

**Comprehensive Annual Financial Report
For year ended June 30, 2018**

Albany, Oregon

COMMUNITY SERVICES CONSORTIUM
Albany, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018

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, 2018

GOVERNING BOARD

<u>Member</u>	<u>Title</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

December 19, 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 38 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-six 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 decision-making transparency. This report is an important part of meeting that goal.

Finally, CSC is working towards implementing a much higher level of data analysis to help guide us in crafting the programs, supports and collaborations that promote individual, agency and community growth. We hope to provide additional transparency through the creation of an impact statement that will help us describe the results accomplished with grants and donations.



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, 2018, 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, 2018 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, 2018 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.

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 purchased, donated and USDA food and nutritional support through a network of qualified pantries and meal sites as well as 14 gleaning groups in the two-county area. **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 FY18. 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.

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 gaps in services, underserved populations, community priorities, focus areas and 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 Operations Manager 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 1st 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, 2018, CSC adopted two Supplemental Budgets.

FACTORS AFFECTING CSC'S FINANCIAL CONDITION

For over thirty eight 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 2017.¹

The Census Bureau's data for 2017 showed that the official poverty rate was 12.3 percent, decreased by .4 percent from 12.7 percent in 2016. The number of people in poverty decreased from 40.6 million in 2016 to 39.7 million in 2017 as the economy improved. The 2017 poverty rate slightly lower than 12.5 percent in 2007, the year before the most recent recession. This was the third consecutive decline in the national poverty rate.²ⁱ 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.

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

² "Income and Poverty in the United States, 2017", J. Semega, K. Fontenot and M. Kollar, September 2018, U.S. Census Bureau, Report # P60-263

What is the federal poverty level (FPL) in 2018?

- \$25,100 for a family of four.
- \$20,780 for a family of three.
- \$16,460 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:

- \$50,200 for a family of four.
- \$41,560 for a family of three.
- \$32,920 for a family of two.

The estimated percentage of U.S. households that were food insecure declined significantly from 12.3 percent 2016, to 11.8 percent in 2017 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 4.9 percent in 2016 to 4.85 percent in 2017. Oregon is no longer one of the states which has a statistically significant higher food insecurity rate than the US average. Oregon had a 2015-2017 average food insecurity rate of 12.9 percent of households and a very low food insecurity rate averaging 5.4 percent of households.³

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 has one of the lowest rates of affordable available housing⁴. Households that devote more than 40% of their income to housing are considered overburdened in their housing costs.

³"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.

⁴ The GAP: A Shortage of Affordable Homes, by Andrew Aurand, Ph.D., MSW, Dan Emmanuel, MSW, Diane Yentel, MSSW, Ellen Errico, National Low Income Housing Coalition, March 2017

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

In 2017, Oregon ranked 22nd among all states in unemployment at 4.1% unemployment and had 8.8 percent of residents living in poverty.

The American Community Survey for 2017 estimated that the percentage of individuals living in poverty in Benton, Linn and Lincoln counties was 8.5%, 12.3% and 11.2% (2017) respectively. These were mixed results, as Linn and Benton counties experienced slight increases, while Lincoln had the largest change decreasing by a full percentage point.

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, 2018, population estimate was 93,590.⁵ According to the US Department of Commerce Bureau of Economic Analysis using 2017 data, per capita personal income (PCPI) in Benton County was \$45,273.⁶ The unemployment rate for Benton County was estimated at 3.3% in 2017.

LINN COUNTY

Linn County encompasses 2,297 square miles and consists largely of small rural communities. Its July 1, 2018 population estimate was 125,575 with an estimated annual per capita personal income (PCPI) of \$40,380 in 2017. Linn County has an estimated 12.3 percent of the population living in poverty in 2017. The unemployment rate in Linn County is estimated at 4.8% in 2017.

LINCOLN COUNTY

Lincoln County is located on the central Oregon coast and has an area of 992 square miles. The County's 2018 population estimate was 48,210. In 2017, the county's per capita personal income (PCPI) was \$41,448. Lincoln County had an estimated 11.2% of the population living in poverty in 2017. By July 2017, Lincoln County's unemployment rate was 4.7%. 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.

⁵ Portland State University Population and Research Center: July 1, 2018 release date.

⁶ Benton County, Oregon: Selected Economic Characteristics;; Data Set: 2018 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, 2017. This was the *twenty-sixth* 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, 2018 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 Connor Lyons, Finance Operations Manager, and the members of the Finance Department – Carla Gibson, Kelly Gould, and Kelli Prather 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,

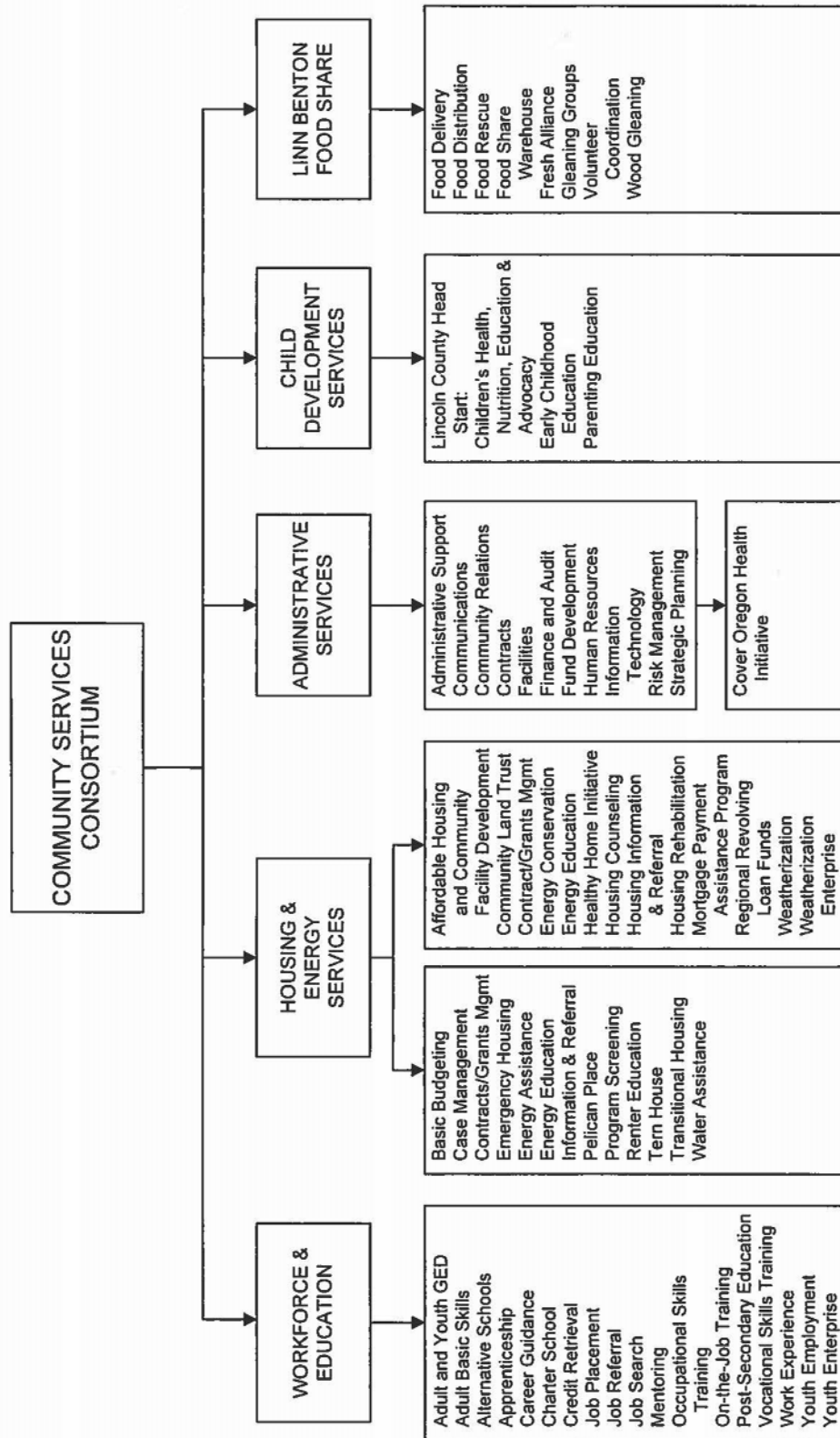


Martha Lyon
Executive Director



Connor Lyons
Finance Operations Manager

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, 2017

Christopher P. Morill

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, 2018, 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, 2018, 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 December 19, 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 December 19, 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
December 19, 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, 2018. 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 \$7.8 million in federal and federal pass-through grants, \$5.54 million in state and local governmental grants and contracts, \$7.43 million in value of donated food, \$1,082,000 in contributions, about \$217,000 in charges for services, \$36,310 in loan repayments and about \$1.2 million in other miscellaneous income, totaling \$23.2 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 FY19 forecast is not significantly different – we are projecting a slight decrease from our final FY18 budgeted figures of \$27.6 million to around \$25.8 million, a decrease of approximately 6.6%, if we receive all the grants we have budgeted for.
- As we have discussed in our introductory letter, our communities still struggle with conditions of poverty despite the long lasting economic recovery in Oregon and around the country. 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 and our communities struggle with poverty at higher rates than the state's average.

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 10.5% of our population living in poverty in 2016, reflected in local Benton County statistics of 8.3%, Linn County at 12.2% and Lincoln County at 12.2% in 2016. For 2017, State of Oregon reported 8.8% of the population living in poverty, with local statistics for Benton County worsening to 8.5%, Linn County worsening to 12.3% and Lincoln County improving to 11.2%. Poverty figures are not yet available for 2018.

While overall unemployment has declined, per capita personal income has only increased slightly, leaving low-income residents in a state of economic instability. For 2017, Benton County had an unemployment rate of 3.3%, while Linn County was 4.8% and Lincoln County was 4.7%, compared to the state of Oregon average at 4.1%. 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 FY18, we offered a new program through OHA to assist children in enrolling with the Oregon Health Plan. This was through Oregon Senate Bill 558, and we have partnered with Centro de Ayuda to meet the needs of clients. 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 statement can be found on pages 16 – 17 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.

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 23-45 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, 2018 was \$4,897,796 reflecting an increase of \$1,138,397 (about 30%) from \$3,759,399, at June 30, 2017 (See Table A). The large change was driven by a restatement in the beginning net position to \$4,337,749. The largest portion of CSC's net position (91%) is its investment in capital assets (land, buildings, and equipment) of \$4,440,290. The increase in net capital assets of \$416,329 is the primary operational reason for the increase in total net position. Construction on a new classroom for the Newport Head Start building was completed as part of a total project of \$725,000. (See the additional footnote on capital assets on page 33 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 2018, CSC recognized pension expense of \$437,677 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 0.0395% at June 30, 2018, a decrease from 0.0455 at June 30, 2017. 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 35-41 in this report.

The reporting of depreciation expense of \$136,530 claimed on all assets of CSC through the General fund, reduced the investment of \$552,859 in new assets.

Community Services Consortium's Net Position
TABLE A

ASSETS	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<i>Current and other assets</i>	\$ 7,191,895	\$ 6,586,025
Depreciable capital assets, net	<u>4,440,290</u>	<u>4,023,961</u>
<i>Total Assets</i>	11,632,185	10,609,986
DEFERRED OUTFLOWS		
<i>Deferred outflows related to pensions</i>	1,549,754	3,233,692
LIABILITIES		
Current and other liabilities	863,112	920,258
Noncurrent liabilities	1,288,646	1,785,383
Net pension obligation	<u>5,324,208</u>	<u>6,838,374</u>
<i>Total Liabilities</i>	7,475,966	9,544,015
DEFERRED INFLOWS		
<i>Deferred inflows related to pensions</i>	808,177	540,264
NET POSITION		
Net investment in capital assets	4,440,290	4,023,961
Restricted for grant programs	3,770,117	3,255,087
Unrestricted	<u>(3,312,611)</u>	<u>(3,519,649)</u>
Total Net Position	<u>\$ 4,897,796</u>	<u>\$ 3,759,399</u>

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 \$820,179 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 \$1,392,882 from \$22,406,408 in FY17 to \$23,749,290 in FY18. These revenue increases were primarily in the Child Development Services department from a one-time infusion of federal funds for construction of a classroom at the Newport Head Start facility, and an expansion of class hours increasing revenues in this fund by 822,426,

CSC’s total expenses increased \$957,386 from \$22,281,859 in FY17 to \$23,239,245 in FY18. Personnel expenses increased about 10% from \$5.9 million in FY17 to \$6.6 million in FY18. Materials and services increased about 5% from \$8.2 million to \$8.6 million. Donated food in the Linn Benton Food Share department decreased about 5% from \$7.87 million to \$7.45 million in value. (See Table B). The overall result was an increase of \$560,047 in net position, which was discussed above.

