

**Comprehensive Annual Financial Report
For year ended June 30, 2016**

Albany, Oregon

COMMUNITY SERVICES CONSORTIUM
Albany, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

Martha Lyon
Executive Director

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

COMMUNITY SERVICES CONSORTIUM
TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Principal Officials	i
Letter of Transmittal	ii-xi
Organizational Charts	xii
Certificate of Achievement	xiii
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Position – Fiduciary Fund Type – Agency Funds	21
Notes to Basic Financial Statements	22-44
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	45
Schedules of OPERS Retirement Plan Pension Benefits	46
Schedule of Other Post-Employment Benefits Funding Progress	47
Other Supplemental Information	
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances	
Housing and Energy Services	48-49
Workforce and Education	50
Linn-Benton Food Share	51
Child Development Services	52
Miscellaneous Grants	53
Combining Statement of Net Position – Fiduciary Fund Type – Agency Funds	54
Combining Statement of Changes in Net Position – Fiduciary Fund Type – Agency Funds	55
STATISTICAL SECTION	
Financial Trends	
Net Position by Component - Last Ten Fiscal Years - Unaudited	56
Changes in Net Position - Last Ten Fiscal Years - Unaudited	57
Fund Balances - Governmental Funds - Last Ten Fiscal Years - Unaudited	58
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years - Unaudited	59
General Governmental Revenues by Source - All Fund Types - Last Ten Fiscal Years - Unaudited	60
General Governmental Expenditures by Function - All Fund Types - Last Ten Fiscal Years - Unaudited	61
Revenue Capacity	
Program Revenues by Function/Program - Last Ten Fiscal Years - Unaudited	62

COMMUNITY SERVICES CONSORTIUM
TABLE OF CONTENTS (Continued)

	<u>Page</u>
<i>STATISTICAL SECTION (Continued)</i>	
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Calendar Years - Unaudited	63
Miscellaneous Statistics - Last Nine Fiscal Years - Unaudited	64
<i>STATE COMPLIANCE SECTION</i>	
Independent Auditor's Report Required by Oregon State Regulations	65-66
<i>FEDERAL COMPLIANCE SECTION</i>	
Schedule of Expenditures of Federal Awards	67-71
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 <i>Government Auditing Standards</i>	72-73
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	74-75
Schedule of Findings and Questioned Costs	76

INTRODUCTORY SECTION

COMMUNITY SERVICES CONSORTIUM
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2016

GOVERNING BOARD

<u>Member</u>	<u>Title</u>
<i>Benton County Commissioner's Office</i> <i>Corvallis, Oregon 97339</i> Annabelle Jaramillo Jay Dixon Anne Schuster	Board Vice-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 Member 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 Chair and Executive Committee Board Member Board Member

OFFICER

Martha Lyon
Executive Director

Debbie Jackson, CPA, CFE
Finance Director

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

December 21, 2016

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 35 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-four years in a row in order to assure that we have provided our boards, our advisory committees, our funders and our community with this added assurance of fiscal responsibility.

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



Martha Lyon
Executive Director

INTRODUCTION

We are pleased to submit this Comprehensive Annual Financial Report of Community Services Consortium (CSC) for the fiscal year ended June 30, 2016, 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, 2016 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, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of CSC's financial statement was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on CSC's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Federal Compliance section of this report.

As in previous years, this report has been prepared following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. In accordance with GAAP, management has provided a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A can be found immediately following the report of the independent auditors.

CSC's VISION & MISSION

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

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

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

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

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

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

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

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

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

DEFINITION OF THE REPORTING ENTITY

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

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

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

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

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

Linn Benton Food Share (LBFS) was formed in 1989 and acts as a Regional Coordinating Agency distributing privately donated and USDA foods to qualified agencies in Linn and Benton counties. **Head Start in Lincoln County (HSLC)** was formed in 2001 to apply for grants and receive donations to augment federal and state funding for CSC's Head Start program. **Housing, Employment & Learning Programs for Self-Sufficiency (HELPS)**, was formed in 2003 to provide a funding vehicle for our Workforce & Education and Housing and Energy Services Departments to apply for grants related to educational, workforce training, and programs to promote economic stability. **Career Tech High School (CTHS) was formed in 2013 as a non-profit entity, as requested in our Charter School contract with Lincoln County School District.**

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

Community Housing Services (CHS) was formed in 2000 to respond to requirements of State directed Community Development Block Grant (CDBG) funds for housing rehabilitation in CSC's service area. CHS was reorganized under a new board structure in 2013-14 and is governed by a separate board in FY15. The CSC Governing Board no longer has controlling interest in Community Housing Services, although CSC serves as the fiscal agent for Community Housing Services, and that activity is reported in the audit report under a separate fiduciary fund statement.

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

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

And:

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

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

POLICY DETERMINATION

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

- The 18 member Community Action Advisory Council (CAAC) provides advice on topics related to alleviating the conditions which cause and perpetuate poverty. The CAAC includes representatives of low-income citizens, local elected officials, and the general public.
- The 12-15 member Head Start Policy Council includes Head Start parent representatives and community representatives. The Policy Council provides input to Head Start staff and the Governing Board regarding approaches to fulfilling Head Start performance standards and the improvement of services for children and families.

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

BUDGET, FINANCIAL PLANNING AND CONTROL

The annual budget serves as the foundation for CSC's financial planning and control. With input from the Community Action Advisory Council, as well as other advisory bodies, all departments submit their strategic goals and corresponding budget requests to the Executive Director in March of each year. The Finance Director develops a proposed budget based on these requests and is presented to the Budget Committee (three CSC Executive Board members, and representatives from CSC's two advisory bodies – the Community Action Advisory Committee, and the Head Start Policy Council.) The Budget Committee reviews, revises and recommends approval of the budget during public budget meetings in May or June. The approved budget is then submitted for adoption by the CSC Governing Board in June, prior to the July 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, 2016, CSC adopted two Supplemental Budgets.

FACTORS AFFECTING CSC'S FINANCIAL CONDITION

For over thirty six 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 2015,

showed that annual average unemployment rates decreased in 47 states. The U.S. jobless rates declined by .9 percent to 5.3 percent. Oregon was one of the states with a significant decline of 1.1 percent, from 6.8 percent down to 5.7 percent in 2015.¹

The Census Bureau's data for 2015. showed that the official poverty rate was 13.5 percent decreased by 1.2 percent from 14.8 percent in 2015. The number of people in poverty decreased by 3.5 million from 46.7 million to 43.1 million as the economy improved. The 2015 poverty rate was still 1.0 percent higher than in 2007, the year before the most recent recession.²

In 2014, the Census Bureau survey showed that 14.8% of the population --- 46.7 million people were living in poverty --- compared to 2013 at 12.6% of the population --- 45.95 million people, compared to 2008 (just before the peak of the current crisis) 13.2% of the population --- 39.8 million people ---were living in poverty, compared to 12.5% in 2007.

What is the federal poverty level (FPL) in 2016?

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

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

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

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

The estimated percentage of U.S, households that were food insecure in 2015 declined significantly from 2014, to 12.7 percent, continuing a downward trend in food insecurity from a high of 14.9 percent in 2011. The 2015 prevalence of food insecurity was still above the 2007 pre-recessionary level of 11.1 percent. The prevalence of very low food security also declined significantly from 5.6 percent in 2014 to 5.0 percent in 2015... Oregon is still one of twelve states that have food insecurity above the U.S. average.³

¹ “Regional and State Unemployment – 2015 Annual Averages U.S. Department of Labor, Bureau of Labor Statistics, February 2016, USDL-16-0364

² “Income and Poverty in the United States, 2015”, B. Proctor, J. Semega and M. Kollar, September 2016, U.S. Census Bureau

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.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

In 2016, Oregon ranked 38th among all states in unemployment at 5.3% unemployment and had 16.4 percent of residents living in poverty, ranking 34th in the nation.

The American Community Survey for 2015 estimated that the percentage of individuals living in poverty in Benton, Linn and Lincoln counties was 9.1%, 12.2% and 17.1% (2014) respectively. Only Lincoln County in CSC's service area reflects a poverty rate significantly higher than the 2015 US average of 13.5%. Benton and Linn counties reflected significant decreases in percentage of poverty levels.

BENTON COUNTY

Benton County encompasses 679 square miles and is the third smallest of Oregon's 36 counties. Based on information from the Center for Population Research at Portland State University, Benton County's July 1, 2015, population estimate was 90,005.⁴ According to the US Department of Commerce Bureau of Economic Analysis using 2014 data, per capita personal income (PCPI) in Benton County was \$39,698.⁵ The unemployment rate for Benton County was estimated at 4.3% in 2016.

LINN COUNTY

Linn County encompasses 2,297 square miles and consists largely of small rural communities. Its July 1, 2016 population estimate was 120,860 with an estimated annual per capita personal income (PCPI) of \$34,239 in 2014. Linn County has an estimated 12.2 percent of the population living in poverty in 2015. The unemployment rate in Linn County is estimated at 6.9% in 2016

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.

LINCOLN COUNTY

Lincoln County is located on the central Oregon coast and has an area of 992 square miles. The County's 2016 population estimate was 47,225. In 2014, the county's per capita personal income (PCPI) was \$36,227. Lincoln County had an estimated 17.1% of the population living in poverty in 2014. By July 2016, Lincoln County's unemployment rate was 6.8%. As with other areas of the state, many jobs are in the service sectors with many dependent on the tourist industry.

⁴ Portland State University Population and Research Center: July 1, 2015 release date.

⁵ Benton County, Oregon: Selected Economic Characteristics;; Data Set: 2015 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, 2015. This was the **twenty-fourth** 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, 2016 continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the cooperation and support of the entire staff of CSC. A very special note of thanks is extended to Debbie Jackson, Finance Director, and the members of the Finance Department – Connor Lyons, Kelly Gould, Darryl Willaman and Jennifer McCooley as well as administrative staff members Susanne Lee and Emely Day.

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

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

Sincerely,

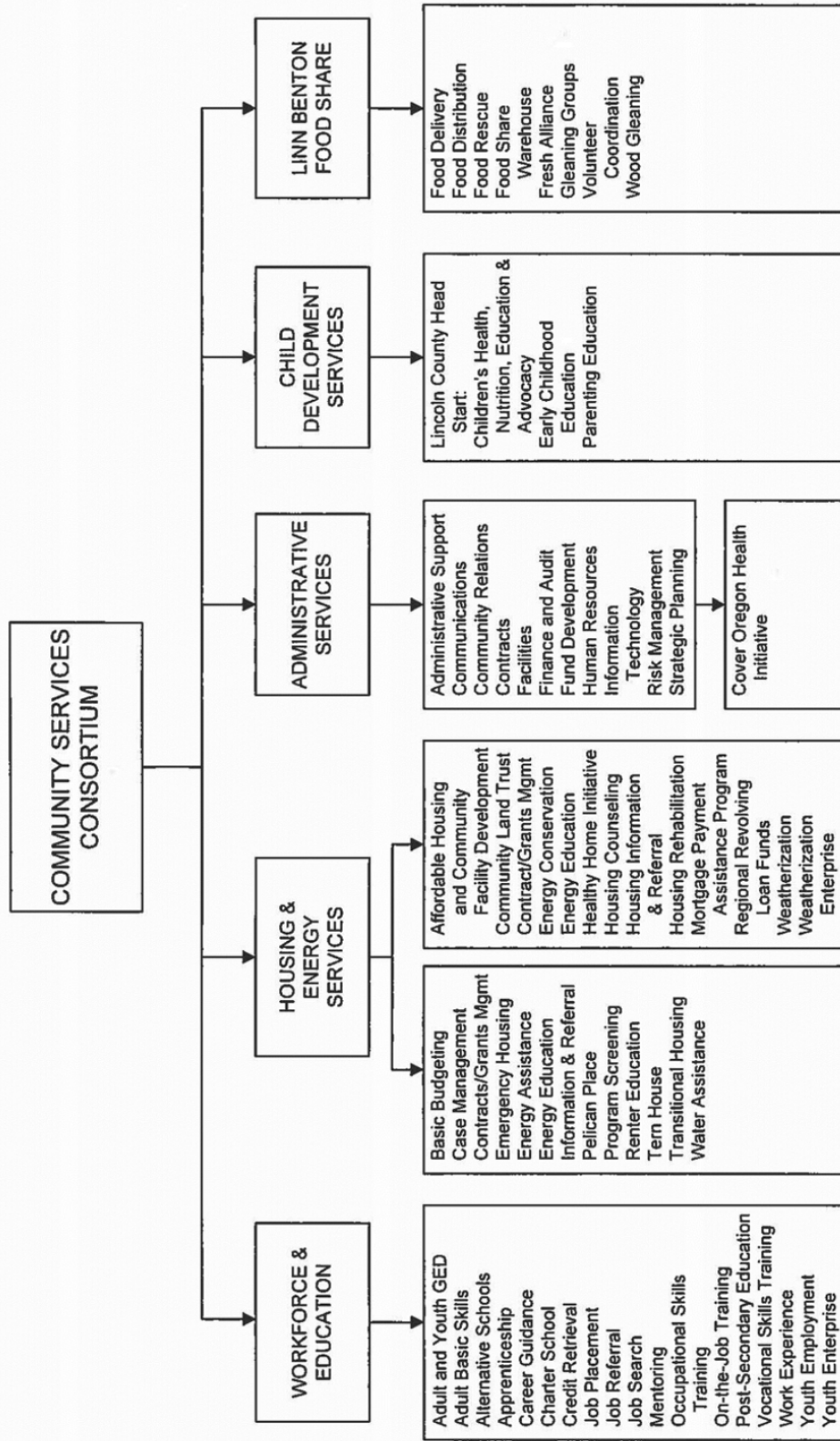


Martha Lyon
Executive Director



Debbie Jackson, CPA, CFE
Finance Director

COMMUNITY SERVICES CONSORTIUM FUNCTIONAL CHART





Government Finance Officers Association

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

Presented to

**Community Services Consortium
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

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, 2016, 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, 2016, 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 Supplemental 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 Supplemental 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 supplemental 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 supplemental 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 supplemental 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 21, 2016, 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 21, 2016, 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 21, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- CSC is primarily a grant-based organization, with revenues of approximately \$6.5 million in federal and federal pass-through grants, \$3.38 million in state and local governmental grants and contracts, \$8.2 million in value of donated food, \$854,000 in contributions, about \$525,000 in charges for services, \$40,000 in loan repayments and \$486,000 in other miscellaneous income, totaling \$20.25 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. Our workforce and education activities (including our alternative schools) comprises 14.6% of our total spending, with the remaining 84% targeted to assist low-and moderately-low income individuals.
- As a grant-based organization, we are subject to uncertainties in both the federal and state budgets. We are directly affected when Congress does not pass a budget, confirm appropriations, adjust the debt ceiling or when there is a federal government shut down. Similarly, we are impacted when the State of Oregon experiences budget shortfalls as it has in 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 FY17 forecast is not different – we are projecting a slight increase from our final FY16 budgeted figures of \$24.4 million to around \$24.8 million, an increase of approximately 1.8% if we receive all the grants we have budgeted for.
- As we have discussed in our introductory letter, our communities have been hit hard by the recession, and CSC has been part of the solution by providing both safety net services and programs that help move clients up the ladder of financial security. Requests for assistance in both areas continue to increase. For example, demands for re-employment services and retraining for people impacted by unemployment are at a record high in all three counties. Need is still growing, while grantor constraints and competition for our types of funding are increasing. Oregon still has not recovered from the recession.

