ -	\$ -
229,015	22,997	206,018	229,015	-	-	-
245,467	24,831	220,636	245,467	-	-	-
206,661	20,666	185,995	206,661	-	-	-
23,159	2,316	20,843	23,159	-	-	-
1,856	-	131	131	1,725	-	1,725
417,161	360,187	56,974	417,161	-	-	-
12,840	6,384	6,456	12,840	-	-	-
180	180	-	180	-	-	-
20,000	2,000	18,000	20,000	-	-	-
12,000	-	8,365	8,365	3,635	-	3,635
10,000	-	7,150	7,150	2,850	-	2,850
75,000	6,892	56,921	63,813	11,187	-	11,187
<b>\$ 3,251,938</b>	<b>\$ 662,612</b>	<b>\$ 2,630,891</b>	<b>\$ 3,293,503</b>	<b>\$ (41,565)</b>	<b>\$ 5,296</b>	<b>\$ 58,171</b>

**COMMUNITY SERVICES CONSORTIUM**

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

**LINN-BENTON FOOD SHARE**

YEAR ENDED JUNE 30, 2017

	<i>Beginning Fund Balance</i>	<i>Revenues</i>			<i>Total Revenues</i>
		<i>Operating Grants/ Contributions</i>	<i>Fees for Service</i>	<i>Other</i>	
CSBG CY16	\$ -	\$ 47,991	\$ -	\$ -	\$ 47,991
CSBG CY17	-	11,699	-	-	11,699
Linn-Benton Food Share	2,137,941	8,250,723	-	281,799	8,532,522
Oregon Hunger Response Fund	-	69,268	-	-	69,268
USDA Cash for Commodities	-	39,897	-	-	39,897
USDA Commodity Foods*	(6,937)	455,352	-	-	455,352
Benton County	-	24,000	-	-	24,000
Linn County	-	17,550	-	-	17,550
City of Corvallis	-	19,725	-	-	19,725
Miscellaneous Grants	187,730	21,152	-	-	21,152
Warehouse Building Fund	93,435	-	-	-	-
Warehouse Expansion Reserve	373,586	151	-	-	151
Food Recovery	2,254	3,290	-	-	3,290
LBFS Truck Reserve	3,587	-	-	-	-
Intentional Production	1,051	-	-	11,511	11,511
SHAP	-	12,954	-	-	12,954
<i>Total</i>	<i>\$ 2,792,647</i>	<i>\$ 8,973,752</i>	<i>\$ -</i>	<i>\$ 293,310</i>	<i>\$ 9,267,062</i>

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

<i>Expenditures</i>			<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
<i>Administration</i>	<i>Food Programs</i>	<i>Total Expenditures</i>			
\$ -	\$ 47,991	\$ 47,991	\$ -	\$ -	\$ -
-	11,699	11,699	-	-	-
40,478	8,132,565	8,173,043	359,479	(8,383)	2,489,037
1,462	67,806	69,268	-	-	-
-	39,897	39,897	-	-	-
-	459,310	459,310	(3,958)	-	(10,895)
3,186	20,814	24,000	-	-	-
3,678	13,872	17,550	-	-	-
663	19,062	19,725	-	-	-
2,528	84,474	87,002	(65,850)	-	121,880
-	-	-	-	-	93,435
-	7,564	7,564	(7,413)	5,000	371,173
-	5,544	5,544	(2,254)	-	-
-	-	-	-	-	3,587
-	15,945	15,945	(4,434)	3,383	-
2,706	10,248	12,954	-	-	-
<u>\$ 54,701</u>	<u>\$ 8,936,791</u>	<u>\$ 8,991,492</u>	<u>\$ 275,570</u>	<u>\$ -</u>	<u>\$ 3,068,217</u>

**COMMUNITY SERVICES CONSORTIUM**

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

**CHILD DEVELOPMENT SERVICES**

YEAR ENDED JUNE 30, 2017

	<i>Beginning Fund Balance</i>	<i>Revenues</i>	
		<i>Operating Grants/ Contributions</i>	<i>Total Revenues</i>
Head Start Oregon Pre K	\$ -	\$ 553,567	\$ 553,567
Head Start - Samaritan Health Services	-	8,000	8,000
Head Start Building Repair	871	-	-
Spirit Mountain Donations	6,166	13,078	13,078
Head Start in Lincoln County - 501(c)(3)	50,892	4,514	4,514
Lincoln County - Staffing Assistance	-	7,741	7,741
Head Start HHS 10/15 - 9/16	-	211,522	211,522
H/S HHS 10.1.16-9.30.17	-	774,805	774,805
H/S HHS 10.1.16-9.30.17 Expansion Supplies	-	20,715	20,715
H/S HHS 10.1.16-9.30.17 Classroom Constr.	-	252,521	252,521
<i>Total</i>	<u>\$ 57,929</u>	<u>\$ 1,846,463</u>	<u>\$ 1,846,463</u>