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Program revenues		
Fees for services	\$ 217,314	\$ 237,388
Operating grants and contracts	22,468,461	21,200,384
Contributions	<u>1,081,051</u>	<u>948,425</u>
	23,766,826	22,386,197
General revenues, by source		
Interest and other income	<u>32,464</u>	<u>20,211</u>
Total Revenues	<u>\$ 23,799,290</u>	<u>\$ 22,406,408</u>
Program Expenses		
Personnel services	\$ 6,552,415	\$ 5,941,734
Materials and services	8,686,262	8,201,724
LBFS donated food	7,447,709	7,868,620
Capital outlay	<u>552,859</u>	<u>269,781</u>
Total Expenses	<u>\$ 23,239,245</u>	<u>\$ 22,281,859</u>

Change in Net Position	\$ 560,047	\$ 124,549
Net position, beginning of year	3,759,399	3,634,850
Restatement of beginning net position	<u>578,350</u>	<u>0</u>
Net position, end of year	<u>\$ 4,897,796</u>	<u>\$ 3,759,399</u>

Figure A
Sources of Revenue for the Year Ended June 30, 2018

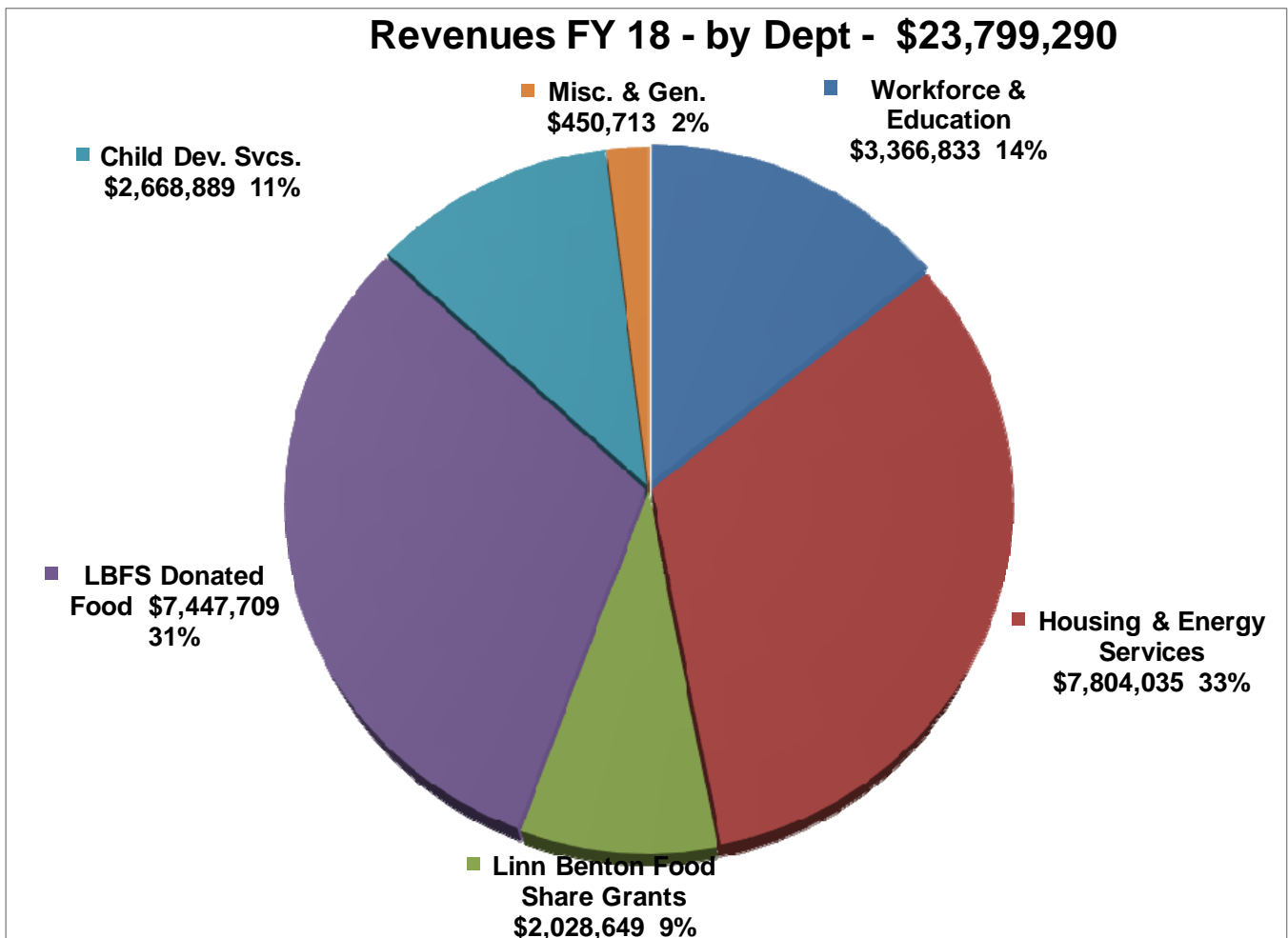
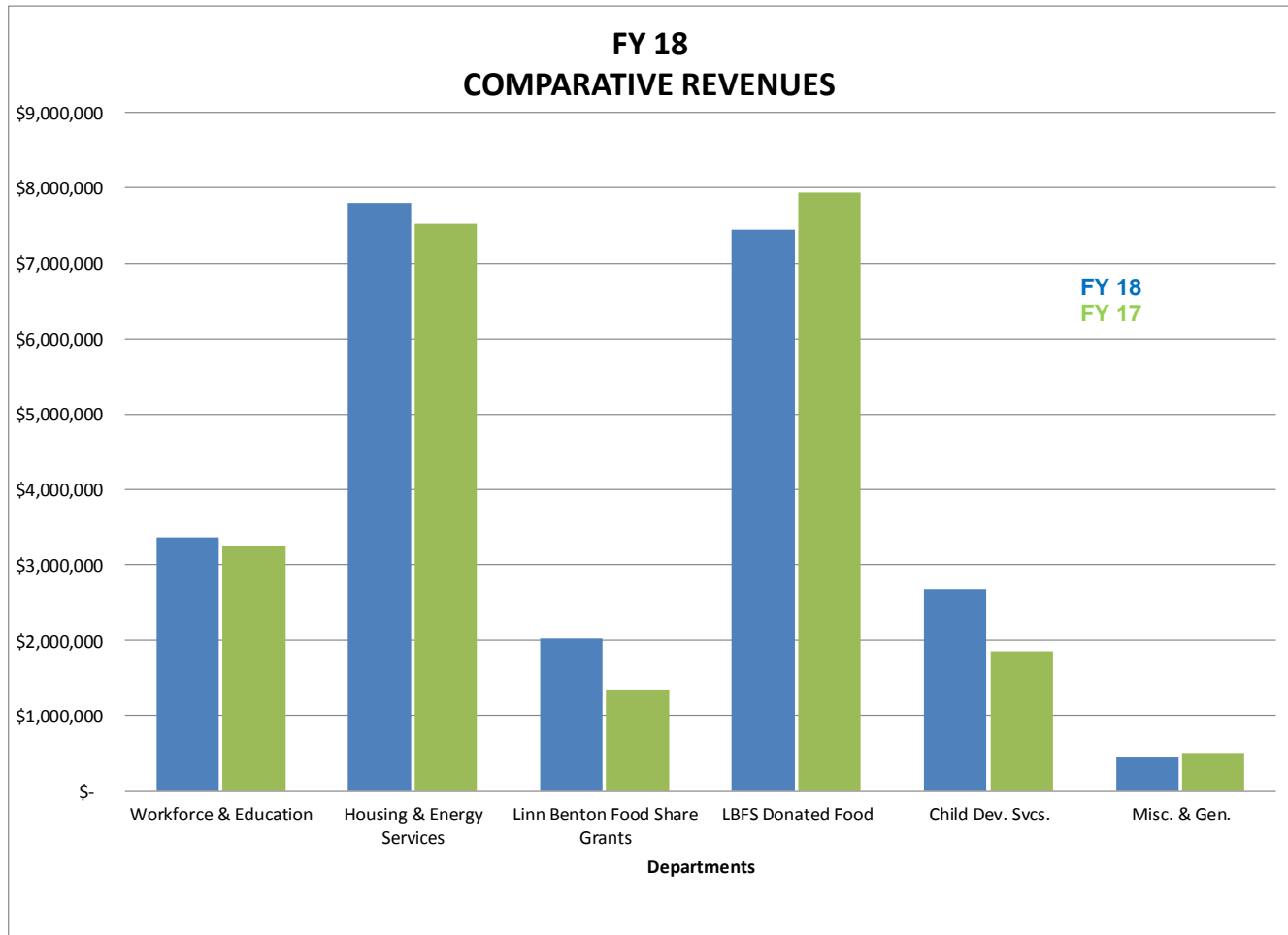


Figure B
Revenue Comparison for the Years Ended June 30, 2018 and 2017



Changes in Fund Balances – Governmental Funds

The **General Fund** increased overall by \$77,529 primarily from contributions of \$104,855 and interest income of \$32,464 reduced by a transfer of \$49,410 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 \$241,373 comprised of loan repayments of \$36,309; weatherization fee for service of \$127,485; and contributions of \$24,250 for energy assistance.

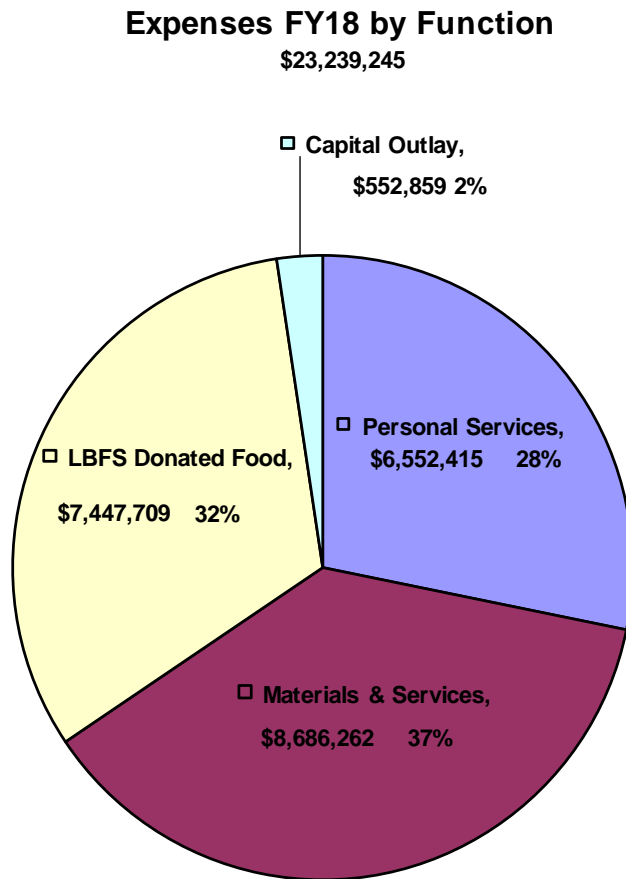
The **Workforce & Education** fund balance increased by \$65,446. The department received additional support from the General Fund of \$49,410 as well as an increase in Career Tech High School funds from additional funding. These balances are planned to offer additional services in FY18.

Linn Benton Food Share fund balance increased by \$256,147 from contributions of cash and food, even though food donations decreased about 5% in value from the prior year.

Child Development Services had a slight increase of \$833 due more contributions being made than what was used.

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

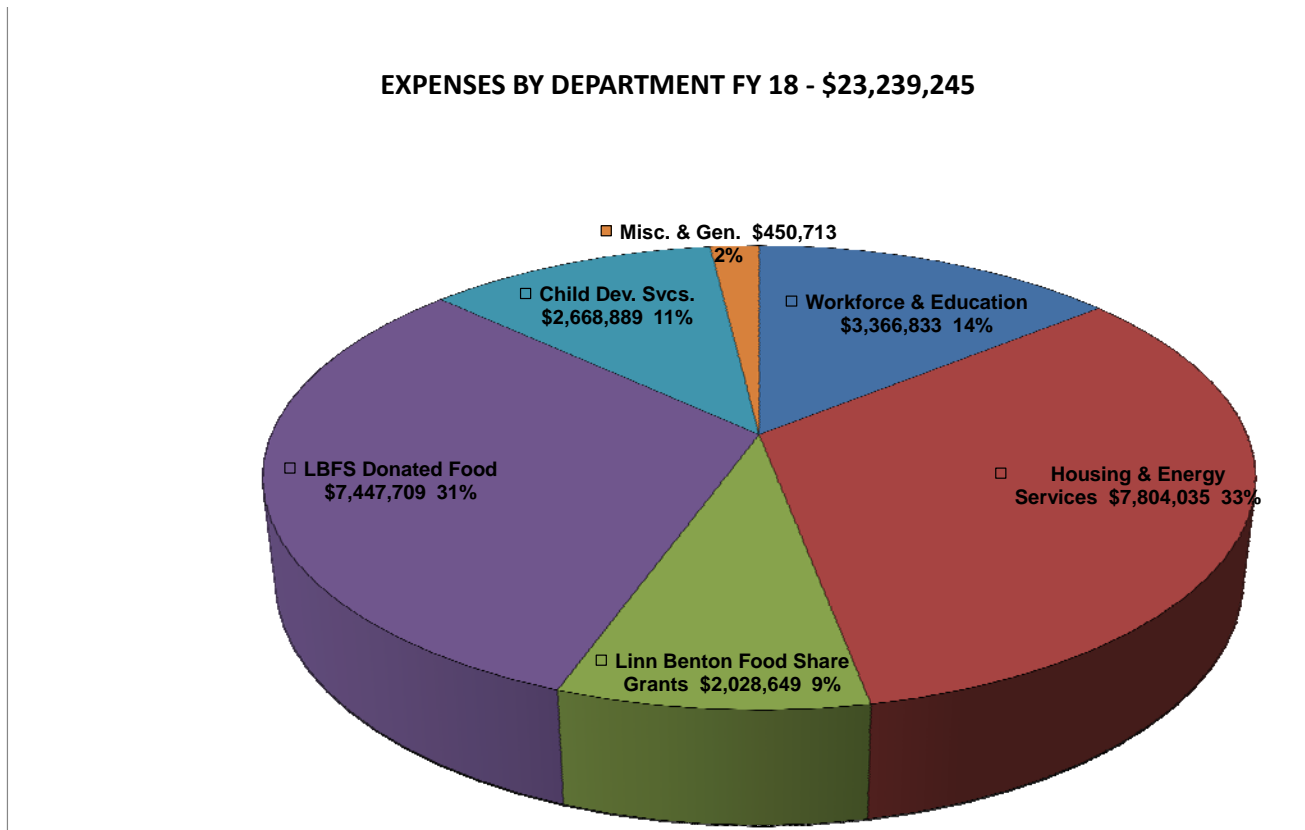
Figure C
Expenses by Function for the Year Ended June 30, 2018



The major reason for the \$957,000 expenditure increase (about 4%), was from an expansion of Head Start classrooms to a full day full year model. Personnel services, which represent only 28% of overall costs, increased by about \$610,000 due to health costs and additional funds from the Head Start expansion. Additionally, significant capital expenditure and materials and services were one-time costs associated with expansion of the Newport Head Start facility. Donated food decreased about \$420,000.