Overall, we feel that CSC was able to effectively manage its resources to address the increased demands felt in our communities. However, there is still a growing level of unmet need due to funding shortfalls and a sluggish recovery in our state. The State of Oregon reported 9.9% of our population living in poverty in 2015, reflected in local Benton County statistics of 9.1%, Linn County at 12.2% and Lincoln County considerably higher at 17.1% in 2014.

Employment growth has come mainly in sectors that offer the very lowest wages. While unemployment has declined, per capita personal income has only increased slightly, leaving low-income residents of our three counties in a state of economic instability. Benton County has an unemployment rate of 4.3%, while Linn County is 6.9% and Lincoln County is 8.0%, both higher than the state of Oregon average at 5.7%. The increased demand for our services is definitely challenging.

CSC will continue to look for opportunities to work with other agencies and organizations to provide sustainable quality programs for our communities. For instance, in FY16, we began offering information and referral concerning discrimination in housing along with the Fair Housing Council of Oregon and Legal Aid Society of Oregon. We continue collaboration with the City of Albany through the Adult Services Team among many other partners. Although we will focus resources and further expand our community partnerships as best we can, we concede we will be unable to meet the growing needs of our community.

Overview of the Financial Statements

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

Government-wide financial statements:

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

The *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 15-16 of this report.

Fund financial statements:

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

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

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

Fiduciary Funds:

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

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

Notes to the financial statements:

The notes provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-44 of this report.

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

Financial Analysis of the Consortium as a Whole

Net position CSC's net position at June 30, 2016 was \$3,634,850 reflecting a decrease of \$2,366,360 from \$6,001,210, as restated, at June 30, 2015 (See Table A). The largest portion of CSC's net position (107%) is its investment in capital assets (land, buildings, and equipment) of \$3,885,373. This is offset by other restricted funds for grant programs and a negative unrestricted fund balance related to pension liabilities.

The most significant decrease in the net position was primarily due to the accounting effects of pension liability reporting. For fiscal year 2016, CSC recognized pension expense of \$2,409,477 due to CSC's proportionate share of the net pension liability in the Oregon Public Employee Retirement System (PERS). Last fiscal year, when CSC implemented GASB 68, we reported a significant net pension asset, due to Oregon legislative changes, which were later overturned by the Oregon Supreme Court and created a significant net pension liability. Additional information on CSC's pension plan can be found in the footnote on pages 34-40 this report.

A decrease in the General function's net position of \$383,647 is due to Other Post-Employment Benefits. This occurs as a result of allowing retirees to purchase health insurance on CSC's plan. Costs are projected out and amortized over thirty years. (See the additional footnote on pages 40-42 for further discussion on this item.) This expense does not require the use of current financial resources and is not reported in the governmental funds as an expenditure, however does impact the net position of CSC.

Additionally, the reporting of depreciation expense of \$146,927 claimed on all assets of CSC through the General function, exceeds the investment of \$24,446 in new assets by \$122,481.

Community Services Consortium's Net Position
TABLE A

ASSETS	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current and other assets	\$ 5,624,961	\$ 5,353,438
Capital assets, net	3,885,373	4,020,329
Net pension asset	<u>-</u>	<u>1,245,674</u>
<i>Total Assets</i>	9,510,334	10,619,441
DEFERRED OUTFLOWS		
<i>Deferred outflows related to pensions</i>	357,925	190,012
LIABILITIES		
Current and other liabilities	721,148	646,726
Noncurrent liabilities	1,684,170	2,086,791
Net pension obligation	<u>2,955,901</u>	<u>-</u>
<i>Total Liabilities</i>	5,361,219	2,733,517
DEFERRED INFLOWS		
<i>Deferred inflows related to pensions</i>	872,190	2,492,375
NET POSITION		
Investment in capital assets	3,885,373	4,020,329
Restricted for grant programs	2,732,290	2,655,109
Unrestricted	<u>(2,982,813)</u>	<u>(1,095,877)</u>
Total Net Position	<u>\$ 3,634,850</u>	<u>\$ 5,579,561</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 \$635,805 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 decreased by \$1,436,109 from \$21,704,150 in FY15 to \$20,268,041 in FY16. These revenue decreases were primarily in the Workforce and Education department due to the workforce board segregation. CSC's total expenses increased \$2,677,916 from \$19,956,486 in FY15 to \$22,634,401 in FY16 (See Table B). The result was a decrease of \$2,366,360 in net position, which was discussed above.

Community Services Consortium's Changes in Net Position
TABLE B

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Program revenues		
Fees for services	\$ 525,159	\$ 558,144
Operating grants and contracts	18,877,089	20,172,243
Contributions	<u>853,985</u>	<u>934,374</u>
	20,256,233	21,664,761
General revenues, by source		
Interest and other income	<u>11,808</u>	<u>39,389</u>
Total Revenues	<u>\$ 20,268,041</u>	<u>\$ 21,704,150</u>
Program Expenses		
Personal Services	\$ 5,329,330	\$ 6,248,135
Materials and Services	9,044,916	5,302,177
LBFS Donated Food	8,248,184	8,366,820
Capital Outlay	<u>11,971</u>	<u>39,353</u>
Total Expenses	<u>\$ 22,634,401</u>	<u>\$ 19,956,485</u>
Change in Net Position	\$ (2,366,360)	\$ 1,747,665
Net position, beginning of year	5,579,561	6,423,394
Restatement of beginning net position	<u>421,649</u>	<u>(2,591,498)</u>
Net position, end of year	<u>\$ 3,634,850</u>	<u>\$ 5,579,561</u>

Figure A
Sources of Revenue for the Year Ended June 30, 2016

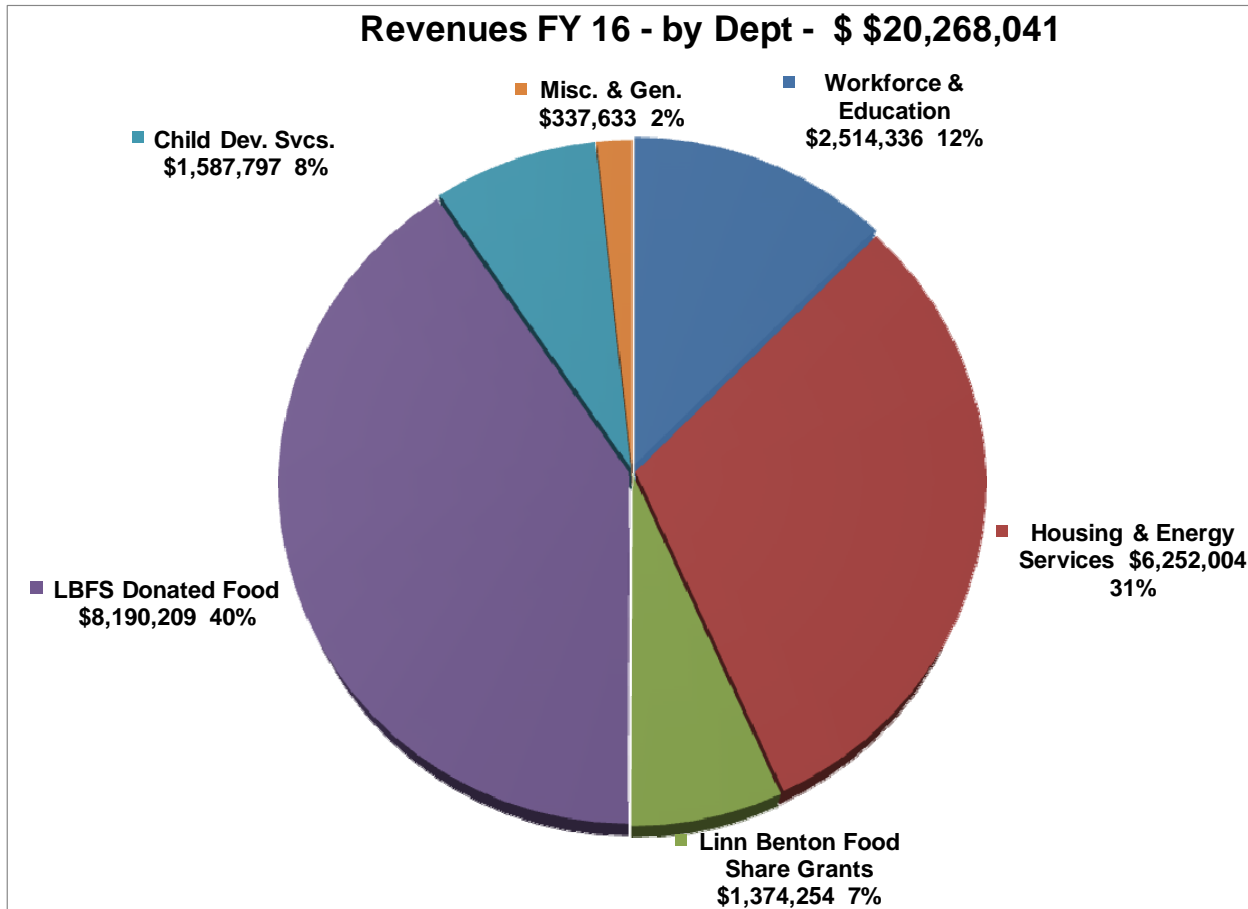
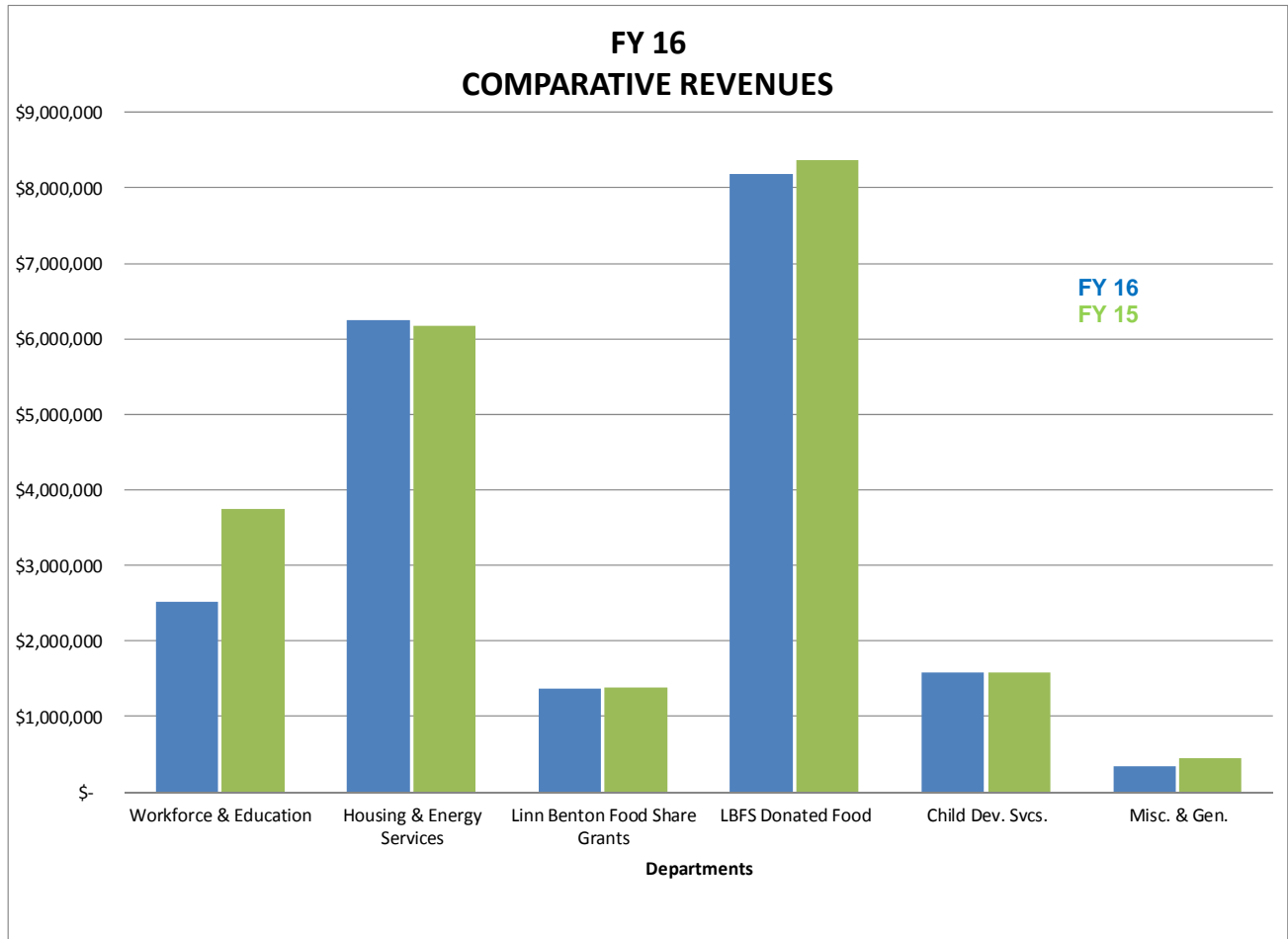


Figure B
Revenue Comparison for the Years Ended June 30, 2016 and 2015



Changes in Fund Balances – Governmental Funds

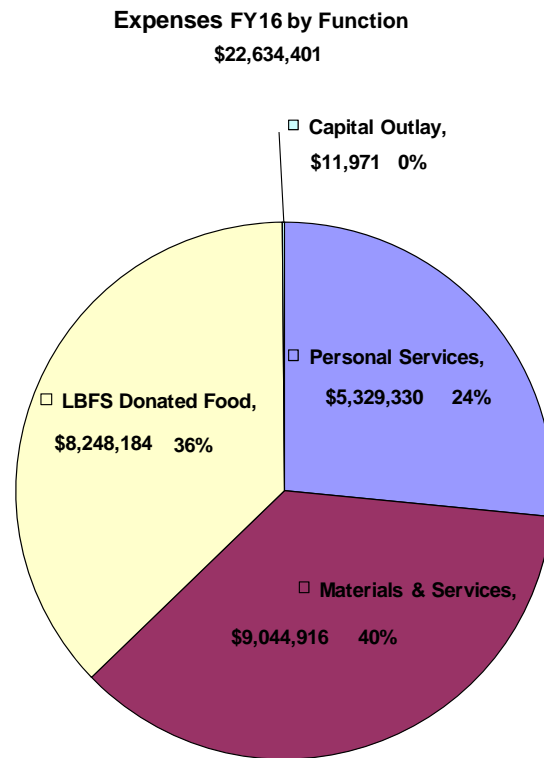
The **General Fund** increased overall by \$56,811 from contributions, which was reduced by a transfer of \$23,379 in unrestricted funds to the Workforce and Education department, to cover costs in excess of negotiated expenses during the transition for contracts with two new Workforce Investment Boards.