<i>Expenditures</i>			<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
<i>Administration</i>	<i>Program</i>	<i>Total Expenditures</i>			
\$ 54,026	\$ 499,541	\$ 553,567	\$ -	\$ -	\$ -
800	7,200	8,000	-	-	-
-	-	-	-	-	871
-	12,632	12,632	446	-	6,612
550	6,731	7,281	(2,767)	-	48,125
-	7,741	7,741	-	-	-
44,638	166,884	211,522	-	-	-
73,862	700,943	774,805	-	-	-
-	20,715	20,715	-	-	-
-	252,521	252,521	-	-	-
<u>\$ 173,876</u>	<u>\$ 1,674,908</u>	<u>\$ 1,848,784</u>	<u>\$ (2,321)</u>	<u>\$ -</u>	<u>\$ 55,608</u>



**COMMUNITY SERVICES CONSORTIUM**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MISCELLANEOUS GRANTS  
YEAR ENDED JUNE 30, 2017**

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		<u>Revenues</u>	
	<u>Beginning Fund Balance</u>	<u>Operating Grants</u>	<u>Total Revenues</u>
CSBG CY16	\$ -	\$ 196,292	\$ 196,292
CSBG CY17	-	7,894	7,894
OHA - Outreach and Enrollment	-	100,000	100,000
Olalla Center - Warren Project	-	10,000	10,000
<i>Total</i>	<u>\$ -</u>	<u>\$ 314,186</u>	<u>\$ 314,186</u>

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<i>Expenditures</i>					
<i>Administration</i>	<i>Miscellaneous Programs</i>	<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
\$ 113,054	\$ 83,238	\$ 196,292	\$ -	\$ -	\$ -
7,894	-	7,894	-	-	-
7,951	92,049	100,000	-	-	-
-	10,000	10,000	-	-	-
<u>\$ 128,899</u>	<u>\$ 185,287</u>	<u>\$ 314,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY SERVICES CONSORTIUM**

**COMBINING STATEMENT OF NET POSITION – FIDUCIARY FUND TYPE – AGENCY FUNDS**

**JUNE 30, 2017**

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	<i>Community Housing Services</i>	<i>Lincoln Regional Loan Fund</i>	<i>Linn Benton Revolving Loan</i>	<i>Adair Village CDBG</i>	<i>Lincoln City CDBG</i>
<b>ASSETS</b>					
Cash and investments	\$ 1,068	\$350,947	\$ 260,071	\$ 18,209	\$ -
Loans receivable	-	638,778	593,193	70,387	420,250
<i>Total Assets</i>	<u>\$ 1,068</u>	<u>\$989,725</u>	<u>\$ 853,264</u>	<u>\$ 88,596</u>	<u>\$420,250</u>
<b>LIABILITIES</b>					
Due to Community Housing Services	\$ 1,068	\$989,725	\$ 853,264	\$ 88,596	\$420,250
<i>Total Liabilities</i>	<u>\$ 1,068</u>	<u>\$989,725</u>	<u>\$ 853,264</u>	<u>\$ 88,596</u>	<u>\$420,250</u>

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<i>City of Toledo CDBG</i>	<i>Waldport CDBG</i>	<i>Benton County CDBG</i>	<i>Lincoln County CDBG</i>	<i>City of Newport CDBG</i>	<i>City of Albany CDBG</i>	<i>City of Lyons CDBG</i>	<i>Total Fidiciary Funds</i>
\$129,813	\$ -	\$ -	\$ (58)	\$140,796	\$ -	\$ -	\$ 900,846
77,034	117,434	635,469	428,804	458,462	682,038	48,510	4,170,359
<u>\$206,847</u>	<u>\$117,434</u>	<u>\$635,469</u>	<u>\$428,746</u>	<u>\$599,258</u>	<u>\$682,038</u>	<u>\$ 48,510</u>	<u>\$ 5,071,205</u>
<u>\$206,847</u>	<u>\$117,434</u>	<u>\$635,469</u>	<u>\$428,746</u>	<u>\$599,258</u>	<u>\$682,038</u>	<u>\$ 48,510</u>	<u>\$ 5,071,205</u>
<u>\$206,847</u>	<u>\$117,434</u>	<u>\$635,469</u>	<u>\$428,746</u>	<u>\$599,258</u>	<u>\$682,038</u>	<u>\$ 48,510</u>	<u>\$ 5,071,205</u>

**COMMUNITY SERVICES CONSORTIUM***COMBINING STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND TYPE – AGENCY FUNDS  
YEAR ENDED JUNE 30, 2017*

	<i>Community Housing Services</i>	<i>Lincoln Regional Loan Fund</i>	<i>Linn Benton Revolving Loan</i>	<i>Adair Village CDBG</i>	<i>Lincoln City CDBG</i>
<i>Balance July 1, 2016</i>	\$ -	\$ 893,720	\$ 817,385	\$ 88,596	\$ 443,372
<b>Additions</b>					
Transfers in	-	110,724	42,618	-	-
Other additions	1,068	397	557	-	-
Loan repayments	-	43,379	30,138	-	-
	<u>1,068</u>	<u>154,500</u>	<u>73,313</u>	<u>-</u>	<u>-</u>
<b>Deductions</b>					
Transfers out	-	-	-	-	23,122
Other deductions	-	15,116	7,296	-	-
New amounts made available to loan	-	43,379	30,138	-	-
	<u>-</u>	<u>58,495</u>	<u>37,434</u>	<u>-</u>	<u>23,122</u>
<i>Balance June 30, 2017</i>	<u>\$ 1,068</u>	<u>\$ 989,725</u>	<u>\$ 853,264</u>	<u>\$ 88,596</u>	<u>\$ 420,250</u>