Of the total expenses for FY18 of \$23.2 million, almost 61% or \$14.09 million (including food distribution) were made directly on behalf of participants in our programs. As a proportion of the FY18 materials and services costs of \$16.7 million, the direct assistance of \$14.09 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, 2018



Three funds had significant changes in their FY18 activities.

The **Workforce and Education fund** expenditures increased about 20% or \$115,000 from increased activities in previously unserved areas on the coast and Polk County. This was primarily through WIOA funds, but also a \$50,000 grant from Salem Health allowed for the creation of a makerspace in Polk. Additional funds were also put into Career Tech High School from funds for Career and Technical Education.

The **Child Development Services** fund increased by 43% or \$822,426 due to increased federal Head Start funding to complete 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 part of continuing funding in future years.

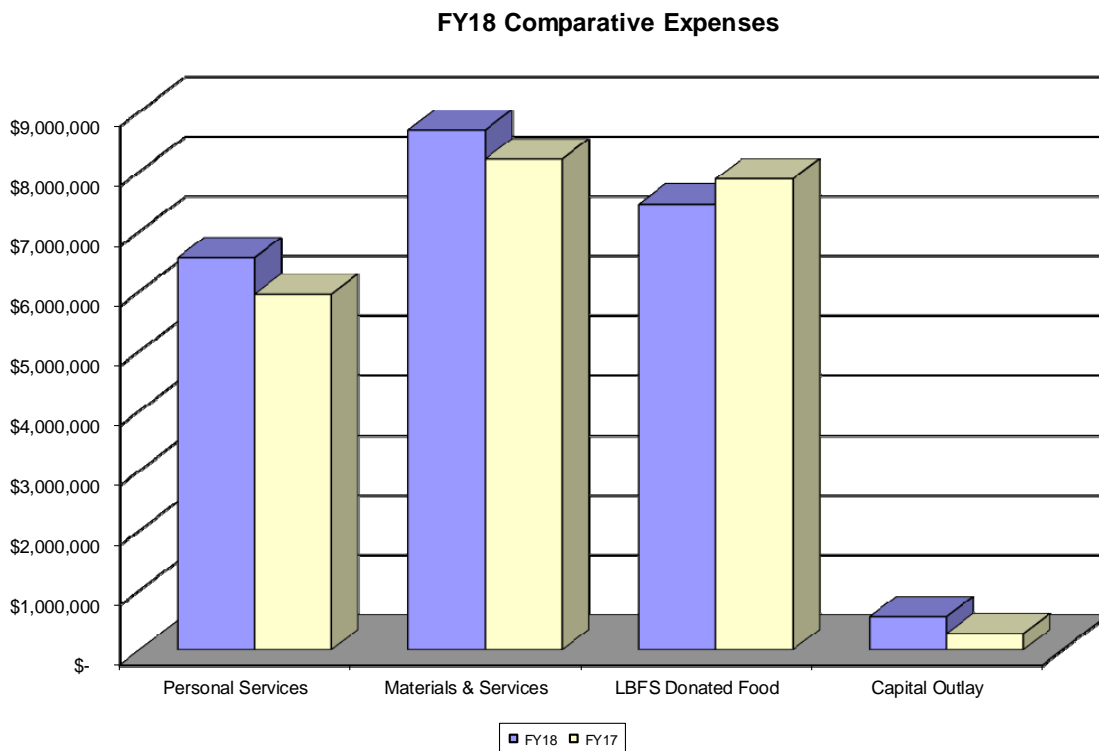
The **Miscellaneous Grant** fund decreased by about \$100,000 because of reduced use Community Services Block Grant funding (CSBG) in this fund. Agency wide CSBG funding was similar, but was used for different services during FY18

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 budget 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 \$1,810,665 as shown in the Required Supplementary Information for Budget and Actual on page 46 of this report.

The following chart demonstrates a comparison of expenses between FY18 and FY17. Personal services increased from 27% to 28% of total expenditures. Total materials and services decreased from 72% to 69% of agency expenses in FY18, Services directly on behalf of our program participants, including food distributions, were about \$14.1 million dollars, approximately 61% of the total annual expenses.

Figure E
Expense Comparison for the Years Ended June 30, 2018 and 2017



Capital Asset Administration

Total capital assets, net of accumulated depreciation, increased \$416,329 from \$4,023,961 in FY17 to \$4,440,290 in FY18. CSC's capital asset change is primarily due to construction of the Newport Head Start building. Total construction costs were \$725,000, \$262,221 of which being incurred in FY17.

As of June 2018, 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 it is extremely difficult to predict the priorities and funding levels that will be imposed by the new federal administration and Congress.

CSC continued to report to two different regional Workforce Investment Boards (WIBs) during FY18. CSC provides youth services in Linn and Polk counties and adult services in Linn County through Willamette Workforce Partners. on an annual contract with rollover extensions. These contracts are going out for bid in FY19 and CSC expects to submit a competitive bid to maintain these.

CSC was not awarded workforce services by the Northwest Oregon Works (NOW) coastal board for FY18. While CSC made a competitive bid, it lost out to another provider. NOW took a path placing Adult, Dislocated Worker, and Youth contracts as part of a single RFP for their entire area. While this includes areas CSC has not historically served, the agency was hopeful to expand services to additional populations in Oregon. This loss of funding presents a real difficulty for the agency moving forward, and CSC will look for new ways to provide additional funding while maintaining a high level of service to our clients.

Levels of funding and sources of pass-through funding are still relatively unstable in our experience of over thirty-eight years providing services. We constantly re-evaluate our funding, and the next fiscal year will be no different. CSC adopted a budget for FY19 of roughly \$25.79 million, a decrease of about 6.59% from the final adopted FY18 budgeted revenues of about \$27.6 million. With the loss of the NOW contract, the unusual step of reducing the agency budget was done through the supplemental budgeting process. Despite the loss of those funds new opportunities with the Department of Human Services has restored some of the total funding. 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 Operations Manager, 250 Broadalbin St. SW, Ste. 2A, Albany, OR 97321.

BASIC FINANCIAL STATEMENTS

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Current Assets

Cash	\$ 4,397,992
Receivables	
Grants and contracts	2,252,719
Loans	13,087
Inventories	492,702
Prepaid items	35,395

Total Current Assets 7,191,895

Noncurrent Assets

Non-depreciable capital assets	983,642
Depreciable capital assets, net	3,456,648

Total Noncurrent Assets 4,440,290

Total Assets 11,632,185

DEFERRED OUTFLOWS

Deferred outflows related to pensions	1,549,754
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LIABILITIES

Current Liabilities

Accounts payable	571,650
Accrued payroll	259,968
Unearned revenue	16,494
Other payables	15,000

Total Current Liabilities 863,112

Noncurrent Liabilities

Accrued vacation	322,515
Total OPEB liability	966,131
Net pension liability	5,324,208

Total Noncurrent Liabilities 6,612,854

Total Liabilities 7,475,966

DEFERRED INFLOWS

Deferred inflows related to pensions	\$ 808,177
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NET POSITION

Investment in capital assets	4,440,290
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Restricted for:

Housing and Energy Services	1,186,506
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Workforce and Education	114,659
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Linn-Benton Food Share	2,412,499
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Head Start	56,441
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Miscellaneous Grants	12
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Unrestricted	(3,312,611)
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<i>Total Net Position</i>	<u><u>\$ 4,897,796</u></u>
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COMMUNITY SERVICES CONSORTIUM
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<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>	
FUNCTIONS/PROGRAMS				
General	\$ 200,623	\$ -	\$ 206,799	\$ 6,176
Workforce and Education	3,296,843	89,829	3,277,004	69,990
Housing and Energy Services	7,680,652	127,485	7,676,550	123,383
Linn Benton Food Share	9,367,316	-	9,476,358	109,042
Child Development Services	2,485,072	-	2,668,889	183,817
Miscellaneous Grants	208,739	-	243,914	35,175
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total</i>	\$ 23,239,245	\$ 217,314	\$ 23,549,514	527,583
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GENERAL REVENUES				
Interest				32,464
				<u> </u>
CHANGE IN NET POSITION				
				560,047
NET POSITION, Beginning of year (as restated)				
				4,337,749
				<u> </u>
NET POSITION, End of year				
				\$ 4,897,796
				<u> </u>

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

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COMMUNITY SERVICES CONSORTIUM
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Housing and Energy Services</u>	<u>Workforce and Education</u>
ASSETS			
Cash	\$ 4,396,277	\$ 1,145	\$ 50
Receivables			
Grants and contracts	10,415	1,154,940	613,807
Loans	-	635,454	-
Due from other funds	1,036,200	1,630,378	106,179
Inventories	-	170,360	-
Prepaid items	15,456	9,421	8,958
	<u>\$ 5,458,348</u>	<u>\$ 3,601,698</u>	<u>\$ 728,994</u>
LIABILITIES			
Accounts payable	\$ 9,334	\$ 384,380	\$ 67,331
Accrued payroll	582,483	-	-
Due to other funds	4,046,352	892,363	538,046
Unearned revenue	-	5,933	-
Other payables	-	15,000	-
	<u>4,638,169</u>	<u>1,297,676</u>	<u>605,377</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	622,367	-
FUND BALANCES			
Nonspendable	15,456	179,781	8,958
Restricted	-	1,186,506	114,659
Assigned	-	494,149	-
Unassigned	804,723	(178,781)	-
	<u>820,179</u>	<u>1,681,655</u>	<u>123,617</u>
<i>Total Fund Balances</i>	<u>820,179</u>	<u>1,681,655</u>	<u>123,617</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 5,458,348</u>	<u>\$ 3,601,698</u>	<u>\$ 728,994</u>

<i>Linn-Benton Food Share</i>	<i>Child Development Services</i>	<i>Misc. Grants</i>	<i>Totals</i>
\$ -	\$ 520	\$ -	\$ 4,397,992
37,987	346,435	89,135	2,252,719
-	-	-	635,454
3,074,405	79,041	131	5,926,334
320,929	1,413	-	492,702
1,560	-	-	35,395
<u>\$ 3,434,881</u>	<u>\$ 427,409</u>	<u>\$ 89,266</u>	<u>\$ 13,740,596</u>
\$ 55,758	\$ 29,824	\$ 25,023	\$ 571,650
-	-	-	582,483
54,759	332,217	62,597	5,926,334
-	8,927	1,634	16,494
-	-	-	15,000
<u>110,517</u>	<u>370,968</u>	<u>89,254</u>	<u>7,111,961</u>
-	-	-	622,367
322,489	1,413	-	528,097
2,412,499	56,441	12	3,770,117
589,376	-	-	1,083,525
-	(1,413)	-	624,529
<u>3,324,364</u>	<u>56,441</u>	<u>12</u>	<u>6,006,268</u>
<u>\$ 3,434,881</u>	<u>\$ 427,409</u>	<u>\$ 89,266</u>	<u>\$ 13,740,596</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, 2018**

Total Governmental Fund Balances \$ 6,006,268

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	6,200,645
Accumulated depreciation	(1,760,355)

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

Net pension liability	(5,324,208)
Total OPEB liability	(966,131)
Deferred outflows related to pensions	1,549,756
Deferred inflows related to pensions	(808,177)