The **Housing and Energy Services** fund was previously reported as two separate Emergency Services and Housing and Community Resource funds. The combined fund increased by \$137,056 comprised of loan repayments of \$40,000; weatherization rebates of \$35,000; contributions of \$21,000 for energy assistance and rental income of \$50,000. Portions of the rental income funded repair reserves for the supportive housing units.

The **Workforce & Education** fund balance decreased by \$122,837 drawing down fund balances from prior years in Fee for Service activities. The department also received additional support from the General Fund of \$23,379. These operating losses were primarily related to activities related to transition from internally funding the Region 4 Workforce Board to separately negotiated contracts with two new separate external Workforce Investment Boards for only portions of previous workforce development activities. This transition was mandated by the State of Oregon in a very compressed time frame of less than a year, but the extent of the reduction in funding was not accurately forecast.

Linn Benton Food Share fund balance increased by \$143,761 from contributions of cash and food, Child Development Services had a slight increase of \$1,285 in donations.

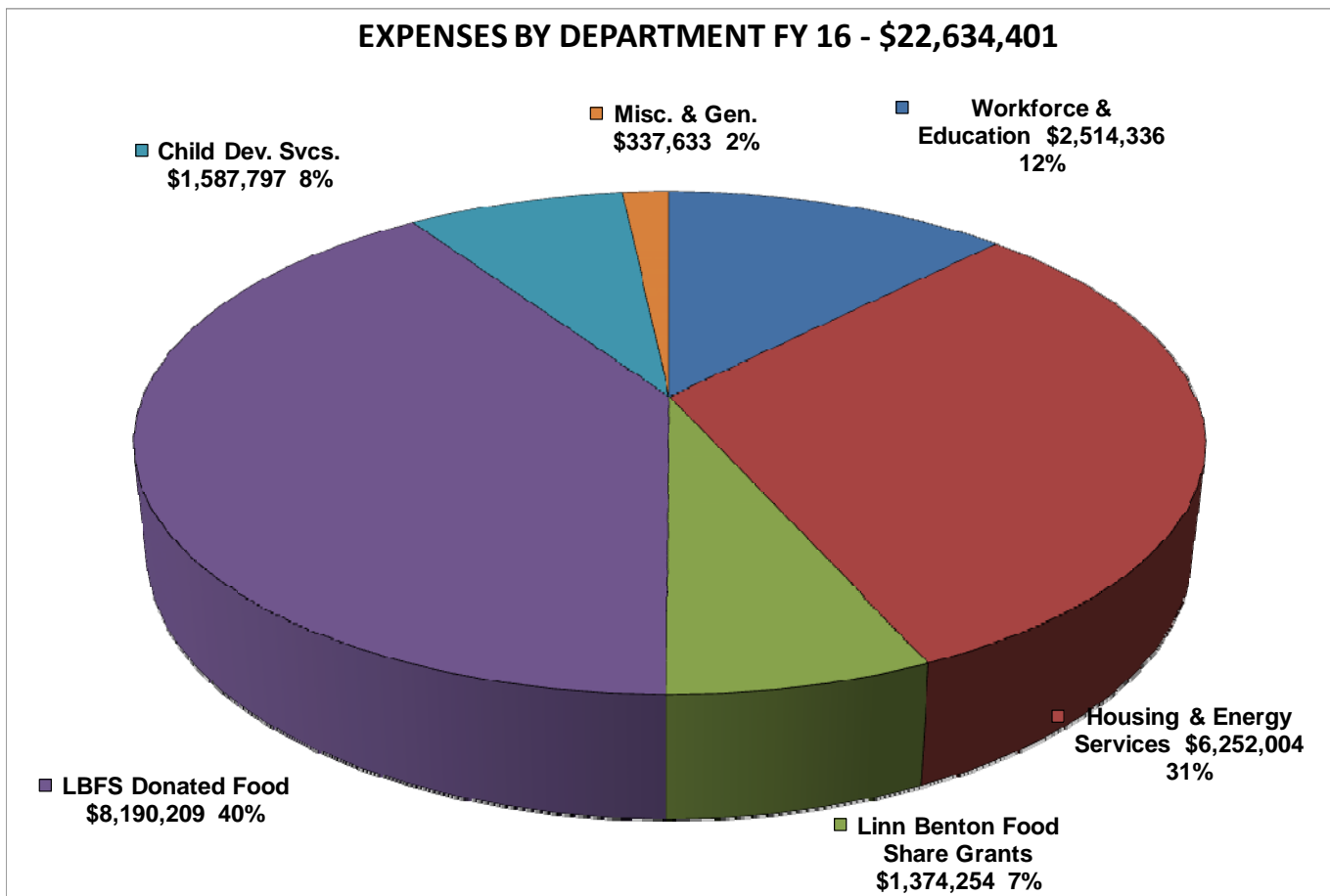
Figure C
Expenses by Function for the Year Ended June 30, 2016



The major reason for the \$2.67 million expenditure increase (about 12%), was in our materials and services category where the grants provide direct services. Personal services, which represent only 24% of overall costs, actually decreased by about \$918,000 due to the workforce department transition and decreases from crew-based weatherization to using subcontractors (an annual expense of \$299,000). Donated food also decreased about \$118,000. The most significant total decrease came in the Workforce and Education department which saw an additional 30% decrease in total funding with the Workforce Board transition.

Of the total expenses for FY16 of \$20.05 million, almost 64% or \$12.8 million (including food distribution) were made directly on behalf of participants in our programs. As a proportion of the FY16 materials and services of \$9 million, the direct assistance of \$12.8 million was 70%, 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, 2016



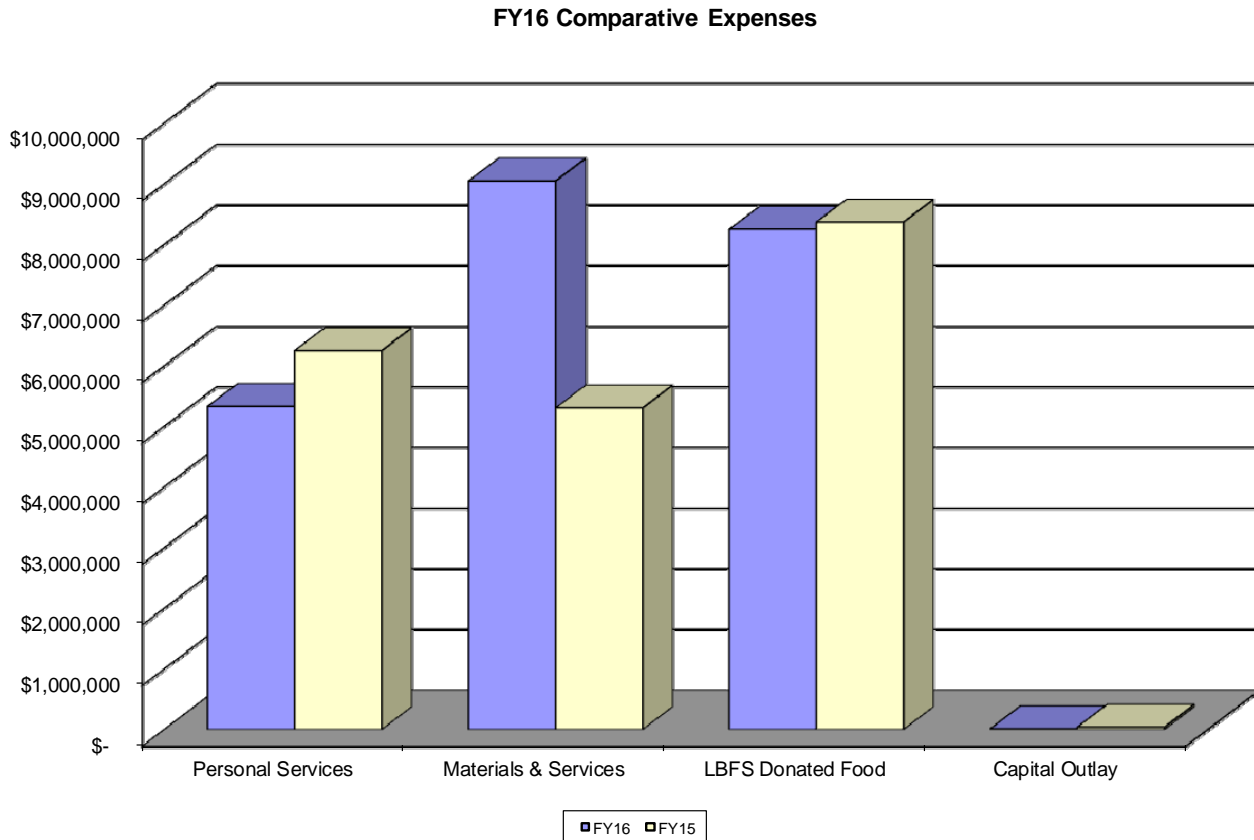
Only two funds had significant changes in their FY16 activities. The **Workforce and Education fund** expenditures decreased about 30% due to funding reserves by the new Workforce Investment Boards. The **Miscellaneous Grant** fund decreased by about \$86,000 (from \$298,178 to \$211,812) because of a one-time prior year payment for infrastructure costs across all of the departments from Community Services Block Grant funding.

Budgetary Highlights

Community Services Consortium’s Governing Board revised its originally adopted budget in order to address unexpected changes in revenues and expenses. The original budget was adopted on a very conservative basis with only grants whose award was almost certain included at the start of the fiscal year. There were two supplemental 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 \$1,611,840 as shown in the Required Supplementary Information for Budget and Actual on page 44 of this report.

The following chart demonstrates a comparison of expenses between FY16 and FY15. Personal services decreased from 31% to 24% of total expenditures. Total materials and services increased from 69% to 76% of the budget in FY16, as commitments were honored to get services and benefits out the door to help our clients in this tough recession. Services directly on behalf of our program participants, including food distributions, were about \$12.8 million dollars, approximately 64% of the total annual expenses.

Figure E
Expense Comparison for the Years Ended June 30, 2016 and 2015



Capital Asset Administration

Total capital assets, net of accumulated depreciation, decreased \$134,956 from \$4,020,329 in FY15 to \$3,885,373 in FY16. CSC’s capital asset change is primarily due to the depreciation of assets already held. Non depreciable assets were decreased by \$12,475 when a low income housing project was completed. The only additions were replacement vehicles and equipment purchased for \$24,446.

As of June 2016, 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 and renovated and expanded

an existing structure to respond to growing Newport Head Start demand. The Lincoln City Head Start building was completed in FY03. CSC owns the underlying land and will take possession of the building when the CDBG grant is closed out by Lincoln City.

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

Federal funding is very unpredictable at this time, and the federal budgets for the year that began last October have been on a continuing resolution throughout the federal fiscal year. It is extremely difficult to predict the priorities and funding levels that will be imposed by the new federal administration and Congress. CSC will continue to report to two different regional Workforce Investment Boards (WIBs), and contract negotiations take place on an annual basis now rather than a longer term. Additionally, CSC was not awarded Adult workforce services by the Northwest Oregon Works coastal board, although we were awarded expanded youth service contracts in Clatsop, Columbia and Tillamook counties for FY17. CSC did retain portions of adult services in Linn County and was awarded additional youth services in Polk County by the Incite Workforce Investment Board. These are currently one year contracts as well.