<i>City of Toledo CDBG</i>	<i>Waldport CDBG</i>	<i>Benton County CDBG</i>	<i>Lincoln County CDBG</i>	<i>City of Newport CDBG</i>	<i>City of Albany CDBG</i>	<i>City of Lyons CDBG</i>	<i>Total Fidiciary Funds</i>
\$ 216,886	\$ 140,434	\$ 663,230	\$ 475,888	\$ 616,718	\$ 696,894	\$ 48,510	\$ 5,101,633
-	-	-	-	-	-	-	153,342
3,704	-	-	-	-	-	-	5,726
14,903	-	-	-	-	-	-	88,420
18,607	-	-	-	-	-	-	247,488
-	23,000	27,761	47,142	17,460	14,856	-	153,341
11,867	-	-	-	-	-	-	34,279
16,779	-	-	-	-	-	-	90,296
28,646	23,000	27,761	47,142	17,460	14,856	-	277,916
\$ 206,847	\$ 117,434	\$ 635,469	\$ 428,746	\$ 599,258	\$ 682,038	\$ 48,510	\$ 5,071,205

***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.*



***STATISTICAL SECTION***

***FINANCIAL TRENDS***

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Investment in capital assets	\$ 4,023,961	\$ 3,885,373	\$ 4,020,329	\$ 4,275,108
Restricted	3,255,087	2,732,290	2,655,109	2,202,276
Unrestricted	<u>(3,519,649)</u>	<u>(2,982,813)</u>	<u>(1,095,877)</u>	<u>(53,990)</u>
Total Net Position	<u>\$ 3,759,399</u>	<u>\$ 3,634,850</u>	<u>\$ 5,579,561</u>	<u>\$ 6,423,394</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 position.

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

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 4,395,361	\$ 4,534,314	\$ 3,786,264	\$ 3,771,555	\$ 3,221,558	\$ 1,733,160
2,709,696	2,392,488	2,272,834	2,622,005	2,709,156	3,024,848
<u>150,250</u>	<u>908,667</u>	<u>709,898</u>	<u>276,097</u>	<u>262,130</u>	<u>248,723</u>
<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>	<u>\$ 5,006,731</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Expenses</b>				
Governmental activities:				
Workforce and Education	\$ 2,746,616	\$ 3,308,762	\$ 2,844,473	\$ 2,674,387
Weatherization***	-	-	1,124,872	1,149,804
Emergency services***	-	-	3,822,670	4,119,090
Housing and Energy Services	8,117,961	6,724,386	-	-
Housing rehabilitation**	-	-	68,515	351,574
Child development services	1,739,413	2,083,866	1,088,529	1,224,532
Food programs	8,998,523	9,617,410	9,245,825	9,750,167
Retired and senior volunteers*	-	-	-	-
Miscellaneous programs	314,185	259,281	269,523	119,237
Administration	365,161	640,696	1,492,078	1,924,508
Total governmental activities expenses	<u>22,281,859</u>	<u>22,634,401</u>	<u>19,956,485</u>	<u>21,313,299</u>
<b>Program Revenues</b>				
Governmental activities:				
Grants and contracts	22,148,809	19,731,074	21,110,182	20,551,517
Fees for services	237,388	525,159	558,144	416,373
General revenues:				
Interest	20,211	11,808	4,778	7,479
Sales of house and other assets	-	-	31,046	-
Total governmental activities program revenues	<u>22,406,408</u>	<u>20,268,041</u>	<u>21,704,150</u>	<u>20,975,369</u>
<b>Extraordinary Item - transfer to CHS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(493,983)</u>
<b>Total Change in Net Position</b>	<u>\$ 124,549</u>	<u>\$ (2,366,360)</u>	<u>\$ 1,747,665</u>	<u>\$ (831,913)</u>

\*The Retired and senior volunteers program ended in FY13

\*\*Community Housing Services moved to a fiduciary type fund in FY14

\*\*\*Weatherization and Emergency Services were combined in FY16 into Housing and Energy Services