Total Net Position \$ 4,897,798

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COMMUNITY SERVICES CONSORTIUM**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Housing and Energy Services</u>	<u>Workforce and Education</u>
REVENUES			
Grants and contracts	\$ 10,414	\$ 7,589,962	\$ 3,074,416
Contributions	104,855	24,250	70,585
Loan repayments	-	36,309	-
Fees for service	-	127,485	89,829
Commodity foods	-	-	-
Other	91,529	26,029	132,003
Interest	32,464	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	239,262	7,804,035	3,366,833
EXPENDITURES			
Administration	112,323	642,777	904,591
Workforce and Education	-	-	2,446,206
Housing and Energy Services	-	6,919,885	-
Head Start	-	-	-
Food programs	-	-	-
Miscellaneous programs	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	112,323	7,562,662	3,350,797
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	126,939	241,373	16,036
OTHER FINANCING SOURCES AND (USES)			
Transfers	(49,410)	-	49,410
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	77,529	241,373	65,446
FUND BALANCES, Beginning of year	742,650	1,440,282	58,171
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year	\$ 820,179	\$ 1,681,655	\$ 123,617
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Linn-Benton Food Share</i>	<i>Child Development Services</i>	<i>Misc. Grants</i>	<i>Totals</i>
\$ 357,263	\$ 2,666,560	\$ 243,913	\$ 13,942,528
879,032	2,329	-	1,081,051
-	-	-	36,309
-	-	-	217,314
7,957,280	-	-	7,957,280
282,783	-	-	532,344
-	-	-	32,464
9,476,358	2,668,889	243,913	23,799,290
112,797	250,271	129,241	2,152,000
-	-	-	2,446,206
-	-	-	6,919,885
-	2,417,785	-	2,417,785
9,107,414	-	-	9,107,414
-	-	114,660	114,660
9,220,211	2,668,056	243,901	23,157,950
256,147	833	12	641,340
-	-	-	-
256,147	833	12	641,340
3,068,217	55,608	-	5,364,928
\$ 3,324,364	\$ 56,441	\$ 12	\$ 6,006,268

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, 2018**

Net changes in fund balances - total governmental funds	\$ 641,340
 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	552,859
Depreciation	(136,530)
 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	(437,677)
Total OPEB liability and related deferrals	(59,943)
	<hr/>
<i>Change in Net Position</i>	<u><u>\$ 560,049</u></u>

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

COMMUNITY SERVICES CONSORTIUM

STATEMENT OF NET POSITION- FIDUCIARY FUND TYPE – AGENCY FUNDS

JUNE 30, 2018

ASSETS

Cash	\$ 1,271,565
Loans receivable	3,779,112

<i>Total Assets</i>	<u>\$ 5,050,677</u>
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LIABILITIES

Due to Community Housing Services	<u>\$ 5,050,677</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 acquisition cost. 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 increased by \$21,674 for an ending liability of \$322,515.

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, 2018. 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, 2018

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, 2018, the carrying value of cash and investments at fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2018:

Cash	
Cash on hand	\$ 1,420
Deposits with financial institutions	3,538,582
Cash held in the name of Community Housing Services	250,000
Local Government Investment Pool	1,879,555
	<u>\$ 5,669,557</u>
Cash held by CSC	\$ 4,397,992
Cash held by Fiduciary Fund	1,271,565
	<u>\$ 5,669,557</u>

Deposits

At June 30, 2018, CSC's deposits with various financial institutions had a bank balance of \$3,643,916 and a book balance of \$3,538,582. 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, 2018 the balance covered by the PFCP was \$3,393,916.

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

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, 2018, 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, 2018

LOANS RECEIVABLE/UNEARNED REVENUE

The loans receivable of \$635,454 consists of housing rehabilitation and Self-Help Homeownership Opportunity Program (SHOP) loans. The housing rehabilitation loans total \$622,367 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, 2018 consist of the following:

Linn-Benton Food Share food	\$ 298,980
USDA commodities food	21,949
Weatherization materials	42,093
Weatherization work in progress	128,267
Other	1,413
<i>Total</i>	<u><u>\$ 492,702</u></u>

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2018</u>
<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>1,245,863</u>	<u>-</u>	<u>(262,221)</u>	<u>983,642</u>
Capital assets being depreciated:				
Furniture and equipment	287,023	89,995	-	377,018
Vehicles	510,022	-	-	510,022
LBFS - Warehouse	1,059,490	-	-	1,059,490
Head Start buildings	1,102,850	462,864	262,221	1,827,935
Buildings	1,442,538	-	-	1,442,538
<i>Total capital assets being depreciated</i>	<u>4,401,923</u>	<u>552,859</u>	<u>262,221</u>	<u>5,217,003</u>
Accumulated depreciation				
Equipment	(244,030)	(13,825)	-	(257,855)
Vehicles	(486,186)	(15,047)	-	(501,233)
Buildings	(893,609)	(107,658)	-	(1,001,267)
<i>Total accumulated depreciation</i>	<u>(1,623,825)</u>	<u>(136,530)</u>	<u>-</u>	<u>(1,760,355)</u>
<i>Total capital assets being depreciated, net</i>	<u>2,778,098</u>	<u>416,329</u>	<u>262,221</u>	<u>3,456,648</u>
<i>Capital assets, net</i>	<u>\$ 4,023,961</u>	<u>\$ 416,329</u>	<u>\$ -</u>	<u>\$ 4,440,290</u>

Depreciation is recognized as a general administrative expense.

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

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, 2018 was \$312,701.

The following is a schedule, by fiscal year, of the future minimum rental payments required under these leases as of June 30, 2018. 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>	
2019	\$ 271,196
2020	113,558
2021	<u>70,277</u>
<i>Total</i>	<u><u>\$ 455,031</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, 2018

FUND BALANCE

Fund balance classifications for the year ended June 30, 2018 are as follows:

	<i>Housing and Energy Services</i>	<i>Workforce and Education</i>	<i>Linn- Benton Food Share</i>	<i>Child Development Services</i>	<i>Miscellaneous Grants</i>	<i>Totals</i>
Restricted for:						
Housing and Energy Services	\$ 1,084,368	\$ -	\$ -	\$ -	\$ -	\$ 1,084,368
Workforce and Education	-	114,659	-	-	-	114,659
Linn-Benton Food Share	-	-	2,412,499	-	-	2,412,499
Head Start	-	-	-	56,441	-	56,441
Miscellaneous Grants	-	-	-	-	12	12
	<u>\$ 1,084,368</u>	<u>\$ 114,659</u>	<u>\$ 2,412,499</u>	<u>\$ 56,441</u>	<u>\$ 12</u>	<u>\$ 3,667,979</u>
Assigned to:						
Housing and Energy Services	\$ 332,624	\$ -	\$ -	\$ -	\$ -	\$ 332,624
Linn-Benton Food Share	-	-	589,376	-	-	589,376
	<u>\$ 332,624</u>	<u>\$ -</u>	<u>\$ 589,376</u>	<u>\$ -</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.

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.

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, 2018

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, 2015 actuarial valuation. CSC contribution rates in effect for the fiscal year ended June 30, 2018 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, 2018 were \$159,128, 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, 2018 was \$77,617.

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

At June 30, 2018, CSC reported a liability of \$5,324,209 for its proportionate share of the OPERS net pension liability. The net pension liability was measured by OPERS as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. 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, 2018, CSC's proportion was 0.0395%, which is changed from its proportion measured as of June 30, 2017 of 0.0455%.

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Plan Description (Continued)

For the year ended June 30, 2018, CSC recognized pension expense of \$437,677. 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, 2018, CSC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	\$ 257,481	\$ -
Changes of assumptions	970,508	-
Net difference between projected and actual earnings on investments	54,852	-
Changes in proportionate share	-	687,666
Differences between employer contributions and proportionate share of system contributions	30,170	120,511
Contributions subsequent to measurement date	236,745	-
	<u> </u>	<u> </u>
Total	<u><u>\$ 1,549,756</u></u>	<u><u>\$ 808,177</u></u>

Deferred outflows of resources related to pensions of \$236,745 resulting from CSC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

<u><i>Fiscal Year Ending</i></u>	
2018	\$ 22,308
2019	462,257
2020	277,144
2021	(238,236)
2022	(18,639)
	<u> </u>
Total	<u><u>\$ 504,834</u></u>

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Plan Description (Continued)

Actuarial Methods and Assumptions:

The employer contribution rates effective July 1, 2016, through June 30, 2018, 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, 2015 rolled forward to June 30, 2017
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	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>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.</p>

COMMUNITY SERVICES CONSORTIUM
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2018

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	\$ 9,073,425	\$ 5,324,209	\$ 2,189,171

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, 2018

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. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits other than Pensions, in fiscal year 2018. As required by GASB 75, a liability must be recognized when employees earn other postemployment benefits (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

CSC provides subsidized health insurance to retirees under age 65 and their qualified dependents, as required by ORS 243.303. Retirees electing to remain on CSC-sponsored health plans must pay the entire premium in order to maintain coverage. However, while CSC does not directly contribute to the cost of premiums for retirees, the premiums paid by retirees do not represent the full cost of covering these retirees. Since retirees typically generate 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 added cost of allowing retirees to purchase health insurance at a blended rate is called an implicit rate subsidy and is required to be reported as an OPEB liability under GASB 75

Employees Covered by Benefit Terms

All classes of employees and their qualified dependents may continue health insurance coverage upon retirement until eligible for Medicare. As of June 30, 2018, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	2
Retirees entitled to but not receiving benefits	-
Active employees	76
	<u>78</u>
	<u><u>78</u></u>

Plan Description

CSC treats the 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 75, and a separate financial report is not issued. In addition to the requirements imposed by ORS 243.303, benefits provided to employees are established and may be amended by CSC’s board of commissioners in conjunction with collective bargaining agreements.

Contribution Requirements

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; no assets are accumulated for this purpose. For the year ended June 30, 2018, the estimated implicit rate subsidy was \$36,167.

COMMUNITY SERVICES CONSORTIUM
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2018

OTHER POST EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability and OPEB Expense

As of June 30, 2018, CSC reported a total OPEB liability of \$966,131, based on the June 30, 2018 valuation. For the year ended June 30, 2018, CSC recognized OPEB expense of \$59,943.

Total OPEB liability - beginning of year	\$	906,188
Changes during the year:		
Service cost		78,623
Interest on total OPEB liability		17,487
Contributions made		(36,167)
Total OPEB liability - end of year	\$	<u>966,131</u>

Valuation Methods and Assumptions

The total OPEB liability for the June 30, 2018 valuation was determined using the entry age normal method with level percent of salary and the following assumptions, applied to all periods included in the measurement: inflation rate of 2.5%, salary increases of 3.5%, discount rate of 3.58%, and a healthcare cost trend rate of 5.5% initially, to an ultimate rate of 5.0% after 20 years. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index. Mortality rates were based on the RP-2014 sex-distinct mortality tables, with generational adjustments per scale BB.

Sensitivity of the total OPEB liability to changes in the discount rate, using rates that are 1% lower or 1% higher than the current rate, are shown in the following chart:

	1% Decrease 2.58%	Current Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 1,179,304	\$ 966,131	\$ 801,955

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate, using rates that are 1% lower or 1% higher than the current rate, are shown in the following chart:

	1% Decrease 4.5% declining to 4.0%	Current Rate 5.5% declining to 5.0%	1% Increase 6.5% declining to 6.0%
Total OPEB Liability	\$ 799,388	\$ 966,131	\$ 1,178,189

COMMUNITY SERVICES CONSORTIUM
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2018

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, 2018 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	\$ 531,204	\$ 7,426,076	\$ 7,957,280
Food distributed - expenditures	521,221	7,447,709	7,968,930
<i>Excess (Deficit) of Nonmonetary Revenues Over Nonmonetary Expenditures</i>	<u>\$ 9,983</u>	<u>\$ (21,633)</u>	<u>\$ (11,650)</u>

PRIOR PERIOD RESTATEMENT:

Beginning net position has been restated as follows:

Beginning net position, as previously stated	\$ 3,759,395
Change in OPEB accounting per GASB 75	<u>578,354</u>
Beginning net position, as restated	<u>\$ 4,337,749</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.

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.

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, 2018**

	<u>Original Budget*</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES	\$ 25,794,384	\$ 27,605,049	\$ 23,799,290	\$ (3,805,759)
EXPENDITURES				
Personal services	7,469,115	7,964,227	6,552,415	1,411,812
Materials and services	16,928,688	18,109,729	16,052,676	2,057,053
Capital outlay	1,331,581	1,466,093	552,859	913,234
Fund balances/transfers	65,000	65,000	-	65,000
<i>Total Expenditures</i>	<u>25,794,384</u>	<u>27,605,049</u>	<u>23,157,950</u>	<u>4,447,099</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	641,340	641,340
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>5,364,928</u>	<u>5,364,928</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,006,268</u>	<u>\$ 6,006,268</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, 2018

Schedule of CSC's Proportionate Share of the Net Pension Liability (Asset)
Oregon Public Employees Retirement System

	CSC's Proportion of Net Pension Liability (Asset)	CSC's Proportionate Share of Net Pension Liability (Asset)	CSC's Covered Employee Payroll	CSC's Proportionate Share of the NPL(A) as % of Payroll	Plan Fiduciary Net Position as % of Total Pension Liability
2018	0.0395%	\$ 5,324,209	\$ 1,296,421	410.7%	83.1%
2017	0.0455%	6,838,375	1,352,016	505.8%	80.5%
2016	0.0515%	2,955,901	1,355,002	218.1%	91.9%
2015	0.0550%	(1,245,674)	1,520,180	-81.9%	103.6%
2014	0.0550%	2,804,435	1,718,535	163.2%	92.0%

Notes:

- (1) 10-year trend information required by GASB Statement 68 will be presented prospectively.
- (2) Changes of benefit terms: Amounts reported in fiscal 2015 reflect legislation eliminating tax remedy payments for non-Oregon residents and establishing limits on cost-of-living adjustments. Amounts reported thereafter reflect a court ruling that restricts limits on cost-of-living adjustments to benefits accrued after the legislative changes were made.