Levels of funding and sources of pass-through funding are still relatively unstable in our experience of over thirty-six years of providing services. We will constantly be re-evaluating our funding during the next fiscal year as information becomes available. Accordingly, CSC has adopted a very conservative budget for FY17, roughly \$24.8 million, an increase of less than 2% from the final adopted FY16 budgeted revenues of about \$24.35 million. Some grants overlap in budgeting over several connecting fiscal years because of carryover balances.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Current Assets

Cash	\$ 3,628,573
Receivables	
Grants and contracts	1,582,326
Loans	23,087
Inventories	370,103
Prepaid items	20,872

Total Current Assets 5,624,961

Noncurrent Assets

Non-depreciable capital assets	983,642
Depreciable capital assets, net	2,901,731

Total Noncurrent Assets 3,885,373

Total Assets 9,510,334

DEFERRED OUTFLOWS

Deferred outflows related to pensions	357,925
---------------------------------------	---------

LIABILITIES

Current Liabilities

Accounts payable	357,460
Accrued payroll	248,521
Accrued vacation	42,282
Unearned revenue	57,885
Other payables	15,000

Total Current Liabilities 721,148

Noncurrent Liabilities

Accrued vacation	227,768
Other post employment benefits	1,456,402
Net pension liability	2,955,901

Total Noncurrent Liabilities 4,640,071

Total Liabilities 5,361,219

DEFERRED INFLOWS

Deferred inflows related to pensions	\$ 872,190
--------------------------------------	------------

NET POSITION

Investment in capital assets	3,885,373
Restricted for:	
Housing and Energy Services	786,049
Workforce and Education	86,381
Linn-Benton Food Share	1,850,323
Head Start	7,037
Wellness Network	2,500
Unrestricted	(2,982,813)
<i>Total Net Position</i>	<u>\$ 3,634,850</u>

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

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Program Revenues			Change in
	Expenses	Fees for Service	Operating Grants and Contributions	Net Position
				Total
FUNCTIONS/PROGRAMS				
General	\$ 640,696	\$ -	\$ 125,821	\$ (514,875)
Workforce and Education	3,308,762	407,037	2,107,299	(794,426)
Housing and Energy Services	6,724,386	118,122	6,133,882	(472,382)
Linn Benton Food Share	9,617,410	-	9,564,463	(52,947)
Child Development Services	2,083,866	-	1,587,797	(496,069)
Miscellaneous Grants	259,281	-	211,812	(47,469)
<i>Total</i>	<u>\$ 22,634,401</u>	<u>\$ 525,159</u>	<u>\$ 19,731,074</u>	(2,378,168)
GENERAL REVENUES				
Interest				11,808
CHANGE IN NET POSITION				
<i>NET POSITION, Beginning of year (as restated)</i>				6,001,210
<i>NET POSITION, End of year</i>				<u>\$ 3,634,850</u>

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

COMMUNITY SERVICES CONSORTIUM
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<i>General</i>	<i>Housing and Energy Services</i>	<i>Workforce and Education</i>
ASSETS			
Cash	\$ 3,627,753	\$ 250	\$ 50
Receivables			
Grants and contracts	3,729	770,426	600,269
Loans	-	752,600	-
Due from other funds	836,578	1,137,208	146,339
Inventories	-	103,784	-
Prepaid items	10,913	1,768	8,061
<i>Total Assets</i>	<u>\$ 4,478,973</u>	<u>\$ 2,766,036</u>	<u>\$ 754,719</u>
LIABILITIES			
Accounts payable	\$ 15,130	\$ 159,175	\$ 89,366
Accrued payroll	518,571	-	-
Accrued vacation			
Due to other funds	3,309,467	751,912	536,239
Unearned revenue	-	15,213	34,672
Other payables	-	15,000	-
<i>Total Liabilities</i>	<u>3,843,168</u>	<u>941,300</u>	<u>660,277</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	729,513	-
FUND BALANCES			
Nonspendable	10,913	105,552	8,061
Restricted	2,500	786,049	86,381
Assigned	-	203,622	-
Unassigned	622,392	-	-
<i>Total Fund Balances</i>	<u>635,805</u>	<u>1,095,223</u>	<u>94,442</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 4,478,973</u>	<u>\$ 2,766,036</u>	<u>\$ 754,719</u>

<i>Linn-Benton Food Share</i>	<i>Child Development Services</i>	<i>Misc. Grants</i>	<i>Totals</i>
\$ -	\$ 520	\$ -	\$ 3,628,573
27,969	121,966	57,967	1,582,326
-	-	-	752,600
2,608,071	90,768	1,764	4,820,728
266,319	-	-	370,103
130	-	-	20,872
<u>\$ 2,902,489</u>	<u>\$ 213,254</u>	<u>\$ 59,731</u>	<u>\$ 11,175,202</u>
\$ 61,046	\$ 30,829	\$ 1,914	\$ 357,460
-	-	-	518,571
-	-	-	-
48,797	116,496	57,817	4,820,728
-	8,000	-	57,885
-	-	-	15,000
<u>109,843</u>	<u>155,325</u>	<u>59,731</u>	<u>5,769,644</u>
-	-	-	729,513
266,449	-	-	390,975
1,850,323	7,037	-	2,732,290
675,874	50,892	-	930,388
-	-	-	622,392
<u>2,792,646</u>	<u>57,929</u>	<u>-</u>	<u>4,676,045</u>
<u>\$ 2,902,489</u>	<u>\$ 213,254</u>	<u>\$ 59,731</u>	<u>\$ 11,175,202</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, 2016**

Total Governmental Fund Balances \$ 4,676,045

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

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

Cost of capital assets	5,392,513
Accumulated depreciation	(1,507,140)

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

Deferred outflows	357,925
Deferred inflows	(872,190)
Net pension liability	(2,955,901)

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

(1,456,402)

Total Net Position

\$ 3,634,850

COMMUNITY SERVICES CONSORTIUM**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -****GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2016**

	<i>General</i>	<i>Housing and Energy Services</i>	<i>Workforce and Education</i>
REVENUES			
Grants and contracts	\$ 5,281	\$ 6,055,034	\$ 2,046,106
Contributions	56,391	20,969	1,847
Loan repayments	-	40,165	-
Fees for service	-	118,122	407,037
Commodity foods	-	-	-
Other	64,149	17,714	59,346
<i>Total Revenues</i>	137,629	6,252,004	2,514,336
EXPENDITURES			
Administration	80,818	506,156	329,000
Workforce and education	-	-	2,308,173
Emergency services	-	5,608,792	-
Head Start	-	-	-
Food programs	-	-	-
Miscellaneous programs	-	-	-
<i>Total Expenditures</i>	80,818	6,114,948	2,637,173
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,811	137,056	(122,837)
OTHER FINANCING SOURCES AND (USES)			
Transfers	(23,379)	-	23,379
NET CHANGE IN FUND BALANCE	33,432	137,056	(99,458)
FUND BALANCES, Beginning of year	602,373	958,167	193,900
FUND BALANCES, End of year	\$ 635,805	\$ 1,095,223	\$ 94,442

<i>Linn-Benton Food Share</i>	<i>Child Development Services</i>	<i>Misc. Grants</i>	<i>Totals</i>
\$ 259,533	\$ 1,582,831	\$ 211,812	\$ 10,160,597
769,812	4,966	-	853,985
-	-	-	40,165
-	-	-	525,159
8,190,209	-	-	8,190,209
344,909	-	-	486,118
9,564,463	1,587,797	211,812	20,268,041
65,650	198,921	30,129	1,210,674
-	-	-	2,308,173
-	-	-	5,608,792
-	1,387,591	-	1,387,591
9,355,052	-	-	9,355,052
-	-	181,683	181,683
9,420,702	1,586,512	211,812	20,051,965
143,761	1,285	-	216,076
-	-	-	-
143,761	1,285	-	216,076
2,648,885	56,644	-	4,459,969
\$ 2,792,646	\$ 57,929	\$ -	\$ 4,676,045

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, 2016**

Net changes in fund balances - total governmental funds	\$ 216,076
 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	11,971
Depreciation	(146,927)
 Some expenses reported in the statement of activities do not required 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	(2,409,477)
Net OPEB obligation	(38,003)
	<hr/>
<i>Change in Net Position</i>	<u><u>\$ (2,366,360)</u></u>

-

COMMUNITY SERVICES CONSORTIUM

STATEMENT OF NET POSITION- FIDUCIARY FUND TYPE – AGENCY FUNDS

JUNE 30, 2016

ASSETS

Cash	\$ 689,513
Loans receivable	4,412,120

<i>Total Assets</i>	<u>\$ 5,101,633</u>
---------------------	---------------------

LIABILITIES

Due to Community Housing Services	<u>\$ 5,101,633</u>
-----------------------------------	---------------------

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the Governing Board of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. CSC's financial statements include the following as blended component units. Each is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is governed by the Governing Board of CSC 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 materials on hand and work-in-progress in the weatherization programs are recorded at cost, using the first-in, first-out method. In general, expenditures are recorded when the materials are used and the jobs are completed.

Prepaid Items

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

Capital Assets

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

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

Compensated Absences

Vacation pay is recorded as an expenditure when earned based on grantor requirements. The funds charged with the expenditures reimburse the pooled payroll account where the liability is recorded. The liability and the cash accumulated to retire it are reported in the General Fund. The current portion of compensated absences is estimated based on a three year rolling average of actual payments made to employees. The liability decreased by \$18,975, from funds returned to grants from employees increased leave use, for an ending liability of \$270,050.

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 inflow 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, 2016. 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, 2016

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, 2016 the carrying value of cash and investments at fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2016:

Cash	
Cash on hand	\$ 1,020
Deposits with financial institutions	2,239,927
Cash held in the name of Community Housing Services	250,000
Local Government Investment Pool	1,827,139
	<u>\$ 4,318,086</u>
Cash held by CSC	\$ 3,628,573
Cash held by Fiduciary Fund	689,513
	<u>\$ 4,318,086</u>

Deposits

At June 30, 2016, CSC's deposits with various financial institutions had a bank balance of \$2,291,436 and a book balance of \$2,239,927. 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, 2016 the balance covered by the PFCP was \$2,041,436.

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

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, 2016, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, CSC manages its exposure to declines in fair value by limiting the maximum maturity of its investment portfolio to one year or less, specifically by maintaining funds in the Local Government Investment Pool. The LGIP had an average maturity of 172 days for the calendar year ended December 31, 2014.

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, 2016

LOANS RECEIVABLE/UNEARNED REVENUE

The loans receivable of \$752,600 consists of housing rehabilitation and Self-Help Homeownership Opportunity Program (SHOP) loans. The housing rehabilitation loans total \$729,513 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, 2016 consist of the following:

Linn-Benton Food Share food	\$ 250,395
USDA commodities food	15,924
Weatherization materials	26,283
Weatherization work in progress	77,501
<i>Total</i>	<u>\$ 370,103</u>

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<i>Balance</i> <u>July 1, 2015</u>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <u>June 30, 2016</u>
<i>Governmental Funds</i>				
Capital assets not being depreciated:				
Land	\$ 983,642	\$ -	\$ -	\$ 983,642
Construction in progress	12,475	-	(12,475)	-
<i>Total capital assets not being depreciated</i>	<u>996,117</u>	<u>-</u>	<u>(12,475)</u>	<u>983,642</u>
Capital assets being depreciated:				
Furniture and equipment	269,525	24,446	-	293,971
Vehicles	510,022	-	-	510,022
LBFS - Warehouse	1,059,490	-	-	1,059,490
Head Start buildings	1,102,850	-	-	1,102,850
Buildings	1,442,538	-	-	1,442,538
<i>Total capital assets being depreciated</i>	<u>4,384,425</u>	<u>24,446</u>	<u>-</u>	<u>4,408,871</u>
Accumulated depreciation				
Equipment	(222,051)	(23,205)	-	(245,256)
Vehicles	(445,840)	(23,079)	-	(468,919)
Buildings	(692,322)	(100,643)	-	(792,965)
<i>Total accumulated depreciation</i>	<u>(1,360,213)</u>	<u>(146,927)</u>	<u>-</u>	<u>(1,507,140)</u>
<i>Total capital assets being depreciated, net</i>	<u>3,024,212</u>	<u>(122,481)</u>	<u>-</u>	<u>2,901,731</u>
<i>Capital assets, net</i>	<u>\$ 4,020,329</u>	<u>\$ (122,481)</u>	<u>\$ (12,475)</u>	<u>\$ 3,885,373</u>

Depreciation is recognized as a general administrative expense.

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

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, 2016 was \$255,499.

The following is a schedule, by fiscal year, of the future minimum rental payments required under these leases as of June 30, 2016. 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>	
2017	\$ 271,520
2018	221,360
2019	136,400
2020	113,558
2021	70,277
<i>Total</i>	<u>\$ 813,115</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, 2016

FUND BALANCE

Fund balance classifications for the year ended June 30, 2016 are as follows:

	<i>General</i>	<i>Housing and Energy Services</i>	<i>Workforce and Education</i>	<i>Linn- Benton Food Share</i>	<i>Child Development Services</i>	<i>Totals</i>
Restricted for:						
Housing and Energy Services	\$ -	\$ 786,049	\$ -	\$ -	\$ -	\$ 786,049
Workforce and Education	-	-	86,381	-	-	86,381
Linn-Benton Food Share	-	-	-	1,850,323	-	1,850,323
Head Start	-	-	-	-	7,037	7,037
Wellness network	2,500	-	-	-	-	2,500
	<u>\$ 2,500</u>	<u>\$ 786,049</u>	<u>\$ 86,381</u>	<u>\$ 1,850,323</u>	<u>\$ 7,037</u>	<u>\$ 2,732,290</u>
Assigned to:						
Housing and Energy Services	\$ -	\$ 203,622	\$ -	\$ -	\$ -	\$ 203,622
Linn-Benton Food Share	-	-	-	675,874	-	675,874
Head Start	-	-	-	-	50,892	50,892
	<u>\$ -</u>	<u>\$ 203,622</u>	<u>\$ -</u>	<u>\$ 675,874</u>	<u>\$ 50,892</u>	<u>\$ 930,388</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, 2016

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, 2013 actuarial valuation. CSC contribution rates in effect for the fiscal year ended June 30, 2016 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, 2016 were \$198,528, 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, 2016 was \$81,944.

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

At June 30, 2016, CSC reported a liability of \$2,955,901 for its proportionate share of the OPERS net pension liability. The net pension liability was measured by OPERS as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. 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, 2015, CSC's proportion was 0.0515%, which is changed from its proportion measured as of June 30, 2014 of .0550%.