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2,575,053	\$ 3,108,337	\$ 5,278,519	\$ 6,441,682	\$ 4,403,039	\$ 4,676,578
1,335,908	3,224,953	2,282,750	2,033,711	1,344,917	884,679
4,136,330	4,711,932	5,517,482	5,993,035	4,886,597	3,544,412
-	-	-	-	-	-
727,252	802,144	1,423,212	1,300,741	1,398,821	1,410,755
1,323,522	1,311,282	1,173,940	1,596,804	1,401,874	1,613,622
9,072,553	9,543,203	7,905,891	8,337,625	8,394,943	7,997,334
129,238	130,727	190,533	207,425	214,813	183,752
163,707	281,131	234,806	376,920	172,454	241,844
<u>2,066,891</u>	<u>2,218,087</u>	<u>2,245,267</u>	<u>2,237,542</u>	<u>2,165,064</u>	<u>1,303,150</u>
<u>21,530,454</u>	<u>25,331,796</u>	<u>26,252,400</u>	<u>28,525,485</u>	<u>24,382,522</u>	<u>21,856,126</u>
20,029,785	25,460,982	25,217,647	27,850,884	24,290,332	21,625,431
909,850	912,288	1,125,963	1,138,336	1,255,349	772,544
10,657	11,833	6,627	13,078	22,948	40,185
<u>-</u>	<u>13,166</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>20,950,292</u>	<u>26,398,269</u>	<u>26,351,737</u>	<u>29,002,298</u>	<u>25,568,629</u>	<u>22,438,160</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (580,162)</u>	<u>\$ 1,066,473</u>	<u>\$ 99,337</u>	<u>\$ 476,813</u>	<u>\$ 1,186,107</u>	<u>\$ 582,034</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Restricted	1,118	2,500	-	-
Nonspendable	89,178	10,913	11,385	11,939
Unassigned	652,355	622,392	590,988	477,117
Total general fund	<u>742,651</u>	<u>635,805</u>	<u>602,373</u>	<u>489,056</u>
All Other Governmental Funds				
Reserved, reported in:				
Special revenue funds	-	-	-	-
Nonspendable	557,398	380,062	450,582	381,517
Restricted	3,253,969	2,729,790	2,655,109	2,202,276
Assigned	922,000	930,388	751,905	762,399
Unassigned	(111,090)	-	-	(179,589)
Total all other governmental funds	<u>4,622,277</u>	<u>4,040,240</u>	<u>3,857,596</u>	<u>3,166,603</u>
Total Fund Balance	<u>\$ 5,364,928</u>	<u>\$ 4,676,045</u>	<u>\$ 4,459,969</u>	<u>\$ 3,655,659</u>

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ -	\$ -	\$ -	\$ 14,443	\$ 89,083	\$ (17,367)
-	-	-	261,654	173,053	231,356
-	-	-	-	-	-
13,608	20,644	10,423	-	-	-
413,917	361,590	285,203	-	-	-
<u>427,525</u>	<u>382,234</u>	<u>295,626</u>	<u>276,097</u>	<u>262,136</u>	<u>213,989</u>
-	-	-	2,914,484	2,878,271	3,059,582
318,499	432,723	345,088	-	-	-
2,709,696	2,392,488	2,272,834	-	-	-
644,842	809,659	537,832	-	-	-
(177,555)	-	(100)	-	-	-
<u>3,495,482</u>	<u>3,634,870</u>	<u>3,155,654</u>	<u>2,914,484</u>	<u>2,878,271</u>	<u>3,059,582</u>
<u>\$ 3,923,007</u>	<u>\$ 4,017,104</u>	<u>\$ 3,451,280</u>	<u>\$ 3,190,581</u>	<u>\$ 3,140,407</u>	<u>\$ 3,273,571</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>				
Grants and contracts	\$ 12,733,636	\$ 10,160,597	\$ 11,335,048	\$ 10,163,020
Contributions	948,425	853,985	934,374	895,289
Loan repayments	70,835	40,165	67,967	30,444
Fees for service	237,388	525,159	560,211	661,762
Commodity foods	7,934,880	8,190,209	8,404,858	8,687,104
Other	461,032	486,118	365,868	530,269
Sale of houses and other assets	-	-	169,867	-
Interest	<u>20,211</u>	<u>11,808</u>	<u>4,778</u>	<u>7,479</u>
<b>Total Revenues</b>	<u>22,406,407</u>	<u>20,268,041</u>	<u>21,842,971</u>	<u>20,975,367</u>
<b>Expenditures</b>				
Workforce and Education	2,630,891	2,308,173	3,234,465	2,696,383
Weatherization***	-	-	1,305,197	1,149,804
Emergency services***	-	-	4,102,461	4,119,090
Housing and Energy Services***	6,593,406	5,608,792	-	-
Housing rehabilitation**	-	-	79,383	351,574
Child development services	1,674,908	1,387,591	1,367,898	1,224,532
Food programs	8,936,791	9,355,052	9,420,057	9,778,703
Retired and senior volunteers*	-	-	-	-
Miscellaneous programs	185,287	181,683	290,944	119,237
Interest expenses	-	-	-	-
Capital outlay	-	-	-	-
Administration	<u>1,696,242</u>	<u>1,210,674</u>	<u>1,238,256</u>	<u>1,309,409</u>
<b>Total Expenditures</b>	<u>21,717,525</u>	<u>20,051,965</u>	<u>21,038,661</u>	<u>20,748,732</u>
<b>Transfer to CHS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(493,983)</u>
<b>Total Net Change in Fund Balance</b>	<u>\$ 688,882</u>	<u>\$ 216,076</u>	<u>\$ 804,310</u>	<u>\$ (267,348)</u>