Schedule of CSC's Contributions
Oregon Public Employees Retirement System

	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	CSC's Covered Employee Payroll	Contributions as % of Payroll
2018	\$ 236,745	\$ (236,745)	\$ -	\$ 1,296,421	18.26%
2017	198,012	(198,012)	-	1,352,016	14.65%
2016	198,528	(198,528)	-	1,355,002	14.65%
2015	190,012	(190,012)	-	1,520,180	12.50%
2014	212,937	(212,937)	-	1,718,535	12.39%

Notes:

- (1) 10-year trend information required by GASB Statement 68 will be presented prospectively

COMMUNITY SERVICES CONSORTIUM
OTHER POST EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2018

Schedule of Changes in CSC's Total OPEB Liability and Related Ratios

	<u>2018</u>
Total OPEB liability - beginning of year	\$ 906,188
Changes during the year:	
Service cost	78,623
Interest on total OPEB liability	17,487
Contributions made	(36,167)
Total OPEB liability - end of year	<u>\$ 966,131</u>
Covered payroll	\$ 2,925,446
Total OPEB liability as a percentage of covered payroll	33.03%
Discount rate	3.00%

OTHER SUPPLEMENTARY INFORMATION

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COMMUNITY SERVICES CONSORTIUM

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

GENERAL FUND

YEAR ENDED JUNE 30, 2018

		<i>Revenues</i>	
	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Total Revenues</i>
Administration	\$ 332,295	\$ 84,120	\$ 84,120
Administration - Misc Income	32,498	-	-
CSC Unrestricted Sources	175,513	90,280	90,280
CSC Employee Wellness Fund	608	-	-
Discretionary Donations	107,940	13,845	13,845
Barrel To Keg Relay	91,428	38,103	38,103
Coast To Cascades Wellness Network	1,118	2,500	2,500
Infrastructure Pool	1,250	10,414	10,414
<i>Total</i>	<u>\$ 742,650</u>	<u>\$ 239,262</u>	<u>\$ 239,262</u>

<i>Expenditures</i>				
<i>Administration</i>	<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
\$ 52,832	\$ 52,832	\$ 31,288	\$ -	\$ 363,583
-	-	-	-	32,498
18,601	18,601	71,679	-	247,192
-	-	-	-	608
1,276	1,276	12,569	(49,410)	71,099
28,449	28,449	9,654	-	101,082
-	-	2,500	-	3,618
11,166	11,166	(752)	-	498
<u>\$ 112,324</u>	<u>\$ 112,324</u>	<u>\$ 126,938</u>	<u>\$ (49,410)</u>	<u>\$ 820,178</u>

COMMUNITY SERVICES CONSORTIUM

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

HOUSING AND ENERGY SERVICES

YEAR ENDED JUNE 30, 2018

	<i>Beginning Fund Balance</i>	<i>Revenues</i>		
		<i>Operating Grants/ Contributions</i>	<i>Fees for Service</i>	<i>Other</i>
CSBG CY15 - Emergency SVC CC6005	\$ -	\$ 55,764	\$ -	\$ -
CSBG CY18 - Emergency SVC CC6005	-	2,099	-	-
CPI - Low Income Energy Assist	22,135	2,987	-	-
GAS Assistance Program	14,066	924	-	-
LIHEAP - Low Income Energy Assist 16-17	-	585,120	-	-
LIHEAP - Low Income Energy Assist 17-18	-	1,375,971	-	-
LIHEAP Education 16-17	-	57,423	-	-
LIHEAP Education 17-18	-	44,972	-	-
Oregon Energy Assistance (OEA)	1	-	-	-
OEAP - Oregon Energy Assist 16-17	-	188,034	-	-
OEAP - Oregon Energy Assist 17-18	-	1,090,547	-	-
OR Low Income Gas Assistance	66,458	-	-	-
OLGA - Oregon Low Income Gas 16-17	27,029	8,077	-	-
OLGA - Oregon Low Income Gas 17-18	-	65,957	-	-
Oregon Heat	78,942	4,620	-	-
SOS	28,936	20,257	-	-
Heart Resource Fair	-	1,000	-	-
BPA Energy Ed	-	-	-	-
NW Natural Gas - Workshops	56,787	-	-	-
NW Natural Dwelling Inspection	29,082	-	-	-
Albany Water Assistance Program	35,085	3,315	-	-
Toledo Water Assistance	255	120	-	-
Continuum of Care HUD	-	71,560	-	-
C of C - Passport 16-17	-	21,151	-	-
C of C - Passport 17-18	-	25,531	-	-
CSC SHP - C of C - 16-17	-	55,360	-	-
CSC SHP - C of C - 17-18	-	118,858	-	-
Samaritan Health - Social Accountability	-	8,000	-	-
Miscellaneous Donations	5,357	2,675	-	-
Miscellaneous Housing Grants	1,053	-	-	-
Miscellaneous Energy Assistance	16,936	380	-	380
Reach FFS	11,125	-	-	-
EHA Emergency Housing	-	603,892	-	-
ESP FY16	-	43,870	-	-
ESP FY17	-	120,434	-	-
HOME TBA	-	8,707	-	-
Home TBA 17 - Tenant Based Assistance	-	26,631	-	-
Home TBA 16 - Tenant Based Assistance	-	21,797	-	-
Home TBA 17 - Tenant Based Assistance	-	68,989	-	-
SVDP - VA Support Services - Cycle 16-17	-	63,966	-	-
SVDP - VA Support Services - Cycle 17-18	-	254,191	-	-

<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>			
\$ 55,764	\$ 31,270	\$ 24,494	\$ 55,764	\$ -	\$ -	\$ -
2,099	5	2,094	2,099	-	-	-
2,987	-	35	35	2,952	-	25,087
924	-	35	35	889	-	14,955
585,120	76,646	508,474	585,120	-	-	-
1,375,971	77,785	1,298,186	1,375,971	-	-	-
57,423	4,884	52,539	57,423	-	-	-
44,972	-	44,972	44,972	-	-	-
-	-	-	-	-	-	1
188,034	40,566	147,468	188,034	-	-	-
1,090,547	85,007	1,005,540	1,090,547	-	-	-
-	-	-	-	-	-	66,458
8,077	2,373	17,020	19,393	(11,316)	-	15,713
65,957	11,505	14,311	25,816	40,141	-	40,141
4,620	-	740	740	3,880	-	82,822
20,257	-	17,335	17,335	2,922	-	31,858
1,000	-	286	286	714	-	714
-	-	-	-	-	-	-
-	-	10	10	(10)	-	56,777
-	-	-	-	-	-	29,082
3,315	-	-	-	3,315	-	38,400
120	-	-	-	120	-	375
71,560	4,681	66,879	71,560	-	-	-
21,151	2,034	19,117	21,151	-	-	-
25,531	1,771	23,760	25,531	-	-	-
55,360	5,499	49,861	55,360	-	-	-
118,858	5,496	113,362	118,858	-	-	-
8,000	-	8,000	8,000	-	-	-
2,675	-	2,512	2,512	163	-	5,520
-	-	-	-	-	-	1,053
760	-	83	83	677	-	17,613
-	-	175	175	(175)	-	10,950
603,892	62,237	541,655	603,892	-	-	-
43,870	1,154	42,716	43,870	-	-	-
120,434	3,170	117,264	120,434	-	-	-
8,707	-	8,707	8,707	-	-	-
26,631	-	26,631	26,631	-	-	-
21,797	36	21,761	21,797	-	-	-
68,989	31	68,958	68,989	-	-	-
63,966	300	63,666	63,966	-	-	-
254,191	19,241	234,950	254,191	-	-	-

COMMUNITY SERVICES CONSORTIUM

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
HOUSING AND ENERGY SERVICES (Continued)
YEAR ENDED JUNE 30, 2018

	<i>Beginning Fund Balance</i>	<i>Revenues</i>		
		<i>Operating Grants/ Contributions</i>	<i>Fees for Service</i>	<i>Other</i>
Veteran's Stand Down - HELPS	\$ 1,676	\$ 1,208	\$ -	\$ -
EHA 15 VET DRF	-	19,917	-	-
VETS - Lottery	-	25,118	-	-
HSP - TANF	-	32,991	-	-
LIRHF - Low Inc. Rental Housing	-	30,024	-	-
Pelican Place - Rental	148,599	-	86,916	1,328
Pelican Place - Rental Reserve	120,044	-	-	-
SHAP	-	438,068	-	-
Unknown	-	1,655	-	-
Elderly Rental Assistance	1	10,025	-	-
Tern House - Rental	23,382	-	40,569	171
Tern House - Repair Reserve	14,726	-	-	-
Land Acquisition and Development	150,000	-	-	-
Home Owner Assistance Program	34,364	-	-	-
Self-Help Housing Ownership	104,614	-	-	-
OAHAC Mortgage Payment Assist	1,526	-	-	-
CSC Reloaned Proceeds	114,554	(1)	-	36,375
Loan Repayment - CSC as Grantee	5,644	-	-	-
LIHEAP WX 17	-	72,887	-	-
LIHEAP WX 18	-	211,262	-	-
LIHEAP 17 WX EE	-	15,660	-	-
LIHEAP 18 WX EE	-	3,893	-	-
BPA WX 17	-	51,876	-	-
BPA WX 18	-	98,211	-	-
DOE WX	-	185,153	-	-
ECHO WX	2	946,204	-	-
ECHO WX EE	-	11,759	-	-
Rebates - Fee for Service	228,010	244,599	-	-
OR Low Income Energy Efficiency	-	106,860	-	-
NW Natural - Energy Ed #2	66,763	13,765	-	-
CLPUD	-	25,566	-	-
Show Rebates	-	2,500	-	-
Misc Revenue - Housing	17,281	-	-	-
Misc Revenue - Weatherization	428	2,945	-	400
Healthy Homes	12,921	-	-	-
CPI - Energy Efficiency - Wx	-	6,205	-	-
Housing Pool	-	-	-	23,158
CHS Contracted Services	2,500	-	-	526
Albany Rehab - Contracted Services	-	32,683	-	-
<i>Total</i>	<u>\$ 1,440,282</u>	<u>\$ 7,614,212</u>	<u>\$ 127,485</u>	<u>\$ 62,338</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>			
\$ 1,208	\$ -	\$ 1,004	\$ 1,004	\$ 204	\$ -	\$ 1,880
19,917	1,992	17,925	19,917	-	-	-
25,118	2,512	22,606	25,118	-	-	-
32,991	3,299	29,692	32,991	-	-	-
30,024	2,102	27,922	30,024	-	-	-
88,244	-	63,857	63,857	24,387	(12,018)	160,968
-	-	-	-	-	12,018	132,062
438,068	35,014	403,054	438,068	-	-	-
1,655	8	1,647	1,655	-	-	-
10,025	1,003	9,023	10,026	(1)	-	-
40,740	2,295	26,032	28,327	12,413	(2,872)	32,923
-	-	-	-	-	2,872	17,598
-	-	-	-	-	-	150,000
-	1,604	16,696	18,300	(18,300)	-	16,064
-	-	-	-	-	-	104,614
-	-	-	-	-	-	1,526
36,374	1,886	-	1,886	34,488	-	149,042
-	-	-	-	-	-	5,644
72,887	12,425	60,462	72,887	-	-	-
211,262	16,757	194,505	211,262	-	-	-
15,660	-	15,660	15,660	-	-	-
3,893	-	3,893	3,893	-	-	-
51,876	4,852	47,024	51,876	-	-	-
98,211	9,709	88,502	98,211	-	-	-
185,153	17,124	168,029	185,153	-	-	-
946,204	92,135	854,071	946,206	(2)	-	-
11,759	-	11,759	11,759	-	-	-
244,599	178	82,302	82,480	162,119	(23,368)	366,761
106,860	-	130,228	130,228	(23,368)	23,368	-
13,765	-	8,486	8,486	5,279	-	72,042
25,566	-	25,566	25,566	-	-	-
2,500	-	2,500	2,500	-	-	-
-	-	-	-	-	-	17,281
3,345	-	2,945	2,945	400	-	828
-	-	605	605	(605)	-	12,316
6,205	-	6,205	6,205	-	-	-
23,158	2,191	20,880	23,071	87	-	87
526	-	526	526	-	-	2,500
32,683	-	32,683	32,683	-	-	-
\$ 7,804,035	\$ 642,777	\$ 6,919,885	\$ 7,562,662	\$ 241,373	\$ -	\$ 1,681,655

COMMUNITY SERVICES CONSORTIUM**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WORKFORCE AND EDUCATION
YEAR ENDED JUNE 30, 2018**