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Plan Description (Continued)

For the year ended June 30, 2016, CSC recognized pension expense of \$2,409,477. At June 30, 2016, CSC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 159,397	\$ -
Net difference between projected and actual earnings on investments	-	619,624
Changes in proportionate share	-	59,605
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	192,961
Contributions subsequent to measurement date	198,528	-
	<u>357,925</u>	<u>872,190</u>
Total	<u>\$ 357,925</u>	<u>\$ 872,190</u>

Deferred outflows of resources related to pensions of \$198,528 resulting from CSC's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Fiscal Year Ending</u>		
2017	\$	(320,483)
2018		(320,483)
2019		(320,483)
2020		250,533
2021		(1,877)
		<u> </u>
Total	\$	<u>(712,793)</u>

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Plan Description (Continued)

Actuarial Methods and Assumptions:

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set by OPERS using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 18, 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	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth

COMMUNITY SERVICES CONSORTIUM
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Plan Description (Continued)

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 AA, 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 (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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 7.75 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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
Proportionate share of the net pension	\$ 7,133,956	\$ 2,955,901	\$ (565,103)

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

PENSION PLAN (Continued)

Plan Description (Continued)

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.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	4.10 %
Short-Term Bonds	8.00	3.65
Bank/Leveraged Loans	3.00	5.69
High Yield Bonds	1.00	6.67
Large/Mid Cap US Equities	15.75	7.96
Small Cap US Equities	1.31	8.93
Micro Cap US Equities	1.31	9.37
Developed Foreign Equities	13.13	8.34
Emerging Market Equities	4.13	10.56
Non-US Small Cap Equities	1.88	9.01
Private Equity	17.50	11.60
Real Estate (Property)	10.00	6.48
Real Estate (REITS)	2.50	8.74
Hedge Fund of Funds - Diversified	2.50	4.94
Hedge Fund - Events-driven	0.63	7.07
Timber	1.88	6.60
Farmland	1.88	7.11
Infrastructure	3.75	8.31
Commodities	1.88	6.07
Assumed Inflation - Mean		2.50

OTHER POST EMPLOYMENT BENEFITS

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

Benefit Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

CSC's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of CSC's annual OPEB cost for the fiscal year ending June 30, 2016, the amount actually contributed to the plans, and changes in CSC's net OPEB obligation:

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net OPEB obligation - beginning of year	\$ 1,063,061	\$ 1,507,373	\$ 1,418,399
Annual required contribution (ARC)	487,616	393,463	98,789
Interest on net OPEB obligation	5,741	7,839	13,333
Amortization adjustment to ARC	(38,273)	(54,116)	(53,960)
Annual OPEB Cost	455,084	347,186	58,162
Contributions made (implicit rate subsidy)	(10,772)	(14,511)	(20,160)
Change in net OPEB obligation	444,312	332,675	38,002
Net OPEB obligation - end of year	<u>\$ 1,507,373</u>	<u>\$ 1,840,048</u>	<u>\$ 1,456,401</u>
Percentage of annual OPEB cost contributed	2%	4%	35%

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

Funded Status and Funding Progress

As of June, 30, 2016, the most recent valuation date, the accrued liability was \$1,456,401, all of which is unfunded because CSC has not set aside any assets to pre-fund OPEB resulting from the implicit rate subsidy. The annual payroll of active employees covered by CSC's healthcare plan was \$3,413,980, and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 43%. The schedule of funding progress included as required supplementary information presents multi-year trend information.

Methods and Assumptions

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

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

COMMUNITY SERVICES CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2016

OTHER POST EMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

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

COMMITMENTS AND CONTINGENCIES

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

NONMONETARY TRANSACTIONS

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

During the year ended June 30, 2016 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	\$ 481,935	\$ 7,708,274	\$ 8,190,209
Food distributed - expenditures	476,217	7,771,967	8,248,184
<i>Excess (Deficit) of Nonmonetary Revenues Over Nonmonetary Expenditures</i>	<u>\$ 5,718</u>	<u>\$ (63,693)</u>	<u>\$ (57,975)</u>

RISK MANAGEMENT

CSC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CSC carries commercial insurance for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CONSTRUCTION OF LINCOLN COUNTY BUILDING

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

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

BEGINNING BALANCE ADJUSTMENT

Beginning net position has been restated as follows:

Beginning net position, as previously stated	\$ 5,579,561
Correction of accounting error for other post employment benefits	<u>421,649</u>
Beginning net position, as restated	<u><u>\$ 6,001,210</u></u>

INTERFUND TRANSFERS

There was one transfer during the year from the General fund to the Workforce and Education fund to move unrestricted revenues collected in the General fund to finance various programs in the Workforce and Education fund.

REQUIRED SUPPLEMENTAL INFORMATION

COMMUNITY SERVICES CONSORTIUM

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016**

	<u>Original Budget*</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES	\$ 22,743,331	\$ 24,355,171	\$ 20,268,041	\$ (4,087,130)
EXPENDITURES				
Personal services	5,891,148	6,236,756	5,329,330	907,426
Materials and services	16,482,183	17,736,445	14,710,664	3,025,781
Capital outlay	370,000	381,970	11,971	369,999
<i>Total Expenditures</i>	<u>22,743,331</u>	<u>24,355,171</u>	<u>20,051,965</u>	<u>4,303,206</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	216,076	216,076
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>4,459,969</u>	<u>4,459,969</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,676,045</u>	<u>\$ 4,676,045</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, 2016

Schedule of CSC's Proportionate Share of the Net Pension Liability (Asset)
Oregon Public Employees Retirement System
Last Three Fiscal Years¹

	<u>2016</u>	<u>2015</u>	<u>2014</u>
CSC's proportion of the net pension liability (asset)	0.0515%	0.0550%	0.0550%
CSC's proportionate share of the net pension liability (asset)	\$ 2,955,901	\$ (1,245,674)	\$ 2,804,435
CSC's covered-employee payroll	1,355,002	1,520,180	1,718,535
CSC's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	218.1%	-81.9%	163.2%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	103.6%	92.0%

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

Schedule of CSC's Contributions
Oregon Public Employees Retirement System
Last Three Fiscal Years¹

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 198,528	\$ 190,012	\$ 212,937
Contributions in relation to the contractually required contribution	(198,528)	(190,012)	(212,937)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CSC's covered-employee payroll	\$ 1,355,002	\$ 1,520,180	\$ 1,718,535
Contributions as a percentage of covered-employee payroll	14.65%	12.50%	12.39%

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

COMMUNITY SERVICES CONSORTIUM

SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS FUNDING PROGRESS

YEAR ENDED JUNE 30, 2016

<i>Year Ending</i>	<i>Value of Assets (a)</i>	<i>Accrued Liability (AAL) - Entry Age (b)</i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as Percentage of Covered Payroll ((b-a)/c)</i>
6/30/2016	\$ -	\$ 1,456,402	\$ 1,456,402	0%	\$ 3,413,980	43%
6/30/2015	-	2,464,687	2,464,687	0%	3,972,249	62%
6/30/2014	-	2,975,184	2,975,184	0%	3,971,935	75%

OTHER SUPPLEMENTAL INFORMATION

COMMUNITY SERVICES CONSORTIUM**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
HOUSING AND ENERGY SERVICES
YEAR ENDED JUNE 30, 2016**

	Revenues				Total Revenues
	Beginning Fund Balance	Operating Grants/ Contributions	Fees for Service	Other	
CSBG - Emergency SVC	\$ -	\$ 42,366	\$ -	\$ -	\$ 42,366
CSBG CY 15 - Emergency SVC	-	9,554	-	-	9,554
CPI - Low Income Energy Assist	19,164	1,215	-	-	1,215
GAS Assistance Program	12,282	940	-	-	940
LIHEAP Energy Assistance	1	1,570,925	-	-	1,570,925
LIHEAP Client Education	-	134,685	-	-	134,685
LIHEAP WX EE	-	2,496	-	-	2,496
Oregon Energy Assistance (OEA)	-	1,549,753	-	-	1,549,753
OR Low Income Gas Assistance	54,372	73,671	-	-	73,671
Oregon Heat	64,264	12,111	-	-	12,111
Oregon Heat - Fuel Blind	(930)	-	-	-	-
SOS	18,846	16,521	-	-	16,521
BPA Energy Ed	-	8,896	-	-	8,896
Echo Energy Ed	-	43,487	-	-	43,487
NW Natural Gas - Workshops	57,244	-	-	-	-
NW Natural Dwelling Inspection	29,082	-	-	-	-
Albany Water Assistance Program	30,255	1,215	-	-	1,215
Continuum of Care HUD	-	71,560	-	-	71,560
SHP - C of C - Project Passport	-	34,286	-	-	34,286
C of C - Passport 15-16	-	29,813	-	-	29,813
CSC Supportive Housing Program	-	46,702	-	-	46,702
CSC SHP - C of C 15-16	-	94,513	-	-	94,513
Fair Housing - LASO/FHCO Project	-	29,811	-	-	29,811
Miscellaneous Donations	4,011	2,472	-	-	2,472
Miscellaneous Housing Grants	1,115	-	-	-	-
Miscellaneous Energy Assistance	16,936	-	-	-	-
Reach FFS	12,103	-	-	-	-
EHA Emergency Housing	-	277,152	-	-	277,152
EHA Discretionary	-	1,491	-	-	1,491
EHA DISC Match	-	8,944	-	-	8,944
ESGP - 12	2	153,506	-	-	153,506
HOME TBA	-	199,443	-	-	199,443
SVDP - VA Support Services	-	68,713	-	-	68,713
SVDP - VA Support Services - Cycle 15-16	-	228,169	-	-	228,169
Veteran's Stand Down - HELPS	-	8,975	-	-	8,975
EHA 15 VET DRF	-	26,873	-	-	26,873
CAPO Point in Time - VA	-	10,400	-	-	10,400
Albany Homeless Prevention - CDBG	-	17,071	-	-	17,071
HSP - TANF	-	32,418	-	-	32,418

Expenditures

<i>Administration</i>	<i>Program</i>	<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
\$ 8,291	\$ 34,074	\$ 42,365	\$ 1	\$ -	\$ 1
1,731	7,824	9,555	(1)	-	(1)
-	-	-	1,215	-	20,379
-	-	-	940	-	13,222
158,027	1,412,899	1,570,926	(1)	-	-
8,026	126,659	134,685	-	-	-
-	2,496	2,496	-	-	-
108,762	1,440,990	1,549,752	1	-	1
15,598	43,812	59,410	14,261	-	68,633
-	204	204	11,907	-	76,171
825	-	825	(825)	-	(1,755)
-	16,241	16,241	280	-	19,126
979	7,917	8,896	-	-	-
4,485	39,002	43,487	-	-	-
-	457	457	(457)	-	56,787
-	-	-	-	-	29,082
-	-	-	1,215	-	31,470
4,681	66,879	71,560	-	-	-
1,245	33,041	34,286	-	-	-
1,771	28,042	29,813	-	-	-
986	45,716	46,702	-	-	-
5,496	89,017	94,513	-	-	-
4,124	25,687	29,811	-	-	-
38	1,903	1,941	531	-	4,542
-	63	63	(63)	-	1,052
-	-	-	-	-	16,936
713	264	977	(977)	-	11,126
46,322	230,830	277,152	-	-	-
-	1,491	1,491	-	-	-
-	8,944	8,944	-	-	-
4,027	149,479	153,506	-	-	2
985	198,458	199,443	-	-	-
2,852	65,861	68,713	-	-	-
12,240	215,929	228,169	-	-	-
-	7,050	7,050	1,925	-	1,925
2,693	24,180	26,873	-	-	-
2,066	8,334	10,400	-	-	-
1,429	15,642	17,071	-	-	-
3,242	29,176	32,418	-	-	-

COMMUNITY SERVICES CONSORTIUM**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
HOUSING AND ENERGY SERVICES (continued)
YEAR ENDED JUNE 30, 2016**

	Revenues				Total Revenues
	Beginning Fund Balance	Operating Grants/ Contributions	Fees for Service	Other	
LIRHF - Low Inc. Rental Housing	\$ -	\$ 17,630	\$ -	\$ -	\$ 17,630
Pelican Place - Supportive Housing	-	73,877	-	-	73,877
Pelican Place - Rental	108,464	-	86,062	1,000	87,062
Pelican Place - Rental Reserve	58,026	-	-	-	-
SHAP	-	66,044	-	-	66,044
Tern House - Supportive Housing	-	46,193	-	-	46,193
Tern House - Rental	22,718	-	32,060	2	32,062
Tern House - Repair Reserve	15,978	-	-	-	-
Land Acquisition and Development	150,001	-	-	-	-
Home Owner Asist Prg	18,000	-	-	12,000	12,000
Self-Help Housing Ownership	108,442	-	-	-	-
OAHAC MORTG PYMT Assistance	1,525	675	-	-	675
CSC Reloaned Proceeds	37,067	-	-	22,254	22,254
Loan Repayment - CSC as Grantee	-	-	-	6,068	6,068
LIHEAP WX	(3)	344,104	-	-	344,104
LIHEAP WX EE	-	2,848	-	-	2,848
BPA WX	-	84,741	-	-	84,741
DOE WX	-	135,083	-	-	135,083
ECHO WX	1	328,100	-	-	328,100
Rebates - Fee for Service	54,883	136,214	-	740	136,954
NW Natural - Energy Ed #2	38,807	25,047	-	-	25,047
Misc Revenue - Housing	22,830	-	-	709	709
Misc Revenue - Weatherization	181	-	-	102	102
Housing Pool	-	-	-	15,004	15,004
CHS Contracted Services	2,500	-	-	-	-
Albany Rehab - Contracted Services	-	5,300	-	-	5,300
Total	\$ 958,167	\$ 6,076,003	\$ 118,122	\$ 57,879	\$ 6,252,004

Expenditures

<i>Administration</i>	<i>Program</i>	<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
\$ 1,234	\$ 16,396	\$ 17,630	\$ -	\$ -	\$ -
4,810	69,067	73,877	-	-	-
393	35,195	35,588	51,474	(50,000)	109,938
-	-	-	-	50,000	108,026
12,709	53,335	66,044	-	-	-
4,432	41,761	46,193	-	-	-
262	35,046	35,308	(3,246)	(5,600)	13,872
-	9,724	9,724	(9,724)	5,600	11,854
-	-	-	-	-	150,001
1,049	-	1,049	10,951	-	28,951
-	2,849	2,849	(2,849)	-	105,593
-	675	675	-	-	1,525
1,544	1,716	3,260	18,994	-	56,061
424	-	424	5,644	-	5,644
30,704	313,401	344,105	(1)	-	(4)
-	2,848	2,848	-	-	-
5,270	79,471	84,741	-	-	-
12,096	122,987	135,083	-	-	-
17,064	311,035	328,099	1	-	2
11,059	111,614	122,673	14,281	-	69,164
-	3,679	3,679	21,368	-	60,175
-	600	600	109	-	22,939
-	-	-	102	-	283
1,472	13,532	15,004	-	-	-
-	-	-	-	-	2,500
-	5,300	5,300	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 506,156	\$ 5,608,792	\$ 6,114,948	\$ 137,056	\$ -	\$ 1,095,223
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

COMMUNITY SERVICES CONSORTIUM**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WORKFORCE AND EDUCATION
YEAR ENDED JUNE 30, 2016**