\*The Retired and senior volunteers program ended in FY13

\*\*Community Housing Services moved to a fiduciary type fund in FY14

\*\*\*Weatherization and Emergency Services were combined in FY16 into Housing and Energy Services



<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 10,630,359	\$ 14,122,307	\$ 16,642,556	\$ 18,820,051	\$ 15,200,673	\$ 12,758,612
851,903	803,226	781,713	729,103	758,607	598,401
264,807	241,289	181,758	193,547	171,515	248,810
887,032	912,291	1,125,963	1,138,336	1,271,092	984,170
7,882,273	8,604,144	6,916,493	7,238,221	7,518,064	7,246,770
423,262	628,340	695,126	666,254	625,728	557,145
-	139,540	1,500	203,708	-	4,067
<u>10,656</u>	<u>11,833</u>	<u>6,627</u>	<u>13,079</u>	<u>22,948</u>	<u>40,185</u>
<u>20,950,292</u>	<u>25,462,970</u>	<u>26,351,736</u>	<u>29,002,299</u>	<u>25,568,627</u>	<u>22,438,160</u>
2,602,001	3,108,337	5,294,442	6,510,030	4,403,039	4,676,578
1,335,908	3,224,953	2,282,750	2,033,711	1,344,917	884,679
4,136,330	4,721,932	5,532,482	5,993,468	4,886,597	3,544,412
-	-	-	-	-	-
727,252	790,097	1,528,283	1,798,168	2,871,671	1,410,755
1,323,522	1,311,282	1,173,940	1,607,747	1,401,874	1,613,622
9,072,553	9,543,203	7,905,891	8,416,338	8,394,943	7,997,334
129,238	130,727	190,533	207,425	214,813	183,752
163,707	281,131	234,806	376,920	172,454	241,844
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,553,882</u>	<u>1,785,485</u>	<u>1,947,910</u>	<u>2,008,318</u>	<u>2,011,482</u>	<u>1,227,667</u>
<u>21,044,393</u>	<u>24,897,147</u>	<u>26,091,037</u>	<u>28,952,125</u>	<u>25,701,790</u>	<u>21,780,643</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (94,101)</u>	<u>\$ 565,823</u>	<u>\$ 260,699</u>	<u>\$ 50,174</u>	<u>\$ (133,163)</u>	<u>\$ 657,517</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>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Grants and contracts	\$ 12,733,636	\$ 10,160,597	\$ 11,335,048	\$ 10,163,020	\$ 10,630,359
Contributions	948,425	853,985	934,374	895,289	851,903
Loan repayments	70,835	40,165	67,967	30,444	264,807
Fees for service	237,388	525,159	560,211	661,762	887,032
Commodity foods	7,934,880	8,190,209	8,404,858	8,687,104	7,882,273
Other	461,032	486,118	535,735	530,269	423,262
Interest	20,211	11,808	4,778	7,479	10,656
<i>Total Revenues</i>	<u>\$ 22,406,407</u>	<u>\$ 20,268,041</u>	<u>\$ 21,842,971</u>	<u>\$ 20,975,367</u>	<u>\$ 20,950,292</u>

Source: Comprehensive annual financial report.

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<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
\$ 14,122,307	\$ 16,642,556	\$ 18,820,051	\$ 15,200,673	\$ 12,758,612
803,226	781,713	729,103	758,607	598,401
241,289	181,758	193,547	171,515	248,810
912,291	1,125,963	1,138,336	1,271,092	984,170
8,604,144	6,916,493	7,238,221	7,518,064	7,246,770
767,880	696,626	869,962	625,728	561,212
11,833	6,627	13,079	22,948	40,185
<u>\$ 25,462,970</u>	<u>\$ 26,351,736</u>	<u>\$ 29,002,299</u>	<u>\$ 25,568,627</u>	<u>\$ 22,438,160</u>

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

<i>Function</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>
Administration	\$ 1,696,242	\$ 1,210,674	\$ 1,238,256	\$ 1,309,409
Workforce and Education	2,630,891	2,308,173	3,234,465	2,696,383
Weatherization***	-	-	1,305,197	1,149,804
Housing and Energy Services***	6,593,406	5,608,792	-	-
Emergency services	-	-	4,102,461	4,119,090
Housing rehabilitation**	-	-	79,383	351,574
Head Start	1,674,908	1,387,591	1,367,898	1,224,532
Food programs	8,936,791	9,355,052	9,420,057	9,778,703
Retired and senior volunteers*	-	-	-	-
Miscellaneous programs	185,287	181,683	290,944	119,237
<i>Total Expenditures</i>	<u><u>\$ 21,717,525</u></u>	<u><u>\$ 20,051,965</u></u>	<u><u>\$ 21,038,661</u></u>	<u><u>\$ 20,748,732</u></u>

\*The Retired and senior volunteers program ended in FY13

\*\*Community Housing Services moved to a fiduciary type fund in FY14

\*\*\*Weatherization and Emergency Services were combined in FY16 into Housing and Energy Services

Source: Comprehensive annual financial report.