	<i>Beginning Fund Balance</i>	<i>Revenues</i>		
		<i>Operating Grants/ Contributions</i>	<i>Fees for Service</i>	<i>Other</i>
CSBG CY17	\$ -	\$ 35,000	\$ -	\$ -
CSBG CY18	-	-	-	-
Garden Gnome Run	3,325	600	-	-
DCS Residuals	-	-	-	-
Zonta Club - At Risk Girls	900	-	-	-
Fee for Service	469	-	-	-
Independent Living Program	10,894	195,900	-	(3,440)
DHS - Foster Youth Summer Jobs	-	9,950	-	-
NOW - Independent Living Program	-	22,500	-	-
NOW - TANF Summer Youth	-	8,815	-	-
OYCC - CRO Projects	-	12,000	-	-
OYCC - OR. Youth Conservation	-	12,000	-	-
OYCC - BLM Yaquina Head Proj	-	-	-	-
OYCC - Benton Comm Stewardship	-	17,500	-	-
OYCC - Lincoln Comm Stewardship	-	17,500	-	-
OYCC - Linn Cnty - Summer	-	10,000	-	-
OYCC - Linn County - Year Round	-	17,500	-	-
OYCC - Polk County - Summer	-	12,000	-	-
OYCC - Clatsop County - Summer	-	10,800	-	-
Weatherization Training Program	-	-	14,829	14,185
JOBS	-	361,831	-	-
Back to Work Oregon - Incite	-	-	-	-
DHS TANF Reinvestment (Foundations)	-	-	-	-
Boys & Girls Club - Santiam - Youth Dev	-	-	-	-
Lincoln City - Youth Dev Coalition	-	-	-	-
YDC - Benton County Youth and Innovation	-	50,000	-	-
Albany CDBG Employment Training Services	-	-	-	-
Youthbuild Donations	1,155	-	-	30,254
YB AMC 14-15	-	-	-	-
YB AMC 15-16	-	-	-	-
YB AMC 16-17	-	66,668	-	-
YB AMC 17-18	-	42,143	-	-
Youthbuild Fee for Service	563	-	-	43,337
YB - Fee For Service (Non-match)	-	-	-	-
Lincoln County Charter School	21,468	415,291	-	40,000
OYCC Pool - Coast Projects	-	5,000	-	2,268
Confederated Tribes of the Siletz	-	4,735	-	-
Lincoln County Youth - Donations	-	-	-	3,000
Oregon Dept of Transportation - NRC	-	-	-	-
ODE - Career Tech - Career Readiness Act	-	23,553	-	-
Charter - CTE Revitalization GF - Drone	-	120,409	-	-

<i>Total Revenues</i>	<i>Expenditures</i>			<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
	<i>Administration</i>	<i>Program</i>					
\$ 35,000	\$ 33,955	\$ 1,045	\$ 35,000	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	
600	211	1,899	2,110	(1,510)	-	1,815	
-	360	6,037	6,397	(6,397)	6,397	-	
-	-	-	-	-	-	900	
-	-	-	-	-	(469)	-	
192,460	19,052	185,079	204,131	(11,671)	777	-	
9,950	995	8,955	9,950	-	-	-	
22,500	2,380	20,129	22,509	(9)	9	-	
8,815	921	8,649	9,570	(755)	755	-	
12,000	1,205	10,795	12,000	-	-	-	
12,000	1,200	10,800	12,000	-	-	-	
-	-	-	-	-	-	-	
17,500	1,750	15,750	17,500	-	-	-	
17,500	2,130	15,865	17,995	(495)	495	-	
10,000	1,000	9,000	10,000	-	-	-	
17,500	2,206	15,750	17,956	(456)	456	-	
12,000	1,600	10,891	12,491	(491)	491	-	
10,800	-	10,800	10,800	-	-	-	
29,014	3,989	26,063	30,052	(1,038)	1,038	-	
361,831	42,858	318,973	361,831	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
50,000	5,000	45,000	50,000	-	-	-	
-	-	-	-	-	-	-	
30,254	10,083	29,997	40,080	(9,826)	8,672	1	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
66,668	3,332	63,337	66,669	(1)	-	(1)	
42,143	2,106	40,037	42,143	-	-	-	
43,337	5,055	44,676	49,731	(6,394)	5,830	(1)	
-	-	4,315	4,315	(4,315)	4,315	-	
455,291	43,503	392,941	436,444	18,847	3,028	43,343	
7,268	73	3,958	4,031	3,237	-	3,237	
4,735	229	2,068	2,297	2,438	-	2,438	
3,000	-	1,997	1,997	1,003	-	1,003	
-	-	-	-	-	-	-	
23,553	2,355	21,198	23,553	-	-	-	
120,409	4,013	117,442	121,455	(1,046)	1,046	-	

COMMUNITY SERVICES CONSORTIUM

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WORKFORCE AND EDUCATION (Continued)
YEAR ENDED JUNE 30, 2018

	<i>Beginning Fund Balance</i>	<i>Revenues</i>		
		<i>Operating Grants/ Contributions</i>	<i>Fees for Service</i>	<i>Other</i>
Incite - WIOA Adult - Linn	\$ -	\$ 184,349	\$ -	\$ -
Incite - WIOA Youth - Linn	-	329,484	-	-
Incite - WIOA Youth - Polk	-	333,069	-	-
WIOA Student Enterprises	1,725	-	-	2,399
Salem Health - Youth & Community Garden	-	50,000	-	-
Incite - WIOA DW - Linn	-	240,786	-	-
Incite - WIOA Sector Partners NEG	-	11,618	-	-
NOW - WIOA Youth - 5 Counties	-	450,000	-	-
HELPS	-	4,000	-	-
Trust Management - Career Tech	-	10,000	-	-
Trust Management - NRO -NRC	-	10,000	-	-
Samaritan Health - HELPS - Corvallis	3,635	-	-	-
Samaritan Health - HELPS - Lincoln	2,850	-	-	-
United Way - HELPS - Youth	11,187	-	75,000	-
OCF - Helps - Polk Makerspace	-	40,000	-	-
HELPS -	-	10,000	-	-
<i>Total</i>	<u>\$ 58,171</u>	<u>\$ 3,145,001</u>	<u>\$ 89,829</u>	<u>\$ 132,003</u>

<i>Total Revenues</i>	<i>Expenditures</i>			<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
	<i>Administration</i>	<i>Program</i>					
\$ 184,349	\$ 14,273	\$ 172,760	\$ 187,033	\$ (2,684)	\$ 2,684	\$ -	
329,484	67,938	261,547	329,485	(1)	2	1	
333,069	246,960	87,006	333,966	(897)	897	-	
2,399	-	-	-	2,399	(4,125)	(1)	
50,000	1,762	7,339	9,101	40,899	-	40,899	
240,786	15,569	231,455	247,024	(6,238)	6,238	-	
11,618	672	10,956	11,628	(10)	10	-	
450,000	350,033	107,730	457,763	(7,763)	7,763	-	
4,000	-	4,800	4,800	(800)	800	-	
10,000	1,000	9,000	10,000	-	-	-	
10,000	1,000	9,000	10,000	-	-	-	
-	1,073	2,455	3,528	(3,528)	801	908	
-	1,073	1,850	2,923	(2,923)	867	794	
75,000	7,576	50,862	58,438	16,562	532	28,281	
40,000	4,101	36,000	40,101	(101)	101	-	
10,000	-	10,000	10,000	-	-	-	
\$ 3,366,833	\$ 904,591	\$ 2,446,206	\$ 3,350,797	\$ 16,036	\$ 49,410	\$ 123,617	

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

YEAR ENDED JUNE 30, 2018

	<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 CY17	\$ -	\$ 135,280	\$ -	\$ -	\$ 135,280
CSBG CY18	-	15,000	-	-	15,000
Linn-Benton Food Share	2,489,037	8,275,408	-	282,783	8,558,191
Oregon Hunger Response Fund	-	73,261	-	-	73,261
USDA Cash for Commodities	-	32,365	-	-	32,365
USDA Commodity Foods*	(10,895)	451,819	-	-	451,819
Benton County	-	26,000	-	-	26,000
Linn County	-	17,100	-	-	17,100
City of Corvallis	-	27,000	-	-	27,000
Miscellaneous Grants	121,880	8,748	-	-	8,748
Warehouse Building Fund	93,435	-	-	-	-
Warehouse Expansion Reserve	371,173	1,751	-	-	1,751
LBFS Truck Reserve	3,587	-	-	-	-
Intentional Production	-	-	-	-	-
Permanent Endowment Fund	-	25,000	-	-	25,000
Commodity Supplemental Food Program	-	25,458	-	-	25,458
Commodity Supplemental Food Program	-	79,385	-	-	79,385
<i>Total</i>	<u>\$ 3,068,217</u>	<u>\$ 9,193,575</u>	<u>\$ -</u>	<u>\$ 282,783</u>	<u>\$ 9,476,358</u>

*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>			
\$ -	\$ 135,280	\$ 135,280	\$ -	\$ -	\$ -
-	15,000	15,000	-	-	-
51,663	8,252,399	8,304,062	254,129	(19,880)	2,723,286
4,756	68,505	73,261	-	-	-
-	32,365	32,365	-	-	-
-	442,211	442,211	9,608	-	(1,287)
3,177	22,823	26,000	-	-	-
444	16,656	17,100	-	-	-
1,155	25,845	27,000	-	-	-
-	22	22	8,726	-	130,606
2,151	-	2,151	(2,151)	5,000	96,284
26,360	52	26,412	(24,661)	-	346,512
-	-	-	-	-	3,587
-	14,880	14,880	(14,880)	14,880	-
-	-	-	25,000	-	25,000
23,091	2,366	25,457	1	-	1
-	79,010	79,010	375	-	375
<u>\$ 112,797</u>	<u>\$ 9,107,414</u>	<u>\$ 9,220,211</u>	<u>\$ 256,147</u>	<u>\$ -</u>	<u>\$ 3,324,364</u>

COMMUNITY SERVICES CONSORTIUM

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

CHILD DEVELOPMENT SERVICES

YEAR ENDED JUNE 30, 2018

	<i>Beginning Fund Balance</i>	<i>Revenues</i>	
		<i>Operating Grants/ Contributions</i>	<i>Total Revenues</i>
CSBG 17	\$ -	\$ 8,048	\$ 8,048
Head Start Oregon Pre K	-	527,278	527,278
Head Start - Samaritan Health Services	-	8,000	8,000
Head Start Building Repair	871	-	-
Spirit Mountain Donations	6,612	-	-
Head Start in Lincoln County - 501(c)(3)	48,125	2,329	2,329
Lincoln County - Staffing Assistance	-	8,750	8,750
Spirit Mountain - Operations Award	-	47,622	47,622
H/S HHS 10.1.16-9.30.17	-	1,304,079	1,304,079
H/S HHS 4.1.18 - 3.31.18	-	72,167	72,167
H/S HHS 10.1.16-9.30.17 Expansion Supplies	-	121,589	121,589
HS ODE CACFP 10/1/17-9/30/18	-	96,463	96,463
H/S HHS 10.1.16-9.30.17 Classroom Constr.	-	472,564	472,564
NOT IN USE	-	-	-
NOT IN USE	-	-	-
<i>Total</i>	<u>\$ 55,608</u>	<u>\$ 2,668,889</u>	<u>\$ 2,668,889</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>			
\$ -	\$ 8,048	\$ 8,048	\$ -	\$ -	\$ -
48,822	478,456	527,278	-	-	-
800	7,200	8,000	-	-	-
-	-	-	-	-	871
-	446	446	(446)	-	6,166
570	480	1,050	1,279	-	49,404
-	8,750	8,750	-	-	-
4,762	42,860	47,622	-	-	-
193,452	1,076,465	1,269,917	34,162	(34,162)	-
1,865	76,789	78,654	(6,487)	6,487	-
-	121,589	121,589	-	-	-
-	124,138	124,138	(27,675)	27,675	-
-	472,564	472,564	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 250,271	\$ 2,417,785	\$ 2,668,056	\$ 833	\$ -	\$ 56,441

COMMUNITY SERVICES CONSORTIUM

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MISCELLANEOUS GRANTS
YEAR ENDED JUNE 30, 2018**

	<u>Revenues</u>		
	<u>Beginning Fund Balance</u>	<u>Operating Grants</u>	<u>Total Revenues</u>
CSBG CY17	\$ -	\$ 87,152	\$ 87,152
CSBG FY18	-	3,025	3,025
OHA - Outreach and Enrollment	-	100,000	100,000
OHP SB558 OUTREACH	-	53,736	53,736
<i>Total</i>	<u>\$ -</u>	<u>\$ 243,913</u>	<u>\$ 243,913</u>

<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>
\$ 87,152	\$ -	\$ 87,152	\$ -	\$ -	\$ -
3,025	-	3,025	-	-	-
6,144	93,856	100,000	-	-	-
32,920	20,804	53,724	12	-	12
<u>\$ 129,241</u>	<u>\$ 114,660</u>	<u>\$ 243,901</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</u>