	<i>Revenues</i>				<i>Total Revenues</i>
	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Fees for Service</i>	<i>Other</i>	
Garden Gnome Run	\$ 8,765	\$ 50	\$ -	\$ 305	\$ 355
DCS Residuals	15,748	-	-	-	-
Benton Learning Center	11,526	187	-	2,079	2,266
Fee for Service	57,576	-	-	556	556
Independent Living Program	-	132,643	-	277	132,920
OYCC - CRO Projects	-	10,000	-	-	10,000
OYCC - OR. Youth Conservation	-	10,000	-	-	10,000
OYCC BLM Yaquina Head Proj	-	3,057	-	-	3,057
OYCC Benton Comm Stewardship	-	15,000	-	-	15,000
OYCC Lincoln Comm Stewardship	-	15,000	-	-	15,000
OYCC Youthbuild School Year	-	10,000	-	-	10,000
Weatherization Training PGM	10,626	-	23,184	-	23,184
JOBS	31	188,242	-	-	188,242
Back To Work Oregon	(2)	-	-	-	-
Back to Work Oregon - ONWIB	-	53	-	-	53
Back to Work Oregon - Incite	-	7,627	-	-	7,627
Benton County Foundation	-	1,380	-	-	1,380
Boys & Girls Club - Santiam - Youth Dev	-	52,175	-	-	52,175
Lincoln City - Youth Dev Coalition	-	928	-	49,600	50,528
YDC - Benton County Youth and Innovation	-	50,000	-	-	50,000
Youthbuild Donations	242	43,123	-	-	43,123
YB AMC 14-15	-	81,336	-	-	81,336
YB AMC 15-16	-	20,581	-	-	20,581
Youthbuild FFS Construction	-	11,654	-	2,394	14,048
Lincoln County Charter School	71,315	10	383,853	-	383,863
Lincoln County Youth - Donations	6,265	12,200	-	2,800	15,000
Oregon Dept of Transportation - NRC	900	-	-	-	-
Lincoln Soil and Water Conservation - NRC	-	5,285	-	-	5,285
WIA Adult	1	-	-	-	-
ONWIB - Adult - Benton	-	103,669	-	-	103,669
ONWIB - Adult - Lincoln	-	73,101	-	-	73,101
Incite - Adult - Linn	-	196,962	-	-	196,962
WIA Youth	1	-	-	-	-
ONWIB - Youth - Benton	-	174,499	-	-	174,499
ONWIB - Youth - Lincoln	-	119,979	-	-	119,979
INCITE - Youth - Linn	-	291,596	-	-	291,596
WIA Student Enterprises	(1)	-	-	1,275	1,275
WIA Dislocated Worker	(1)	-	-	-	-
ONWIB - DW - Benton	-	87,293	-	-	87,293
ONWIB - DW - Lincoln	-	87,752	-	-	87,752
INCITE - DW - Linn	-	200,872	-	-	200,872
Job Driven Neg - ONWIB	-	1,199	-	-	1,199
WIA Local Admin Activities	1	-	-	-	-
WIA Closeout Admin - FY 16	-	30,500	-	-	30,500
WIA - 2% Transition Costs	(1)	-	-	-	-
HELPS	-	-	-	60	60
Juan Young Trust - Helps NRO	908	-	-	-	-
Trust Management - Career Tech	10,000	-	-	-	-
Trust Management - NRO -NRC	-	10,000	-	-	10,000
<i>Total</i>	<u>\$ 193,900</u>	<u>\$ 2,047,953</u>	<u>\$ 407,037</u>	<u>\$ 59,346</u>	<u>\$ 2,514,336</u>

Expenditures

<u>Administration</u>	<u>Program</u>	<u>Total Expenditures</u>	<u>Net Change in Fund Balance</u>	<u>Transfers</u>	<u>Ending Fund Balance</u>
\$ 458	\$ 2,468	\$ 2,926	\$ (2,571)	\$ -	\$ 6,194
57,962	538	58,500	(58,500)	42,752	-
9,061	3,798	12,859	(10,593)	-	933
1,859	26,199	28,058	(27,502)	(30,074)	-
17,668	115,252	132,920	-	-	-
1,000	9,000	10,000	-	-	-
1,000	9,000	10,000	-	-	-
306	2,751	3,057	-	-	-
1,500	13,500	15,000	-	-	-
1,500	13,500	15,000	-	-	-
1,000	9,000	10,000	-	-	-
2,614	16,327	18,941	4,243	(14,869)	-
28,821	165,662	194,483	(6,241)	6,210	-
-	-	-	-	2	-
-	53	53	-	-	-
693	6,934	7,627	-	-	-
-	1,380	1,380	-	-	-
-	52,175	52,175	-	-	-
919	49,609	50,528	-	-	-
5,138	44,862	50,000	-	-	-
6,707	43,837	50,544	(7,421)	7,179	-
4,053	77,283	81,336	-	-	-
1,028	19,553	20,581	-	-	-
3,611	23,410	27,021	(12,973)	12,973	-
42,502	325,363	367,865	15,998	-	87,313
5,256	16,009	21,265	(6,265)	-	-
-	900	900	(900)	-	-
900	4,385	5,285	-	-	-
-	-	-	-	(1)	-
7,226	96,442	103,668	1	-	1
6,098	67,002	73,100	1	-	1
15,469	181,493	196,962	-	-	-
-	1	1	(1)	-	-
13,024	161,475	174,499	-	-	-
9,147	110,832	119,979	-	-	-
20,966	270,630	291,596	-	-	-
-	480	480	795	(794)	-
-	-	-	-	1	-
6,802	80,491	87,293	-	-	-
6,205	81,548	87,753	(1)	-	(1)
15,374	185,498	200,872	-	-	-
-	1,198	1,198	1	-	1
-	-	-	-	(1)	-
30,165	335	30,500	-	-	-
-	-	-	-	1	-
60	-	60	-	-	-
908	-	908	(908)	-	-
1,000	9,000	10,000	(10,000)	-	-
1,000	9,000	10,000	-	-	-
<u>\$ 329,000</u>	<u>\$ 2,308,173</u>	<u>\$ 2,637,173</u>	<u>\$ (122,837)</u>	<u>\$ 23,379</u>	<u>\$ 94,442</u>

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

YEAR ENDED JUNE 30, 2016

	<i>Revenues</i>				<i>Total Revenues</i>
	<i>Beginning Fund Balance</i>	<i>Operating Grants/ Contributions</i>	<i>Fees for Service</i>	<i>Other</i>	
CSBG CY15	\$ -	\$ 45,554	\$ -	\$ -	\$ 45,554
CSBG CY16	-	17,706	-	-	17,706
Linn-Benton Food Share	1,987,428	8,453,752	-	335,889	8,789,641
Oregon Hunger Response Fund	-	49,617	-	-	49,617
USDA Cash for Commodities	-	29,616	-	-	29,616
USDA Commodity Foods*	(12,655)	481,935	-	-	481,935
Benton County	-	24,000	-	-	24,000
Linn County	-	17,100	-	-	17,100
City of Corvallis	-	30,000	-	-	30,000
Miscellaneous Grants	160,215	51,646	-	-	51,646
Warehouse Building Fund	87,435	-	-	-	-
Warehouse Expansion Reserve	373,101	500	-	-	500
Food Recovery	49,774	2,128	-	-	2,128
LBFS Truck Reserve	3,587	-	-	-	-
Intentional Production	-	-	-	9,020	9,020
SHAP	-	16,000	-	-	16,000
<i>Total</i>	<i>\$ 2,648,885</i>	<i>\$ 9,219,554</i>	<i>\$ -</i>	<i>\$ 344,909</i>	<i>\$ 9,564,463</i>

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

Expenditures

<i>Administration</i>	<i>Food Programs</i>	<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
\$ -	\$ 45,554	\$ 45,554	\$ -	\$ -	\$ -
-	17,706	17,706	-	-	-
48,949	8,584,179	8,633,128	156,513	(6,000)	2,137,941
2,850	46,767	49,617	-	-	-
-	29,616	29,616	-	-	-
-	476,217	476,217	5,718	-	(6,937)
3,480	20,520	24,000	-	-	-
3,377	13,723	17,100	-	-	-
4,539	25,461	30,000	-	-	-
361	23,771	24,132	27,514	-	187,729
-	-	-	-	6,000	93,435
-	15	15	485	-	373,586
-	49,648	49,648	(47,520)	-	2,254
-	-	-	-	-	3,587
-	7,969	7,969	1,051	-	1,051
2,094	13,906	16,000	-	-	-
\$ 65,650	\$ 9,355,052	\$ 9,420,702	\$ 143,761	\$ -	\$ 2,792,646

COMMUNITY SERVICES CONSORTIUM

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

CHILD DEVELOPMENT SERVICES

YEAR ENDED JUNE 30, 2016

	<i>Beginning Fund Balance</i>	<i>Revenues</i>	
		<i>Operating Grants/ Contributions</i>	<i>Total Revenues</i>
CSBG - CDS	\$ -	\$ 25,000	\$ 25,000
Head Start Oregon Pre K	-	530,657	530,657
Head Start Building Repair	871	-	-
Spirit Mountain Donations	6,166	49,500	49,500
Lincoln County - Staffing Assistance	-	5,455	5,455
Head Start HHS 10/14 - 9/15	-	165,469	165,469
Head Start HHS 10/15 - 9/16	-	806,001	806,001
Subtotal	7,037	1,582,082	1,582,082
Head Start in Lincoln County - 501(c)(3)	49,607	5,715	5,715
<i>Total</i>	\$ 56,644	\$ 1,587,797	\$ 1,587,797

Expenditures

<i>Administration</i>	<i>Program</i>	<i>Total Expenditures</i>	<i>Net Change in Fund Balance</i>	<i>Transfers</i>	<i>Ending Fund Balance</i>
\$ 5,000	\$ 20,000	\$ 25,000	\$ -	\$ -	\$ -
68,650	462,007	530,657	-	-	-
-	-	-	-	-	871
4,500	45,000	49,500	-	-	6,166
-	5,455	5,455	-	-	-
21,023	144,446	165,469	-	-	-
99,288	706,713	806,001	-	-	-
198,461	1,383,621	1,582,082	-	-	7,037
460	3,970	4,430	1,285	-	50,892
\$ 198,921	\$ 1,387,591	\$ 1,586,512	\$ 1,285	\$ -	\$ 57,929

COMMUNITY SERVICES CONSORTIUM

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MISCELLANEOUS GRANTS
YEAR ENDED JUNE 30, 2016**

	<i>Revenues</i>		
	<i>Beginning Fund Balance</i>	<i>Operating Grants</i>	<i>Total Revenues</i>
CSBG Resource Development	-	113,708	113,708
CSBG CY16	-	19,798	19,798
CSBG Discretionary	-	3,306	3,306
OHA - Outreach and Enrollment	-	75,000	75,000
<i>Total</i>	<i>\$ -</i>	<i>\$ 211,812</i>	<i>\$ 211,812</i>

<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>
4,563	109,146	113,709	(1)	-	(1)
19,797	-	19,797	1	-	1
3,306	-	3,306	-	-	-
2,463	72,537	75,000	-	-	-
<u>\$ 30,129</u>	<u>\$ 181,683</u>	<u>\$ 211,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY SERVICES CONSORTIUM**COMBINING STATEMENT OF NET POSITION – FIDUCIARY FUND TYPE – AGENCY FUNDS**JUNE 30, 2016

	<i>Lincoln Regional Loan Fund</i>	<i>Linn Benton Revolving Loan</i>	<i>Adair Village CDBG</i>	<i>Lincoln City CDBG</i>	<i>City of Toledo CDBG</i>
<i>ASSETS</i>					
Cash and investments	\$211,563	\$ 194,054	\$ 18,209	\$ -	\$124,949
Loans receivable	682,157	623,331	70,387	443,372	91,937
<i>Total Assets</i>	<u>\$893,720</u>	<u>\$ 817,385</u>	<u>\$ 88,596</u>	<u>\$443,372</u>	<u>\$216,886</u>
<i>LIABILITIES</i>					
Due to Community Housing Services	<u>\$893,720</u>	<u>\$ 817,385</u>	<u>\$ 88,596</u>	<u>\$443,372</u>	<u>\$216,886</u>
<i>Total Liabilities</i>	<u>\$893,720</u>	<u>\$ 817,385</u>	<u>\$ 88,596</u>	<u>\$443,372</u>	<u>\$216,886</u>

<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>
\$ -	\$ -	\$ (58)	\$140,796	\$ -	\$ -	\$ 689,513
140,434	663,230	475,946	475,922	696,894	48,510	4,412,120
<u>\$140,434</u>	<u>\$663,230</u>	<u>\$475,888</u>	<u>\$616,718</u>	<u>\$696,894</u>	<u>\$ 48,510</u>	<u>\$ 5,101,633</u>
<u>\$140,434</u>	<u>\$663,230</u>	<u>\$475,888</u>	<u>\$616,718</u>	<u>\$696,894</u>	<u>\$ 48,510</u>	<u>\$ 5,101,633</u>
<u>\$140,434</u>	<u>\$663,230</u>	<u>\$475,888</u>	<u>\$616,718</u>	<u>\$696,894</u>	<u>\$ 48,510</u>	<u>\$ 5,101,633</u>

COMMUNITY SERVICES CONSORTIUM

COMBINING STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND TYPE – AGENCY FUNDS
YEAR ENDED JUNE 30, 2016

	<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, 2015</i>	\$ -	\$ 797,508	\$ 728,172	\$ 88,596	\$ 502,886
Additions					
Collected during current year	-	-	-	-	-
Transfers in	-	104,954	98,236	-	-
Other additions	6,269	555	598	-	-
Loan repayments	-	806	7,083	-	-
	<u>6,269</u>	<u>106,315</u>	<u>105,917</u>	<u>-</u>	<u>-</u>
Deductions					
Transfers out	-	-	-	-	59,514
Other deductions	6,269	9,297	9,620	-	-
New amounts made available to loan	-	806	7,084	-	-
	<u>6,269</u>	<u>10,103</u>	<u>16,704</u>	<u>-</u>	<u>59,514</u>
<i>Balance June 30, 2016</i>	<u>\$ -</u>	<u>\$ 893,720</u>	<u>\$ 817,385</u>	<u>\$ 88,596</u>	<u>\$ 443,372</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>
\$ 243,064	\$ 140,434	\$ 692,599	\$ 475,888	\$ 662,158	\$ 749,533	\$ 64,738	\$ 5,155,576
11,915	-	-	-	-	-	-	11,915
-	-	-	-	-	-	-	203,190
6,125	-	-	-	-	-	-	7,278
73,913	-	-	-	-	-	-	81,802
91,953	-	-	-	-	-	-	304,185
-	-	29,369	-	45,440	52,639	16,228	203,190
44,218	-	-	-	-	-	-	73,135
73,913	-	-	-	-	-	-	81,803
118,131	-	29,369	-	45,440	52,639	16,228	358,128
\$ 216,886	\$ 140,434	\$ 663,230	\$ 475,888	\$ 616,718	\$ 696,894	\$ 48,510	\$ 5,101,633