<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
\$ 1,553,882	\$ 1,785,485	\$ 1,947,910	\$ 2,008,318	\$ 2,011,482	\$ 1,227,667
2,602,001	3,108,337	5,294,442	6,510,030	4,403,039	4,676,578
1,335,908	3,224,953	2,282,750	2,033,711	1,344,917	884,679
-	-	-	-	-	-
4,136,330	4,721,932	5,532,482	5,993,468	4,886,597	3,544,412
727,252	790,097	1,528,283	1,798,168	2,871,671	1,410,755
1,323,522	1,311,282	1,173,940	1,607,747	1,401,874	1,613,622
9,072,553	9,543,203	7,905,891	8,416,338	8,394,943	7,997,334
129,238	130,727	190,533	207,425	214,813	183,752
163,707	281,131	234,806	376,920	172,454	241,844
<u>\$ 21,044,393</u>	<u>\$ 24,897,147</u>	<u>\$ 26,091,037</u>	<u>\$ 28,952,125</u>	<u>\$ 25,701,790</u>	<u>\$ 21,780,643</u>

***STATISTICAL SECTION***

***REVENUE CAPACITY***

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Function/Program</b>				
<b>General Fund</b>				
Grants and contracts	\$ 397	\$ 5,281	\$ 1,186	\$ 26,822
Contributions	95,564	56,391	89,494	31,462
Other	83,497	64,149	34,818	41,875
Interest	<u>20,211</u>	<u>11,808</u>	<u>4,778</u>	<u>7,479</u>
<b>Subtotal General Revenues</b>	<u>199,669</u>	<u>137,629</u>	<u>130,276</u>	<u>107,638</u>
<b>Governmental activities:</b>				
Grants and contracts	12,733,239	10,155,316	11,333,862	10,136,198
Contributions	852,861	797,594	844,880	863,827
Loan repayments	70,835	40,165	67,967	30,444
Fees for service	237,388	525,159	560,211	661,762
Commodity foods	7,934,880	8,190,209	8,404,858	8,687,104
Other	377,535	421,969	331,050	488,394
Sale of houses and other assets	-	-	169,867	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Subtotal Special Revenues</b>	<u>22,206,738</u>	<u>20,130,412</u>	<u>21,712,695</u>	<u>20,867,729</u>
<b>Total Revenues</b>	<u>\$ 22,406,407</u>	<u>\$ 20,268,041</u>	<u>\$ 21,842,971</u>	<u>\$ 20,975,367</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 99,996	\$ 126,416	\$ -	\$ -	\$ -	\$ -
12,063	11,810	8,410	5,100	2,550	1,200
36,637	26,840	6,105	84	2,016	1,573
7,813	6,141	5,137	10,586	22,266	39,415
<u>156,509</u>	<u>171,207</u>	<u>19,652</u>	<u>15,770</u>	<u>26,832</u>	<u>42,188</u>
10,530,363	13,995,891	16,642,556	18,820,051	15,200,673	12,758,612
839,840	791,416	773,303	724,003	756,057	597,201
264,807	241,289	181,758	193,547	171,515	248,810
887,032	912,291	1,125,963	1,138,336	1,271,092	984,170
7,882,273	8,604,144	6,916,493	7,238,221	7,518,064	7,246,770
386,625	601,500	689,021	666,170	623,712	555,572
-	139,540	1,500	203,708	-	4,067
2,843	5,692	1,490	2,493	682	770
<u>20,793,783</u>	<u>25,291,763</u>	<u>26,332,084</u>	<u>28,986,529</u>	<u>25,541,795</u>	<u>22,395,972</u>
<u>\$ 20,950,292</u>	<u>\$ 25,462,970</u>	<u>\$ 26,351,736</u>	<u>\$ 29,002,299</u>	<u>\$ 25,568,627</u>	<u>\$ 22,438,160</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 Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>	<b>Percentage of Population Living In Poverty</b>
<b>Year</b>	<b>Population</b>				
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	152,489,633	39,109	8.6%	17.3%
2013	3,883,735	155,147,986	39,521	8.7%	17.1%
2014	3,919,020	165,816,558	41,785	7.7%	16.7%
2015	3,962,710	178,432,319	44,335	6.9%	11.2%
2016	4,013,845	185,839,645	45,399	5.7%	10.5%
2017	4,076,350	N/A	N/A	N/A	N/A