COMMUNITY SERVICES CONSORTIUM

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

JUNE 30, 2018

	<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>
ASSETS					
Cash and investments	\$ 1,068	\$ 452,180	\$ 492,409	\$ 18,209	\$ -
Loans receivable	-	588,409	498,965	70,387	392,467
<i>Total Assets</i>	<u>\$ 1,068</u>	<u>\$ 1,040,589</u>	<u>\$ 991,374</u>	<u>\$ 88,596</u>	<u>\$392,467</u>
LIABILITIES					
Due to Community Housing Services	\$ 1,068	\$ 1,040,589	\$ 991,374	\$ 88,596	\$392,467
<i>Total Liabilities</i>	<u>\$ 1,068</u>	<u>\$ 1,040,589</u>	<u>\$ 991,374</u>	<u>\$ 88,596</u>	<u>\$392,467</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>
\$144,232	\$ -	\$ -	\$ (58)	\$163,525	\$ -	\$ -	\$ 1,271,565
77,034	117,434	611,284	428,804	401,532	544,286	48,510	3,779,112
<u>\$221,266</u>	<u>\$117,434</u>	<u>\$611,284</u>	<u>\$428,746</u>	<u>\$565,057</u>	<u>\$544,286</u>	<u>\$ 48,510</u>	<u>\$ 5,050,677</u>
<u>\$221,266</u>	<u>\$117,434</u>	<u>\$611,284</u>	<u>\$428,746</u>	<u>\$565,057</u>	<u>\$544,286</u>	<u>\$ 48,510</u>	<u>\$ 5,050,677</u>
<u>\$221,266</u>	<u>\$117,434</u>	<u>\$611,284</u>	<u>\$428,746</u>	<u>\$565,057</u>	<u>\$544,286</u>	<u>\$ 48,510</u>	<u>\$ 5,050,677</u>

COMMUNITY SERVICES CONSORTIUM

COMBINING STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND TYPE – AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

	<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, 2017</i>	\$ 1,068	\$ 989,725	\$ 853,264	\$ 88,596	\$ 420,250
Additions					
Transfers in	-	59,715	161,937	-	-
Other additions	1,114	261	501	-	-
Loan repayments	-	50,369	94,228	-	-
	<u>1,114</u>	<u>110,345</u>	<u>256,666</u>	<u>-</u>	<u>-</u>
Deductions					
Transfers out	-	-	-	-	27,783
Other deductions	1,114	9,112	24,328	-	-
New amounts made available to loan	-	50,369	94,228	-	-
	<u>1,114</u>	<u>59,481</u>	<u>118,556</u>	<u>-</u>	<u>27,783</u>
<i>Balance June 30, 2018</i>	<u>\$ 1,068</u>	<u>\$ 1,040,589</u>	<u>\$ 991,374</u>	<u>\$ 88,596</u>	<u>\$ 392,467</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>
\$ 206,847	\$117,434	\$635,469	\$428,746	\$599,258	\$682,038	\$48,510	\$ 5,071,205
-	-	-	-	-	-	-	221,652
-	-	-	-	-	-	-	1,876
15,859	-	-	-	24,999	-	-	185,455
15,859	-	-	-	24,999	-	-	408,983
-	-	24,185	-	31,932	137,752	-	221,652
1,440	-	-	-	2,269	-	-	38,263
-	-	-	-	24,999	-	-	169,596
1,440	-	24,185	-	59,200	137,752	-	429,511
<u>\$ 221,266</u>	<u>\$117,434</u>	<u>\$611,284</u>	<u>\$428,746</u>	<u>\$565,057</u>	<u>\$544,286</u>	<u>\$48,510</u>	<u>\$ 5,050,677</u>

STATISTICAL SECTION

COMMUNITY SERVICES CONSORTIUM (CSC)

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Demographic and Economic Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

STATISTICAL SECTION

FINANCIAL TRENDS

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Investment in capital assets	\$ 4,440,290	\$ 4,023,961	\$ 3,885,373	\$ 4,020,329
Restricted	3,770,117	3,255,087	2,732,290	2,655,109
Unrestricted	<u>(3,312,611)</u>	<u>(3,519,649)</u>	<u>(2,982,813)</u>	<u>(1,095,877)</u>
Total Net Position	<u>\$ 4,897,796</u>	<u>\$ 3,759,399</u>	<u>\$ 3,634,850</u>	<u>\$ 5,579,561</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.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,275,108	\$ 4,395,361	\$ 4,534,314	\$ 3,786,264	\$ 3,771,555	\$ 3,221,558
2,202,276	2,709,696	2,392,488	2,272,834	2,622,005	2,709,156
<u>(53,990)</u>	<u>150,250</u>	<u>908,667</u>	<u>709,898</u>	<u>276,097</u>	<u>262,130</u>
<u>\$ 6,423,394</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>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses				
Governmental activities:				
Workforce and Education	\$ 3,296,843	\$ 2,746,616	\$ 3,308,762	\$ 2,844,473
Weatherization***	-	-	-	1,124,872
Emergency services***	-	-	-	3,822,670
Housing and Energy Services	7,680,652	8,117,961	6,724,386	-
Housing rehabilitation**	-	-	-	68,515
Child development services	2,485,072	1,739,413	2,083,866	1,088,529
Food programs	9,367,316	8,998,523	9,617,410	9,245,825
Retired and senior volunteers*	-	-	-	-
Miscellaneous programs	208,739	314,185	259,281	269,523
Administration	<u>200,623</u>	<u>365,161</u>	<u>640,696</u>	<u>1,492,078</u>
Total governmental activities expenses	<u>23,239,245</u>	<u>22,281,859</u>	<u>22,634,401</u>	<u>19,956,485</u>
Program Revenues				
Governmental activities:				
Grants and contracts	23,549,514	22,148,809	19,731,074	21,110,182
Fees for services	217,314	237,388	525,159	558,144
General revenues:				
Interest	32,464	20,211	11,808	4,778
Sales of house and other assets	-	-	-	31,046
Total governmental activities program revenues	<u>23,799,292</u>	<u>22,406,408</u>	<u>20,268,041</u>	<u>21,704,150</u>
Extraordinary Item - transfer to CHS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Change in Net Position	<u>\$ 560,047</u>	<u>\$ 124,549</u>	<u>\$(2,366,360)</u>	<u>\$ 1,747,665</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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,674,387	\$ 2,575,053	\$ 3,108,337	\$ 5,278,519	\$ 6,441,682	\$ 4,403,039
1,149,804	1,335,908	3,224,953	2,282,750	2,033,711	1,344,917
4,119,090	4,136,330	4,711,932	5,517,482	5,993,035	4,886,597
-	-	-	-	-	-
351,574	727,252	802,144	1,423,212	1,300,741	1,398,821
1,224,532	1,323,522	1,311,282	1,173,940	1,596,804	1,401,874
9,750,167	9,072,553	9,543,203	7,905,891	8,337,625	8,394,943
-	129,238	130,727	190,533	207,425	214,813
119,237	163,707	281,131	234,806	376,920	172,454
<u>1,924,508</u>	<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>21,313,299</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>
20,551,517	20,029,785	25,460,982	25,217,647	27,850,884	24,290,332
416,373	909,850	912,288	1,125,963	1,138,336	1,255,349
7,479	10,657	11,833	6,627	13,078	22,948
-	-	13,166	1,500	-	-
<u>20,975,369</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>(493,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (831,913)</u>	<u>\$ (580,162)</u>	<u>\$ 1,066,473</u>	<u>\$ 99,337</u>	<u>\$ 476,813</u>	<u>\$ 1,186,107</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Restricted	-	1,118	2,500	-
Nonspendable	15,456	89,178	10,913	11,385
Unassigned	804,723	652,355	622,392	590,988
Total general fund	<u>820,179</u>	<u>742,651</u>	<u>635,805</u>	<u>602,373</u>
All Other Governmental Funds				
Reserved, reported in:				
Special revenue funds	-	-	-	-
Nonspendable	512,641	557,398	380,062	450,582
Restricted	3,770,117	3,253,969	2,729,790	2,655,109
Assigned	1,083,525	922,000	930,388	751,905
Unassigned	<u>(180,194)</u>	<u>(111,090)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>5,186,089</u>	<u>4,622,277</u>	<u>4,040,240</u>	<u>3,857,596</u>
Total Fund Balance	<u>\$ 6,006,268</u>	<u>\$ 5,364,928</u>	<u>\$ 4,676,045</u>	<u>\$ 4,459,969</u>

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

<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
\$ -	\$ -	\$ -	\$ -	\$ 14,443	\$ 89,083
-	-	-	-	261,654	173,053
-	-	-	-	-	-
11,939	13,608	20,644	10,423	-	-
477,117	413,917	361,590	285,203	-	-
<u>489,056</u>	<u>427,525</u>	<u>382,234</u>	<u>295,626</u>	<u>276,097</u>	<u>262,136</u>
-	-	-	-	2,914,484	2,878,271
381,517	318,499	432,723	345,088	-	-
2,202,276	2,709,696	2,392,488	2,272,834	-	-
762,399	644,842	809,659	537,832	-	-
(179,589)	(177,555)	-	(100)	-	-
<u>3,166,603</u>	<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>\$ 3,655,659</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>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues				
Grants and contracts	\$ 13,942,528	\$ 12,733,636	\$ 10,160,597	\$ 11,335,048
Contributions	1,081,051	948,425	853,985	934,374
Loan repayments	36,309	70,835	40,165	67,967
Fees for service	217,314	237,388	525,159	560,211
Commodity foods	7,957,280	7,934,880	8,190,209	8,404,858
Other	532,344	461,032	486,118	365,868
Sale of houses and other assets	-	-	-	169,867
Interest	32,464	20,211	11,808	4,778
Total Revenues	<u>23,799,290</u>	<u>22,406,407</u>	<u>20,268,041</u>	<u>21,842,971</u>
Expenditures				
Workforce and Education	2,446,206	2,630,891	2,308,173	3,234,465
Weatherization***	-	-	-	1,305,197
Emergency services***	-	-	-	4,102,461
Housing and Energy Services***	6,919,885	6,593,406	5,608,792	-
Housing rehabilitation**	-	-	-	79,383
Child development services	2,417,785	1,674,908	1,387,591	1,367,898
Food programs	9,107,414	8,936,791	9,355,052	9,420,057
Retired and senior volunteers*	-	-	-	-
Miscellaneous programs	114,660	185,287	181,683	290,944
Interest expenses	-	-	-	-
Capital outlay	-	-	-	-
Administration	2,152,000	1,696,242	1,210,674	1,238,256
Total Expenditures	<u>23,157,950</u>	<u>21,717,525</u>	<u>20,051,965</u>	<u>21,038,661</u>
Transfer to CHS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Change in Fund Balance	<u>\$ 641,340</u>	<u>\$ 688,882</u>	<u>\$ 216,076</u>	<u>\$ 804,310</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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 10,163,020	\$ 10,630,359	\$ 14,122,307	\$ 16,642,556	\$ 18,820,051	\$ 15,200,673
895,289	851,903	803,226	781,713	729,103	758,607
30,444	264,807	241,289	181,758	193,547	171,515
661,762	887,032	912,291	1,125,963	1,138,336	1,271,092
8,687,104	7,882,273	8,604,144	6,916,493	7,238,221	7,518,064
530,269	423,262	628,340	695,126	666,254	625,728
-	-	139,540	1,500	203,708	-
7,479	10,656	11,833	6,627	13,079	22,948
<u>20,975,367</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>
2,696,383	2,602,001	3,108,337	5,294,442	6,510,030	4,403,039
1,149,804	1,335,908	3,224,953	2,282,750	2,033,711	1,344,917
4,119,090	4,136,330	4,721,932	5,532,482	5,993,468	4,886,597
-	-	-	-	-	-
351,574	727,252	790,097	1,528,283	1,798,168	2,871,671
1,224,532	1,323,522	1,311,282	1,173,940	1,607,747	1,401,874
9,778,703	9,072,553	9,543,203	7,905,891	8,416,338	8,394,943
-	129,238	130,727	190,533	207,425	214,813
119,237	163,707	281,131	234,806	376,920	172,454
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,309,409</u>	<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>20,748,732</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>(493,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (267,348)</u>	<u>\$ (94,101)</u>	<u>\$ 565,823</u>	<u>\$ 260,699</u>	<u>\$ 50,174</u>	<u>\$ (133,163)</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>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>
Grants and contracts	\$ 13,942,528	\$ 12,733,636	\$ 10,160,597	\$ 11,335,048	\$ 10,163,020
Contributions	1,081,051	948,425	853,985	934,374	895,289
Loan repayments	36,309	70,835	40,165	67,967	30,444
Fees for service	217,314	237,388	525,159	560,211	661,762
Commodity foods	7,957,280	7,934,880	8,190,209	8,404,858	8,687,104
Other	532,344	461,032	486,118	535,735	530,269
Interest	32,464	20,211	11,808	4,778	7,479
<i>Total Revenues</i>	<u><u>\$ 23,799,290</u></u>	<u><u>\$ 22,406,407</u></u>	<u><u>\$ 20,268,041</u></u>	<u><u>\$ 21,842,971</u></u>	<u><u>\$ 20,975,367</u></u>

Source: Comprehensive annual financial report.