STATISTICAL SECTION

COMMUNITY SERVICES CONSORTIUM (CSC)

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Demographic and Economic Information

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

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

STATISTICAL SECTION

FINANCIAL TRENDS

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities				
Investment in capital assets	\$ 3,885,373	\$ 4,020,329	\$ 4,275,108	\$ 4,395,361
Restricted	2,732,290	2,655,109	2,202,276	2,709,696
Unrestricted	<u>(2,982,813)</u>	<u>(1,095,877)</u>	<u>(53,990)</u>	<u>150,250</u>
Total Net Position	<u>\$ 3,634,850</u>	<u>\$ 5,579,561</u>	<u>\$ 6,423,394</u>	<u>\$ 7,255,307</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 4,534,314	\$ 3,786,264	\$ 3,771,555	\$ 3,221,558	\$ 1,733,160	\$ 1,808,644
2,392,488	2,272,834	2,622,005	2,709,156	3,024,848	2,360,859
<u>908,667</u>	<u>709,898</u>	<u>276,097</u>	<u>262,130</u>	<u>248,723</u>	<u>255,194</u>
<u>\$ 7,835,469</u>	<u>\$ 6,768,996</u>	<u>\$ 6,669,657</u>	<u>\$ 6,192,844</u>	<u>\$ 5,006,731</u>	<u>\$ 4,424,697</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses				
Governmental activities:				
Workforce and education	\$ 3,308,762	\$ 2,844,473	\$ 2,674,387	\$ 2,575,053
Weatherization***	-	1,124,872	1,149,804	1,335,908
Emergency services***	-	3,822,670	4,119,090	4,136,330
Housing and energy services	6,724,386	-	-	-
Housing rehabilitation**	-	68,515	351,574	727,252
Child development services	2,083,866	1,088,529	1,224,532	1,323,522
Food programs	9,617,410	9,245,825	9,750,167	9,072,553
Retired and senior volunteers*	-	-	-	129,238
Miscellaneous programs	259,281	269,523	119,237	163,707
Administration	640,696	1,492,078	1,924,508	2,066,891
Total governmental activities expenses	<u>22,634,401</u>	<u>19,956,485</u>	<u>21,313,299</u>	<u>21,530,454</u>
Program Revenues				
Governmental activities:				
Grants and contracts	19,731,074	21,110,182	20,551,517	20,029,785
Fees for services	525,159	558,144	416,373	909,850
General revenues:				
Interest	11,808	4,778	7,479	10,657
Sales of house and other assets	-	31,046	-	-
Total governmental activities program revenues	<u>20,268,041</u>	<u>21,704,150</u>	<u>20,975,369</u>	<u>20,950,292</u>
Extraordinary Item - transfer to CHS	<u>-</u>	<u>-</u>	<u>(493,983)</u>	<u>-</u>
Total Change in Net Position	<u>\$ (2,366,360)</u>	<u>\$ 1,747,665</u>	<u>\$ (831,913)</u>	<u>\$ (580,162)</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 3,108,337	\$ 5,278,519	\$ 6,441,682	\$ 4,403,039	\$ 4,676,578	\$ 5,578,603
3,224,953	2,282,750	2,033,711	1,344,917	884,679	854,264
4,711,932	5,517,482	5,993,035	4,886,597	3,544,412	3,043,521
-	-	-	-	-	-
802,144	1,423,212	1,300,741	1,398,821	1,410,755	1,412,293
1,311,282	1,173,940	1,596,804	1,401,874	1,613,622	1,376,038
9,543,203	7,905,891	8,337,625	8,394,943	7,997,334	8,652,019
130,727	190,533	207,425	214,813	183,752	-
281,131	234,806	376,920	172,454	241,844	187,082
<u>2,218,087</u>	<u>2,245,267</u>	<u>2,237,542</u>	<u>2,165,064</u>	<u>1,303,150</u>	<u>915,494</u>
<u>25,331,796</u>	<u>26,252,400</u>	<u>28,525,485</u>	<u>24,382,522</u>	<u>21,856,126</u>	<u>22,019,314</u>
25,460,982	25,217,647	27,850,884	24,290,332	21,625,431	21,524,612
912,288	1,125,963	1,138,336	1,255,349	772,544	1,137,549
11,833	6,627	13,078	22,948	40,185	38,127
<u>13,166</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,264</u>
<u>26,398,269</u>	<u>26,351,737</u>	<u>29,002,298</u>	<u>25,568,629</u>	<u>22,438,160</u>	<u>22,818,552</u>
-	-	-	-	-	-
<u>\$ 1,066,473</u>	<u>\$ 99,337</u>	<u>\$ 476,813</u>	<u>\$ 1,186,107</u>	<u>\$ 582,034</u>	<u>\$ 799,238</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Restricted	2,500	-	-	-
Nonspendable	10,913	11,385	11,939	13,608
Unassigned	622,392	590,988	477,117	413,917
Total general fund	<u>635,805</u>	<u>602,373</u>	<u>489,056</u>	<u>427,525</u>
All Other Governmental Funds				
Reserved, reported in:				
Special revenue funds	-	-	-	-
Nonspendable	380,062	450,582	381,517	318,499
Restricted	2,729,790	2,655,109	2,202,276	2,709,696
Assigned	930,388	751,905	762,399	644,842
Unassigned	-	-	(179,589)	(177,555)
Total all other governmental funds	<u>4,040,240</u>	<u>3,857,596</u>	<u>3,166,603</u>	<u>3,495,482</u>
Total Fund Balance	<u><u>\$ 4,676,045</u></u>	<u><u>\$ 4,459,969</u></u>	<u><u>\$ 3,655,659</u></u>	<u><u>\$ 3,923,007</u></u>

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ -	\$ -	\$ 14,443	\$ 89,083	\$ (17,367)	\$ 13,215
-	-	261,654	173,053	231,356	241,979
-	-	-	-	-	-
20,644	10,423	-	-	-	-
361,590	285,203	-	-	-	-
<u>382,234</u>	<u>295,626</u>	<u>276,097</u>	<u>262,136</u>	<u>213,989</u>	<u>255,194</u>
-	-	2,914,484	2,878,271	3,059,582	2,360,859
432,723	345,088	-	-	-	-
2,392,488	2,272,834	-	-	-	-
809,659	537,832	-	-	-	-
-	(100)	-	-	-	-
<u>3,634,870</u>	<u>3,155,654</u>	<u>2,914,484</u>	<u>2,878,271</u>	<u>3,059,582</u>	<u>2,360,859</u>
<u>\$ 4,017,104</u>	<u>\$ 3,451,280</u>	<u>\$ 3,190,581</u>	<u>\$ 3,140,407</u>	<u>\$ 3,273,571</u>	<u>\$ 2,616,053</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues				
Grants and contracts	\$ 10,160,597	\$ 11,335,048	\$ 10,163,020	\$ 10,630,359
Contributions	853,985	934,374	895,289	851,903
Loan repayments	40,165	67,967	30,444	264,807
Fees for service	525,159	560,211	661,762	887,032
Commodity foods	8,190,209	8,404,858	8,687,104	7,882,273
Other	486,118	365,868	530,269	423,262
Sale of houses and other assets	-	169,867	-	-
Interest	11,808	4,778	7,479	10,656
Total Revenues	<u>20,268,041</u>	<u>21,842,971</u>	<u>20,975,367</u>	<u>20,950,292</u>
Expenditures				
Workforce and education	2,308,173	3,234,465	2,696,383	2,602,001
Weatherization***	-	1,305,197	1,149,804	1,335,908
Emergency services***	-	4,102,461	4,119,090	4,136,330
Housing and energy services***	5,608,792	-	-	-
Housing rehabilitation**	-	79,383	351,574	727,252
Child development services	1,387,591	1,367,898	1,224,532	1,323,522
Food programs	9,355,052	9,420,057	9,778,703	9,072,553
Retired and senior volunteers*	-	-	-	129,238
Miscellaneous programs	181,683	290,944	119,237	163,707
Interest expenses	-	-	-	-
Capital outlay	-	-	-	-
Administration	1,210,674	1,238,256	1,309,409	1,553,882
Total Expenditures	<u>20,051,965</u>	<u>21,038,661</u>	<u>20,748,732</u>	<u>21,044,393</u>
Transfer to CHS	<u>-</u>	<u>-</u>	<u>(493,983)</u>	<u>-</u>
Total Net Change in Fund Balance	<u>\$ 216,076</u>	<u>\$ 804,310</u>	<u>\$ (267,348)</u>	<u>\$ (94,101)</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 14,122,307	\$ 16,642,556	\$ 18,820,051	\$ 15,200,673	\$ 12,758,612	\$ 12,550,730
803,226	781,713	729,103	758,607	598,401	547,775
241,289	181,758	193,547	171,515	248,810	380,804
912,291	1,125,963	1,138,336	1,271,092	984,170	756,745
8,604,144	6,916,493	7,238,221	7,518,064	7,246,770	7,896,190
628,340	695,126	666,254	625,728	557,145	229,917
139,540	1,500	203,708	-	4,067	220,791
11,833	6,627	13,079	22,948	40,185	38,127
<u>25,462,970</u>	<u>26,351,736</u>	<u>29,002,299</u>	<u>25,568,627</u>	<u>22,438,160</u>	<u>22,621,079</u>
3,108,337	5,294,442	6,510,030	4,403,039	4,676,578	5,578,603
3,224,953	2,282,750	2,033,711	1,344,917	884,679	854,264
4,721,932	5,532,482	5,993,468	4,886,597	3,544,412	3,094,382
-	-	-	-	-	-
790,097	1,528,283	1,798,168	2,871,671	1,410,755	1,412,293
1,311,282	1,173,940	1,607,747	1,401,874	1,613,622	883,073
9,543,203	7,905,891	8,416,338	8,394,943	7,997,334	8,652,019
130,727	190,533	207,425	214,813	183,752	-
281,131	234,806	376,920	172,454	241,844	187,082
-	-	-	-	-	27,466
-	-	-	-	-	518,388
1,785,485	1,947,910	2,008,318	2,011,482	1,227,667	1,033,837
<u>24,897,147</u>	<u>26,091,037</u>	<u>28,952,125</u>	<u>25,701,790</u>	<u>21,780,643</u>	<u>22,241,407</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 565,823</u>	<u>\$ 260,699</u>	<u>\$ 50,174</u>	<u>\$ (133,163)</u>	<u>\$ 657,517</u>	<u>\$ 379,672</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>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
Grants and contracts	\$ 10,160,597	\$ 11,335,048	\$ 10,163,020	\$ 10,630,359	\$ 14,122,307
Contributions	853,985	934,374	895,289	851,903	803,226
Loan repayments	40,165	67,967	30,444	264,807	241,289
Fees for service	525,159	560,211	661,762	887,032	912,291
Commodity foods	8,190,209	8,404,858	8,687,104	7,882,273	8,604,144
Other	486,118	535,735	530,269	423,262	767,880
Interest	11,808	4,778	7,479	10,656	11,833
<i>Total Revenues</i>	<u>\$ 20,268,041</u>	<u>\$ 21,842,971</u>	<u>\$ 20,975,367</u>	<u>\$ 20,950,292</u>	<u>\$ 25,462,970</u>

Source: Comprehensive annual financial report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 16,642,556	\$ 18,820,051	\$ 15,200,673	\$ 12,758,612	\$ 12,550,730
781,713	729,103	758,607	598,401	547,775
181,758	193,547	171,515	248,810	380,804
1,125,963	1,138,336	1,271,092	984,170	756,745
6,916,493	7,238,221	7,518,064	7,246,770	7,896,190
696,626	869,962	625,728	561,212	450,708
6,627	13,079	22,948	40,185	38,127
<u>\$ 26,351,736</u>	<u>\$ 29,002,299</u>	<u>\$ 25,568,627</u>	<u>\$ 22,438,160</u>	<u>\$ 22,621,079</u>

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

<i>Function</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
<i>Current</i>				
Administration	\$ 1,210,674	\$ 1,238,256	\$ 1,309,409	\$ 1,553,882
Workforce and education	2,308,173	3,234,465	2,696,383	2,602,001
Weatherization***	-	1,305,197	1,149,804	1,335,908
Housing and energy services***	5,608,792	-	-	-
Emergency services	-	4,102,461	4,119,090	4,136,330
Housing rehabilitation**	-	79,383	351,574	727,252
Head Start	1,387,591	1,367,898	1,224,532	1,323,522
Food programs	9,355,052	9,420,057	9,778,703	9,072,553
Retired and senior volunteers*	-	-	-	129,238
Miscellaneous programs	181,683	290,944	119,237	163,707
<i>Total Current</i>	20,051,965	21,038,661	20,748,732	21,044,393
<i>Debt Service</i>				
Interest	-	-	-	-
<i>Total Debt Service</i>	-	-	-	-
<i>Total Expenditures</i>	<u>\$ 20,051,965</u>	<u>\$ 21,038,661</u>	<u>\$ 20,748,732</u>	<u>\$ 21,044,393</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>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
\$ 1,785,485	\$ 1,947,910	\$ 2,008,318	\$ 2,011,482	\$ 1,227,667	\$ 1,552,225
3,108,337	5,294,442	6,510,030	4,403,039	4,676,578	5,578,603
3,224,953	2,282,750	2,033,711	1,344,917	884,679	854,264
-	-	-	-	-	-
4,721,932	5,532,482	5,993,468	4,886,597	3,544,412	3,094,382
790,097	1,528,283	1,798,168	2,871,671	1,410,755	1,412,293
1,311,282	1,173,940	1,607,747	1,401,874	1,613,622	883,073
9,543,203	7,905,891	8,416,338	8,394,943	7,997,334	8,652,019
130,727	190,533	207,425	214,813	183,752	-
281,131	234,806	376,920	172,454	241,844	187,082
24,897,147	26,091,037	28,952,125	25,701,790	21,780,643	22,213,941
-	-	-	-	-	27,466
-	-	-	-	-	27,466
<u>\$ 24,897,147</u>	<u>\$ 26,091,037</u>	<u>\$ 28,952,125</u>	<u>\$ 25,701,790</u>	<u>\$ 21,780,643</u>	<u>\$ 22,241,407</u>