<b>Benton County</b>		<b>Total Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>	<b>Percentage of Population Living In Poverty</b>
<b>Year</b>	<b>Population</b>				
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	3,240,670	37,490	6.0%	23.4%
2013	86,785	3,259,125	37,886	5.7%	23.8%
2014	87,725	3,439,876	39,807	5.1%	22.7%
2015	88,740	3,649,647	41,676	4.2%	8.9%
2016	90,005	N/A	N/A	3.9%	8.3%
2017	91,320	N/A	N/A	N/A	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>
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	3,921,881	33,135	10.7%	19.8%
2013	118,035	3,991,947	33,675	9.7%	19.0%
2014	118,665	4,219,670	35,379	8.1%	19.5%
2015	119,705	4,503,061	37,355	6.7%	13.7%
2016	120,860	N/A	N/A	5.8%	12.2%
2017	122,315	N/A	N/A	N/A	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>
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	1,648,531	35,709	9.9%	15.6%
2013	46,295	1,661,972	35,903	8.8%	16.8%
2014	46,560	1,737,712	37,462	7.8%	17.1%
2015	46,890	1,832,982	38,968	6.6%	11.5%
2016	47,225	N/A	N/A	5.7%	12.2%
2017	47,735	N/A	N/A	N/A	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 NINE FISCAL YEARS - UNAUDITED**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Population					
Benton	91,320	90,005	88,740	87,725	86,785
Linn	122,315	120,860	119,705	118,655	118,035
Lincoln	47,735	47,225	46,890	46,560	46,295
Employees					
Non-management (represented) employees	93	85	87	79	88
Management (exempt) employees	21	16	16	17	19
Total FTE	<u>114</u>	<u>101</u>	<u>103</u>	<u>96</u>	<u>107</u>
Employees by Function					
Administration	4	4	4	4	4
Finance	5	5	4	4	4
Technology	3	3	3	3	3
Workforce Investment Board	-	-	-	-	-
Community Resource Development	3	2	2	3	3
Child Development Services	21	20	20	19	21
Workforce and Education	36	29	33	25	27
Emergency Services	26	23	20	20	20
Housing and Community Resources	9	8	10	11	16
Linn Benton Food Share / Gleaning	7	7	7	7	7
Retired and Senior Volunteers	-	-	-	-	2
	<u>114</u>	<u>101</u>	<u>103</u>	<u>96</u>	<u>107</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.

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<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
-------------	-------------	-------------	-------------

85,995	85,995	85,735	86,725
117,340	117,340	116,840	110,865
46,155	46,060	46,135	44,700

107	132	128	106
15	23	24	27
<u>122</u>	<u>155</u>	<u>152</u>	<u>133</u>

6	5	5	5
4	6	6	5
3	3	3	3
2	2	2	2
4	3	3	2
19	18	20	21
34	59	60	50
22	24	22	20
19	25	21	15
7	7	7	7
2	3	3	3
<u>122</u>	<u>155</u>	<u>152</u>	<u>133</u>

***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, 2017, and have issued our report thereon dated February 15, 2018.

#### ***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.


***Internal Control Over Financial Reporting***

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:   
Ryan T. Pasquarella, A Shareholder  
February 15, 2018



***FEDERAL COMPLIANCE SECTION***

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>
<u>U.S. Department of Agriculture</u>				
<i>Food Distribution Cluster</i>				
Temporary Emergency Food Assistance Program (TEFAP) - Cash	10.568	Oregon Food Bank	unknown	\$ 39,897
Temporary Emergency Food Assistance Program - Commodities	10.569	Oregon Food Bank	unknown	459,310
<i>Total Food Distribution Cluster</i>				499,207
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	58,417
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	25,573
Total Child and Adult Care Food Program				83,990
<b>Total U.S. Department of Agriculture</b>				583,197
<u>U.S. Department of Housing and Urban Development</u>				
Continuum of Care HUD	14.267	Direct	OR0075L0E051509	71,560
Continuum of Care HUD - Passport - CSC 15-16	14.267	Direct	OR0079L0E051509	20,675
Continuum of Care HUD - Passport - CSC 16-17	14.267	Direct	OR0079L0E051609	28,401
Continuum of Care HUD - CSC SHP 15-16	14.267	Direct	OR0063L0E051506	35,881
Continuum of Care HUD - CSC SHP 16-17	14.267	Direct	OR0063L0E051607	78,742
Total Continuum of Care				235,259
<i>CDBG - Entitlement Grants Cluster</i>				
YB Albany CDBG - Employ TRNG SVCS	14.218	City of Albany	B-13-MC-41-0011	12,800
CDBG Albany Rehab - Contracted Services	14.218	City of Albany	B-13-MC-41-0011	30,017
<i>Total CDBG - Entitlement Grants Cluster</i>				42,817
ESGP - Emergency Shelter Grant Program	14.231	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	6,182
ESGP - Emergency Shelter Grant Program	14.231	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	110,450
Total ESGP				116,632

See notes to schedule of expenditures of federal awards.