<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
\$ 10,630,359	\$ 14,122,307	\$ 16,642,556	\$ 18,820,051	\$ 15,200,673
851,903	803,226	781,713	729,103	758,607
264,807	241,289	181,758	193,547	171,515
887,032	912,291	1,125,963	1,138,336	1,271,092
7,882,273	8,604,144	6,916,493	7,238,221	7,518,064
423,262	767,880	696,626	869,962	625,728
10,656	11,833	6,627	13,079	22,948
<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>

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

<i>Function</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Administration	\$ 2,152,000	\$ 1,696,242	\$ 1,210,674	\$ 1,238,256
Workforce and Education	2,446,206	2,630,891	2,308,173	3,234,465
Weatherization***	-	-	-	1,305,197
Housing and Energy Services***	6,919,885	6,593,406	5,608,792	-
Emergency services	-	-	-	4,102,461
Housing rehabilitation**	-	-	-	79,383
Head Start	2,417,785	1,674,908	1,387,591	1,367,898
Food programs	9,107,414	8,936,791	9,355,052	9,420,057
Retired and senior volunteers*	-	-	-	-
Miscellaneous programs	114,660	185,287	181,683	290,944
<i>Total Expenditures</i>	<u><u>\$ 23,157,950</u></u>	<u><u>\$ 21,717,525</u></u>	<u><u>\$ 20,051,965</u></u>	<u><u>\$ 21,038,661</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>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
\$ 1,309,409	\$ 1,553,882	\$ 1,785,485	\$ 1,947,910	\$ 2,008,318	\$ 2,011,482
2,696,383	2,602,001	3,108,337	5,294,442	6,510,030	4,403,039
1,149,804	1,335,908	3,224,953	2,282,750	2,033,711	1,344,917
-	-	-	-	-	-
4,119,090	4,136,330	4,721,932	5,532,482	5,993,468	4,886,597
351,574	727,252	790,097	1,528,283	1,798,168	2,871,671
1,224,532	1,323,522	1,311,282	1,173,940	1,607,747	1,401,874
9,778,703	9,072,553	9,543,203	7,905,891	8,416,338	8,394,943
-	129,238	130,727	190,533	207,425	214,813
119,237	163,707	281,131	234,806	376,920	172,454
<u>\$ 20,748,732</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>

STATISTICAL SECTION

REVENUE CAPACITY

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Function/Program</i>				
General Fund				
Grants and contracts	\$ 10,414	\$ 397	\$ 5,281	\$ 1,186
Contributions	104,855	95,564	56,391	89,494
Other	91,529	83,497	64,149	34,818
Interest	<u>32,464</u>	<u>20,211</u>	<u>11,808</u>	<u>4,778</u>
<i>Subtotal General Revenues</i>	<u>239,262</u>	<u>199,669</u>	<u>137,629</u>	<u>130,276</u>
Governmental activities:				
Grants and contracts	13,932,114	12,733,239	10,155,316	11,333,862
Contributions	976,196	852,861	797,594	844,880
Loan repayments	36,309	70,835	40,165	67,967
Fees for service	217,314	237,388	525,159	560,211
Commodity foods	7,957,280	7,934,880	8,190,209	8,404,858
Other	440,815	377,535	421,969	331,050
Sale of houses and other assets	-	-	-	169,867
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Subtotal Special Revenues</i>	<u>23,560,028</u>	<u>22,206,738</u>	<u>20,130,412</u>	<u>21,712,695</u>
<i>Total Revenues</i>	<u>\$ 23,799,290</u>	<u>\$ 22,406,407</u>	<u>\$ 20,268,041</u>	<u>\$ 21,842,971</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 26,822	\$ 99,996	\$ 126,416	\$ -	\$ -	\$ -
31,462	12,063	11,810	8,410	5,100	2,550
41,875	36,637	26,840	6,105	84	2,016
7,479	7,813	6,141	5,137	10,586	22,266
<u>107,638</u>	<u>156,509</u>	<u>171,207</u>	<u>19,652</u>	<u>15,770</u>	<u>26,832</u>
10,136,198	10,530,363	13,995,891	16,642,556	18,820,051	15,200,673
863,827	839,840	791,416	773,303	724,003	756,057
30,444	264,807	241,289	181,758	193,547	171,515
661,762	887,032	912,291	1,125,963	1,138,336	1,271,092
8,687,104	7,882,273	8,604,144	6,916,493	7,238,221	7,518,064
488,394	386,625	601,500	689,021	666,170	623,712
-	-	139,540	1,500	203,708	-
-	2,843	5,692	1,490	2,493	682
<u>20,867,729</u>	<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>\$ 20,975,367</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>

STATISTICAL SECTION
DEMOGRAPHIC AND ECONOMIC
INFORMATION

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

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

State of Oregon		Total	Per	Unemployment	Percentage of
Year	Population	Personal	Capita	Rate	Population Living
		Income	Personal		In Poverty
			Income		
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	181,022,258	45,069	6.9%	11.2%
2016	4,013,845	189,644,395	46,413	5.7%	10.5%
2017	4,141,100	199,422,200	48,137	4.1%	8.8%
2018	4,195,300	N/A	N/A	N/A	N/A

Benton County		Total	Per	Unemployment	Percentage of
Year	Population	Personal	Capita	Rate	Population Living
		Income	Personal		In Poverty
			Income		
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	3,707,774	42,083	4.2%	8.9%
2016	90,005	3,898,501	43,658	3.9%	8.3%
2017	92,575	4,117,613	45,273	3.3%	8.5%
2018	93,590	N/A	N/A	N/A	N/A

Linn County					
Year	Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate	Percentage of Population Living In Poverty
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	4,562,539	37,955	6.7%	13.7%
2016	120,860	4,792,800	39,061	5.8%	12.2%
2017	124,010	5,049,370	40,380	4.8%	12.3%
2018	125,575	N/A	N/A	N/A	N/A

Lincoln County					
Year	Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate	Percentage of Population Living In Poverty
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	1,865,146	39,641	6.6%	11.5%
2016	47,225	1,944,404	40,596	5.7%	12.2%
2017	47,960	2,027,614	41,448	4.7%	11.2%
2018	48,210	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Population					
Benton	93,590	91,320	90,005	88,740	87,725
Linn	125,575	122,315	120,860	119,705	118,655
Lincoln	48,210	47,735	47,225	46,890	46,560
Employees					
Non-management (represented) employees	95	93	85	87	79
Management (exempt) employees	21	21	16	16	17
Total FTE	<u>116</u>	<u>114</u>	<u>101</u>	<u>103</u>	<u>96</u>
Employees by Function					
Administration	4	4	4	4	4
Finance	5	5	5	4	4
Technology	3	3	3	3	3
Workforce Investment Board	-	-	-	-	-
Community Resource Development	2	3	2	2	3
Child Development Services	27	21	20	20	19
Workforce and Education	32	36	29	33	25
Emergency Services	24	26	23	20	20
Housing and Community Resources	12	9	8	10	11
Linn Benton Food Share / Gleaning	7	7	7	7	7
Retired and Senior Volunteers	-	-	-	-	-
	<u>116</u>	<u>114</u>	<u>101</u>	<u>103</u>	<u>96</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 30th 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.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
86,785	85,995	85,995	85,735	86,725
118,035	117,340	117,340	116,840	110,865
46,295	46,155	46,060	46,135	44,700
88	107	132	128	106
19	15	23	24	27
<u>107</u>	<u>122</u>	<u>155</u>	<u>152</u>	<u>133</u>
4	6	5	5	5
4	4	6	6	5
3	3	3	3	3
-	2	2	2	2
3	4	3	3	2
21	19	18	20	21
27	34	59	60	50
20	22	24	22	20
16	19	25	21	15
7	7	7	7	7
2	2	3	3	3
<u>107</u>	<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, 2018, and have issued our report thereon dated December 19, 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
December 19, 2018

FEDERAL COMPLIANCE SECTION

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

	Federal CFDA Number	Pass Through Organization	Pass Through ID	Expenditures
<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	\$ 32,365
Temporary Emergency Food Assistance Program (TEFAP) - Commodities	10.569	Oregon Food Bank	unknown	442,210
CSFP - Senior USDA - Cash	10.565	Oregon Food Bank	unknown	25,458
CSFP - Senior USDA - Commodities	10.565	Oregon Food Bank	unknown	79,010
<i>Total Food Distribution Cluster</i>				579,043
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	124,138
Total U.S. Department of Agriculture				703,181
<u>U.S. Department of Housing and Urban Development</u>				
Continuum of Care HUD	14.267	Direct	OR0079L0E051407	71,560
Continuum of Care HUD - Passport - CSC 16-17	14.267	Direct	OR0079L0E051407	21,151
Continuum of Care HUD - Passport - CSC 17-18	14.267	Direct	OR0079L0E051407	25,531
Continuum of Care HUD - CSC SHP 16-17	14.267	Direct	OR0079L0E051405	55,360
Continuum of Care HUD - CSC SHP 16-17	14.267	Direct	OR0079L0E051405	118,858
Total Continuum of Care				292,460
<i>CDBG - Entitlement Grants Cluster</i>				
CDBG Albany Rehab - Contracted Services	14.218	City of Albany	B-13-MC-41-0011	32,683
ESGP - Emergency Shelter Grant Program	14.231	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	43,870
ESGP - Emergency Shelter Grant Program	14.231	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	120,434
Total ESGP				164,304

See notes to schedule of expenditures of federal awards.

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

	Federal CFDA Number	Pass Through Organization	Pass Through ID	Expenditures
Home Tenant Based Assistance	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	\$ 8,707
Home Tenant Based Assistance FY17	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	26,631
Home Tenant Based Assistance 16	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	21,797
Home Tenant Based Assistance 17	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	68,989
Total Home Tenant Based Assistance				126,124
Total U.S. Department of Housing and Urban Development				615,571
 <u>U.S. Department of Justice</u>				
My Sisters' Place - Transitional Housing for Individuals	16.736	Direct	2017-WH-AX-0043	1,655
Total U.S. Department of Justice				1,655
 <u>U.S. Department of Labor</u>				
<i>WIOA Cluster</i>				
WIOA - Adult - Linn - Willamette Workforce Partnership	17.258	Oregon Community Colleges and Workforce Development	006-17	184,349
WIOA - Youth - ONWIB	17.259	Oregon Community Colleges and Workforce Development	001-15	450,000
WIOA - Youth - Linn - Willamette Workforce Partnership	17.259	Oregon Community Colleges and Workforce Development	006-17	329,483
WIOA - Youth - Polk - Willamette Workforce Partnership	17.259	Oregon Community Colleges and Workforce Development	006-17	333,069
WIOA - DW - Linn - Willamette Workforce Partnership	17.278	Oregon Community Colleges and Workforce Development	006-17	240,786
<i>Total WIOA Cluster</i>				1,537,687
Total U.S. Department of Labor				1,537,687

See notes to schedule of expenditures of federal awards.

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

	Federal CFDA Number	Pass Through Organization	Pass Through ID	Expenditures
<u>U.S. Department of Veterans Affairs</u>				
Supportive Services for Veterans and Families SSVF 16-17	64.033	St.Vincent de Paul	GRNT # 01138	\$ 63,966
Supportive Services for Veterans and Families SSVF 17-18	64.033	St.Vincent de Paul	GRNT # 01138	254,191
Total U.S. Department of Veterans Affairs				318,157
<u>U.S. Department of Energy</u>				
BPA - WX FFY16	81.XXX	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	51,876
BPA 18	81.XXX	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	98,211
Total BPA				150,087
DOE - WX	81.042	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	185,153
Total U.S. Department of Energy				335,240
<u>U.S. Department of Health and Human Services</u>				
Headstart 2016-2017	93.600	Direct	G-10CH0155/20	1,269,916
Headstart 2017-2018	93.600	Direct	G-10CH0155/20	78,654
Headstart Duration Startup	93.600	Direct	G-10CH0155/20	121,589
Headstart Duration Construction	93.600	Direct	G-10CH0155/20	472,564
Total Headstart				1,942,723
<u>TANF Cluster</u>				
Housing Stabilization Program / TANF	93.558	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	32,991
Total TANF Cluster				32,991
Community Services Block Grant - FFY17	93.569	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	321,244
Community Services Block Grant - FFY18	93.569	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	20,124
Total Community Services Block Grant				341,368

See notes to schedule of expenditures of federal awards.

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

	Federal CFDA Number	Pass Through Organization	Pass Through ID	Expenditures
LIHEAP - Low Income Energy Assistance	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	\$ 585,120
LIHEAP - Low Income Energy Assistance	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	1,375,971
LIHEAP - WX EE 17	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	15,660
LIHEAP - WX EE 18	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	3,893
LIHEAP - Education 16-17	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	57,423
LIHEAP - Education 17-18	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	44,973
LIHEAP - Weatherization 17	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	72,887
LIHEAP - Weatherization 18	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	211,262
Total LIHEAP				<u>2,367,189</u>
Total U.S. Department of Health and Human Services				4,684,271
<u>Corporation for National and Community Service</u>				
Americorps - Youthbuild 2016-2017	94.006	Youthbuild USA	13NDHMA0010035	66,668
Americorps - Youthbuild 2017-2018	94.006	Youthbuild USA	13NDHMA0010035	42,143
Total Corporation for National and Community Service				<u>108,811</u>
Total Expenditures of Federal Awards				<u><u>\$ 8,304,573</u></u>

See notes to schedule of expenditures of federal awards.

COMMUNITY SERVICES CONSORTIUM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

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, 2018. 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.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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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, 2018, and the related notes to the financial statements, which collectively comprise CSC's basic financial statements, and have issued our report thereon dated December 19, 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
December 19, 2018



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
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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, 2018. 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, 2018.

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
December 19, 2018

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.568	LIHEAP
93.569	Community Services Block Grant

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