STATISTICAL SECTION

REVENUE CAPACITY

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Function/Program				
General Fund				
Grants and contracts	\$ 5,281	\$ 1,186	\$ 26,822	\$ 99,996
Contributions	56,391	89,494	31,462	12,063
Other	64,149	34,818	41,875	36,637
Interest	<u>11,808</u>	<u>4,778</u>	<u>7,479</u>	<u>7,813</u>
<i>Subtotal General Revenues</i>	<u>137,629</u>	<u>130,276</u>	<u>107,638</u>	<u>156,509</u>
Governmental activities:				
Grants and contracts	10,155,316	11,333,862	10,136,198	10,530,363
Contributions	797,594	844,880	863,827	839,840
Loan repayments	40,165	67,967	30,444	264,807
Fees for service	525,159	560,211	661,762	887,032
Commodity foods	8,190,209	8,404,858	8,687,104	7,882,273
Other	421,969	331,050	488,394	386,625
Sale of houses and other assets	-	169,867	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,843</u>
<i>Subtotal Special Revenues</i>	<u>20,130,412</u>	<u>21,712,695</u>	<u>20,867,729</u>	<u>20,793,783</u>
Total Revenues	<u>\$ 20,268,041</u>	<u>\$ 21,842,971</u>	<u>\$ 20,975,367</u>	<u>\$ 20,950,292</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 126,416	\$ -	\$ -	\$ -	\$ -	\$ -
11,810	8,410	5,100	2,550	1,200	954
26,840	6,105	84	2,016	1,573	87
6,141	5,137	10,586	22,266	39,415	37,204
<u>171,207</u>	<u>19,652</u>	<u>15,770</u>	<u>26,832</u>	<u>42,188</u>	<u>38,245</u>
13,995,891	16,642,556	18,820,051	15,200,673	12,758,612	12,550,730
791,416	773,303	724,003	756,057	597,201	546,821
241,289	181,758	193,547	171,515	248,810	380,804
912,291	1,125,963	1,138,336	1,271,092	984,170	756,745
8,604,144	6,916,493	7,238,221	7,518,064	7,246,770	7,896,190
601,500	689,021	666,170	623,712	555,572	229,830
139,540	1,500	203,708	-	4,067	220,791
5,692	1,490	2,493	682	770	923
<u>25,291,763</u>	<u>26,332,084</u>	<u>28,986,529</u>	<u>25,541,795</u>	<u>22,395,972</u>	<u>22,582,834</u>
<u>\$ 25,462,970</u>	<u>\$ 26,351,736</u>	<u>\$ 29,002,299</u>	<u>\$ 25,568,627</u>	<u>\$ 22,438,160</u>	<u>\$ 22,621,079</u>

STATISTICAL SECTION
DEMOGRAPHIC AND ECONOMIC
INFORMATION

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		
2007	3,745,455	\$ 133,821,268	\$ 35,143	5.2%	12.9%
2008	3,791,075	140,948,951	35,956	5.1%	13.6%
2009	3,823,465	135,474,469	36,365	6.4%	14.3%
2010	3,837,300	139,841,938	35,667	10.3%	15.8%
2011	3,856,815	145,299,628	37,744	9.7%	17.5%
2012	3,857,625	152,489,633	39,105	8.6%	17.3%
2013	3,883,735	155,147,986	39,498	8.7%	17.1%
2014	3,919,020	165,559,773	41,690	7.7%	16.7%
2015	3,962,710	176,401,260	43,783	6.9%	9.9%
2016	4,013,845	N/A	N/A	5.7%	N/A

Benton County		Total	Per	Unemployment	Percentage of
Year	Population	Personal	Capita	Rate	Population Living
		Income	Personal		In Poverty
			Income		
2007	85,300	\$ 3,012,941	\$ 36,398	4.1%	19.3%
2008	86,120	3,160,392	36,937	6.4%	18.5%
2009	86,725	3,132,559	37,755	7.6%	15.6%
2010	85,735	3,193,015	37,922	7.0%	18.9%
2011	85,995	3,306,025	38,439	6.5%	21.8%
2012	85,995	3,254,364	37,675	6.4%	23.4%
2013	86,785	3,283,247	38,195	6.1%	23.8%
2014	87,725	3,426,549	39,698	5.8%	22.7%
2015	88,740	N/A	N/A	5.3%	9.1%
2016	90,005	N/A	N/A	4.3%	N/A

Linn County					
Year	Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate	Percentage of Population Living In Poverty
2007	109,320	\$ 3,292,512	\$ 28,153	6.4%	14.0%
2008	110,185	3,459,740	28,676	6.5%	14.1%
2009	110,865	3,433,550	29,273	15.2%	14.6%
2010	116,840	3,411,859	29,451	12.8%	14.9%
2011	117,340	3,530,136	29,882	11.8%	19.2%
2012	117,340	3,667,273	30,984	11.0%	19.8%
2013	118,035	3,739,110	31,483	10.9%	19.0%
2014	118,665	4,086,613	34,239	9.7%	19.5%
2015	119,705	N/A	N/A	8.3%	12.2%
2016	120,860	N/A	N/A	6.9%	N/A

Lincoln County					
Year	Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate	Percentage of Population Living In Poverty
2007	44,360	\$ 1,497,500	\$ 31,796	5.6%	17.1%
2008	44,715	1,557,959	32,530	6.5%	16.7%
2009	44,700	1,565,174	33,485	10.8%	16.5%
2010	46,135	1,550,294	33,810	10.9%	17.0%
2011	46,060	1,611,429	35,119	9.6%	14.8%
2012	46,155	1,678,713	36,374	8.9%	15.6%
2013	46,295	1,718,619	37,079	9.3%	16.8%
2014	46,560	1,681,133	36,227	8.2%	17.1%
2015	46,890	N/A	N/A	8.0%	N/A
2016	47,225	N/A	N/A	6.8%	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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Population					
Benton	90,005	88,740	87,725	86,785	85,995
Linn	120,860	119,705	118,655	118,035	117,340
Lincoln	47,225	46,890	46,560	46,295	46,155
Employees					
Non-management (represented) employees	85	87	79	88	107
Management (exempt) employees	16	16	17	19	15
Total FTE	<u>101</u>	<u>103</u>	<u>96</u>	<u>107</u>	<u>122</u>
Employees by Function					
Administration	4	4	4	4	6
Finance	5	4	4	4	4
Technology	3	3	3	3	3
Workforce Investment Board	-	-	-	-	2
Community Resource Development	2	2	3	3	4
Child Development Services	20	20	19	21	19
Workforce and Education	29	33	25	27	34
Emergency Services	23	20	20	20	22
Housing and Community Resources	8	10	11	16	19
Linn Benton Food Share / Gleaning	7	7	7	7	7
Retired and Senior Volunteers	-	-	-	2	2
	<u>101</u>	<u>103</u>	<u>96</u>	<u>107</u>	<u>122</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.

<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
-------------	-------------	-------------	-------------

85,995	85,735	86,725	86,120
117,340	116,840	110,865	110,815
46,060	46,135	44,700	44,715

132	128	106	100
23	24	27	30
<u>155</u>	<u>152</u>	<u>133</u>	<u>130</u>

5	5	5	5
6	6	5	5
3	3	3	2
2	2	2	2
3	3	2	2
18	20	21	26
59	60	50	48
24	22	20	17
25	21	15	14
7	7	7	7
3	3	3	2
<u>155</u>	<u>152</u>	<u>133</u>	<u>130</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, 2016, and have issued our report thereon dated December 21, 2016.

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 21, 2016

FEDERAL COMPLIANCE SECTION

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

	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	\$ 29,617
Temporary Emergency Food Assistance Program - Commodities	10.569	Oregon Food Bank	unknown	<u>476,217</u>
<i>Total Food Distribution Cluster</i>				505,834
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	58,016
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	<u>22,209</u>
Total Child and Adult Care Food Program				<u>80,225</u>
Total U.S. Department of Agriculture				586,059
<u>U.S. Department of Housing and Urban Development</u>				
Continuum of Care HUD	14.267	Direct	OR0075L0E051407	71,560
Continuum of Care HUD - Passport - CSC	14.267	Direct	OR0079L0E051205	34,286
Continuum of Care HUD - Passport - CSC 15-16	14.267	Direct	OR0079L0E051407	29,813
Continuum of Care HUD - CSC SHP - (succeeds LBHA)	14.267	Direct	OR0063L0E051304	46,702
Continuum of Care HUD - CSC SHP 15-16	14.267	Direct	OR0063L0E051405	<u>94,513</u>
Total Continuum of Care				276,874
<i>CDBG - Entitlement Grants Cluster</i>				
CDBG Albany Rehab - Contracted Services	14.218	City of Albany	B-13-MC-41-0011	5,300
ESGP - Emergency Shelter Grant Program	14.231	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	153,506
Home Tenant Based Assistance	14.239	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	199,443
Fair Housing - LASO/FHCO	14.408	Legal Aid Services of Oregon	FH800G15011	<u>29,811</u>
Total U.S. Department of Housing and Urban Development				664,934

See notes to schedule of expenditures of federal awards.

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2016

	Federal CFDA Number	Pass Through Organization	Pass Through ID	Expenditures
<u>U.S. Department of the Interior - Bureau of Land Management</u>				
Oregon Youth Conservation Corps - BLM Yaquina Head Project	15.225	State of Oregon Higher Education Coordinating Commission	GRNT1109	\$ 3,057
<u>U.S. Department of Labor</u>				
JOB DRIVEN NEG - ONWIB	17.277	ONWIB	006-15	1,198
<i>WIA/WIOA Cluster</i>				
WIOA - Adult - Benton - ONWIB	17.258	ONWIB	001-15	103,667
WIOA - Adult - Lincoln - ONWIB	17.258	ONWIB	001-15	73,100
WIOA - Adult - Linn - INCITE	17.258	INCITE	002-16	196,962
WIA Closeout Admin - FY16	17.278	State of Oregon Higher Education Coordinating Commission	unknown	30,500
WIOA - Youth - Benton - ONWIB	17.259	ONWIB	001-15	174,499
WIOA - Youth - Lincoln - ONWIB	17.259	ONWIB	001-15	119,979
WIOA - Youth - Linn - INCITE	17.259	Incite	005-16	291,596
WIOA - DW - Benton - ONWIB	17.278	ONWIB	001-15	87,293
WIOA - DW - Lincoln - ONWIB	17.278	ONWIB	001-15	87,753
WIOA - DW - Linn - INCITE	17.278	Incite	002-16	200,872
<i>Total WIA/WIOA Cluster</i>				1,366,221
Veteran's Stand Down	17.805	Direct	SD-27717-15-60-5-41	7,000
Total U.S. Department of Labor				1,374,419
<u>U.S. Department of Veterans Affairs</u>				
Supportive Services for Veterans and Families SSVF	64.033	St. Vincent de Paul	GRNT # 01138	68,713
Supportive Services for Veterans and Families SSVF 15-16	64.033	St. Vincent de Paul	GRNT # 01138	228,169
Total U.S. Department of Veterans Affairs				296,882

See notes to schedule of expenditures of federal awards.

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2016

	Federal CFDA Number	Pass Through Organization	Pass Through ID	Expenditures
<u>U.S. Department of Energy</u>				
BPA - WX FFY15	81.XXX	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	\$ 84,741
BPA - ENERGY ED	81.XXX	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	8,896
Total BPA				93,637
DOE - WX FY14	81.042	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	135,083
Total U.S. Department of Energy				228,720
<u>U.S. Department of Health and Human Services</u>				
Headstart 2014-15	93.600	Direct	G-10CH0155/19	165,469
Headstart 2015-2016	93.600	Direct	G-10CH0155/20	747,985
Total Headstart				913,454
<i>TANF Cluster</i>				
Housing Stabilization Program / TANF 14-15	93.558	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	32,418
Community Services Block Grant - FFY15	93.569	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	47,057
Community Services Block Grant - FFY16	93.569	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	226,629
Community Services Block Grant - Discretionary	93.569	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	3,306
Total Community Services Block Grant				276,992
LIHEAP - Low Income Energy Assistance	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	1,570,925
LIHEAP - Weatherization - Energy ED	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	2,496
LIHEAP - WX EE	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	2,848
LIHEAP - Education	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	134,685
LIHEAP - Weatherization	93.568	Oregon Housing and Community Services	OHCS MGA 15-17 #4226	344,105
Total LIHEAP				2,055,059
Total U.S. Department of Health and Human Services				3,277,923

See notes to schedule of expenditures of federal awards.

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 YEAR ENDED JUNE 30, 2016

	Federal CFDA Number	Pass Through Organization	Pass Through ID	Expenditures
<u>Corporation for National and Community Service</u>				
Americorps - Youthbuild - 2014-2015	94.006	Youthbuild USA	13NDHMA0010035	\$ 81,336
Americorps - Youthbuild - 2015-2016	94.006	Youthbuild USA	13NDHMA0010035	20,581
Total Corporation for National and Community Service				<u>101,917</u>
Total Expenditures of Federal Awards				<u><u>\$ 6,533,911</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, 2016

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, 2016. 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
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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

CSC Governing Board
Community Services Consortium
Albany, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Community Services Consortium (CSC), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise CSC's basic financial statements, and have issued our report thereon dated December 21, 2016.

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.

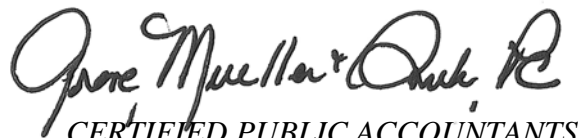
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 21, 2016



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2016. 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, 2016.

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 21, 2016

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

10.568/10.569
93.600

Food Distribution Cluster
Head Start

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