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>
Home Tenant Based Assistance	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	\$ 62,425
Home Tenant Based Assistance FY17	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	95,188
Home Tenant Based Assistance 16	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	8,625
Total Home Tenant Based Assistance				<u>166,238</u>
Fair Housing - LASO/FHCO	14.408	Legal Aid Services of Oregon	FH800G15011	91,387
<b>Total U.S. Department of Housing and Urban Development</b>				<u>652,333</u>
<u>U.S. Department of Labor</u>				
Sector Partners NEG - Incite	17.277		006-17	23,159
<i>WIA/WIOA Cluster</i>				
WIOA - Adult - Linn - Incite	17.258	Oregon Community Colleges and Workforce Development	006-17	162,829
WIA Closeout Admin - FY17	17.278	Oregon Community Colleges and Workforce Development	unknown	12,840
WIOA - Youth - NOW - 5 Counties	17.259	Oregon Community Colleges and Workforce Development	001-15	417,162
WIOA - Youth - Linn - Incite	17.259	Oregon Community Colleges and Workforce Development	006-17	229,013
WIOA - Youth - Polk - Incite	17.279	Oregon Community Colleges and Workforce Development	006-17	245,468
WIOA - DW - Linn - Incite	17.278	Oregon Community Colleges and Workforce Development	006-17	206,660
<i>Total WIA/WIOA Cluster</i>				<u>1,273,972</u>
<b>Total U.S. Department of Labor</b>				<u>1,297,131</u>

See notes to schedule of expenditures of federal awards.

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>
<u>U.S. Department of Veterans Affairs</u>				
Supportive Services for Veterans and Families SSVF 15-16	64.033	St.Vincent de Paul	GRNT # 01138	\$ 52,386
Supportive Services for Veterans and Families SSVF 15-16	64.033	St.Vincent de Paul	GRNT # 01138	220,855
<b>Total U.S. Department of Veterans Affairs</b>				<u>273,241</u>
<u>U.S. Department of Energy</u>				
BPA - WX FFY15	81.XXX	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	26,676
BPA - WX FFY16	81.XXX	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	93,275
BPA - Energy ED WX 17	81.XXX	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	8,895
Total BPA				<u>128,846</u>
DOE - WX	81.042	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	149,522
<b>Total U.S. Department of Energy</b>				<u>278,368</u>
<u>U.S. Department of Health and Human Services</u>				
Headstart 2015-2016	93.600	Direct	G-10CH0155/20	211,522
Headstart 2016-2017	93.600	Direct	G-10CH0155/20	716,389
Headstart Duration Startup	93.600	Direct	G-10CH0155/20	20,715
Headstart Duration Construction	93.600	Direct	G-10CH0155/20	252,521
Total Headstart				<u>1,201,147</u>
<u>TANF Cluster</u>				
Housing Stabilization Program / TANF	93.558	Direct	OHCS MGA 15-17 #4226	32,419
Community Services Block Grant - FFY16	93.569	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	290,910
Community Services Block Grant - FFY17	93.569	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	24,571
Total Community Services Block Grant				<u>315,481</u>

See notes to schedule of expenditures of federal awards.

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>
LIHEAP - Low Income Energy Assistance	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	\$ 631,552
LIHEAP - Low Income Energy Assistance	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	1,211,791
LIHEAP - WX EE	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	14,069
LIHEAP - WX EE 17	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	1,562
LIHEAP - Education	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	33,869
LIHEAP - Education 16-17	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	40,174
LIHEAP - Weatherization	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	78,473
LIHEAP - Weatherization 17	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	254,347
<b>Total U.S. Department of Health and Human Services</b>				<b>3,814,884</b>
<u>Corporation for National and Community Service</u>				
Americorps - Youthbuild 2014-2015	94.006	Youthbuild USA	13NDHMA0010035	5,541
Americorps - Youthbuild 2015-2016	94.006	Youthbuild USA	13NDHMA0010035	78,919
Americorps - Youthbuild 2016-2017	94.006	Youthbuild USA	13NDHMA0010035	4,332
Total Corporation for National and Community Service				88,792
<b>Total Expenditures of Federal Awards</b>				<b>\$ 6,987,946</b>

See notes to schedule of expenditures of federal awards.

**COMMUNITY SERVICES CONSORTIUM**

*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

*YEAR ENDED JUNE 30, 2017*

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***BASIS OF PRESENTATION***

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Community Services Consortium (CSC) under programs of the federal government for the year ended June 30, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the SEFA presents only a selected portion of the operations of CSC, it is not intended to and does not present the net position or changes in net position of CSC.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CSC has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.



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

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### ***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, 2017, and the related notes to the financial statements, which collectively comprise CSC's basic financial statements, and have issued our report thereon dated February 15, 2018.

#### ***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 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.

*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 from 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 the 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 CSC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS  
February 15, 2018





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

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### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE***

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 Compliance Supplement* that could have a direct and material effect on each of CSC's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, Community Services Consortium complied, in all material respects, with the types of 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, 2017.

### ***Report on Internal Control over Compliance***

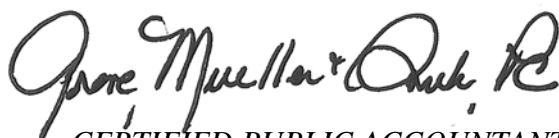
Management of CSC, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CSC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2018

**COMMUNITY SERVICES CONSORTIUM**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2017**

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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 2 CFR section 200.516(a)?	No

Identification of major program:

**CFDA Numbers**

**Name of Federal Program or Cluster**

17.258/17.259/12.278  
64.033

WIA/WIOA Cluster  
Supportive Services for Veteran Families Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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*

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