COMMUNITY SERVICES CONSORTIUM
FINANCIAL STATEMENTS
Year Ended June 30, 2021

Pegge McGuire - Executive Director

Prepared by
Katie Henry - Finance Director

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INTRODUCTORY SECTION

COMMUNITY SERVICES CONSORTIUM
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2021

GOVERNING BOARD

Member	***Title***
Benton County Commissioner's Office *Corvallis, Oregon 97339*	
Xan Augerot	Board Member and Executive Committee
Nancy Wyse	Board Member
Patrick Malone	Board Member
Lincoln County Commissioner's Office *Newport, Oregon 97365*	
Claire Hall	Board Chair and Executive Committee
Doug Hunt	Board Member
Kaety Jacobson	Board Member
Linn County Commissioner's Office *Albany, Oregon 97321*	
Sherrie Sprenger	Board Member
Roger Nyquist	Board Vice-Chair and Executive Committee
Will Tucker	Board Member

OFFICERS

Pegge McGuire
Executive Director

Martha Lyon
Director Emeritus

Katie Henry
Finance Director

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

FINANCIAL SECTION

GROVE, MUELLER & SWANK, P.C.
Certified Public Accountants and Consultants
475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

CSC Governing Board
Community Services Consortium
Albany, Oregon

Report on the Audit of 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, 2021, and the related notes to the financial statements, which collectively comprise CSC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Community Services Consortium as of June 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CSC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CSC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CSC's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 liability and related ratios 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 liability and related ratios 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.

The schedules of revenues, expenditures, and changes in fund balance – budget and actual as required supplementary information, 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 budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, 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.

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 27, 2023, 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
October 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. 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 $17.33 million in federal and federal pass-through grants, $9.92 million in state and local governmental grants and contracts, $6.3 million in value of donated food, $1.6 million in contributions, and about $0.12 million in other miscellaneous income, totaling $35.27 million. The vast majority of our grants are cost-reimbursement contracts, usually having a one- or two-year life before a new application for funding is required. These grants only cover costs actually incurred and have no potential to build up any reserves. Any fund balances generated are restricted to the program in which they were generated, with the sole exception of the general fund balance.

- As a Community Action Agency (CAA), the largest component of our funding is focused on alleviating the effects and eliminating the causes of poverty. As a grant-based organization, we are subject to uncertainties in both the federal and state budgets. We are directly affected when Congress does not pass a budget, confirm appropriations, adjust the debt ceiling or when there is a federal government shut down. Similarly, we are impacted when the State of Oregon experiences budget shortfalls as it has in recent history. Continuing volatility in state and federal funding makes long-term funding projections almost impossible, so we continue to operate on a fairly short-term planning cycle.

- We rely on a conservative estimate of revenues based on our considerable years of experience in these areas, but also have to be prepared to adjust the 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 uncertainties created by the pandemic continued through fiscal year 2021 (FY21) and continue to exacerbate the differences of our populations living in poverty versus those who are not. The spike in unemployment seen during FY20 decreased significantly during FY21 while still ending the year at double pre-pandemic rates.

This growing disparity makes our work more important as ever as we work to develop new programs to respond to our community members with the greatest needs. We continue to expand program offerings to include significant new resources in all of our work areas, especially rental and energy assistance. With the continuing pandemic as well as another year of devastating wildfires, our services remain in very high demand. We continue to collaborate with funders and other local agencies to address the significant need in the area.

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 include 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 expenses are therefore reported in this statement for some items in which the cash flows will occur in futures fiscal periods (such as unused vacation).

The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements:

Fund financial statements are also intended to give insight into CSC's overall financial health and report CSC's operations in more detail than the government-wide financial statements. CSC has only two fund types – governmental funds and fiduciary funds. The governmental funds are presented in six different departments.

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 25-42 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, 2021 was $3,520,047 reflecting a decrease of $1,564,043 (about 31%) from $5,084,090, at June 30, 2020 (See Table A). One of the largest drivers of CSC's net position are factors outside of CSC's control in regular operations, specifically a net pension liability of $9,022,558, reflecting an increase of nearly $2 million over the previous year. CSC anticipates continuing increases in the amount of contributions required in employment benefits over the next several years.

CSC's net position was benefited by continuing strong contributions. As a result of the pandemic CSC continued to see an increase in community support that has helped bolster programs at a time of great community need. CSC saw contributions grow during the fiscal year ended June 30, 2021 to over $1.6 million dollars.

Community Services Consortium's Net Position
TABLE A

	June 30, 2021	June 30, 2020
Current and other assets	$ 11,863,878	$ 9,173,776
Capital assets, net of depreciation	4,127,335	4,305,259
Total Assets	15,991,213	13,479,035
Deferred outflows related to pensions	2,342,028	1,840,367
Current and other liabilities	2,630,585	875,167
Noncurrent liabilities	2,800,695	1,568,203
Net pension liability	9,022,558	7,160,053
Total Liabilities	14,453,838	9,603,423
Deferred inflows related to pensions	359,355	631,889
Net Position		
Investment in capital assets	4,127,335	4,305,259
Restricted for grant programs	4,251,483	3,605,115
Unrestricted	(4,858,771)	(2,826,284)
Total Net Position	$ 3,520,047	$ 5,084,090

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 unassigned balance of $1,229,721 is truly unrestricted with virtually all other balances being restricted by grant conditions, donor restrictions, contractual arrangements, or management assignments for specified purposes.

Changes in net position: CSC's total revenues increased by $11,555,553 from $23,721,631 in FY20 to $35,277,190 in FY21. These revenue increases were primarily from federal grants from the U.S. Department of Treasury for COVID emergency relief and other CARES act funding.

CSC's total expenses increased $13,626,391 from $23,214,842 in FY20 to $36,841,233 in FY21. Personnel expenses increased about 17.2% from $8.51 million in FY20 to $9.97 million in FY21. Materials and services (M&S) increased significantly due to the amount of federal aid that was passed through to the community. M&S increased from $8.6 million in FY20 to $20.6 million in FY21. (See Table B).

Community Services Consortium's Changes in Net Position
TABLE B

	June 30, 2021	June 30, 2020
Program Revenues		
Fees for services	$ 123,121	$ 118,947
Operating grants and contracts	33,536,349	22,104,004
Contributed Capital		-
Contributions	1,601,702	1,456,029
	35,261,172	23,678,980
General Revenues		
Interest and other income	16,018	42,651
Total Revenues	35,277,190	23,721,631
Program Expenses		
Personal Services	9,969,907	8,508,193
Materials and Services	20,612,352	8,572,730
LBFS Donated Food	6,253,589	6,035,607
Capital Outlay	5,385	98,312
Total Expenses	36,841,233	23,214,842
Change in Net Position	(1,564,043)	506,789
Net position, beginning of year	5,084,090	4,577,301
Net Position, end of year	$ 3,520,047	$ 5,084,090

Figure A
Sources of Revenue for the Year Ended June 30, 2021

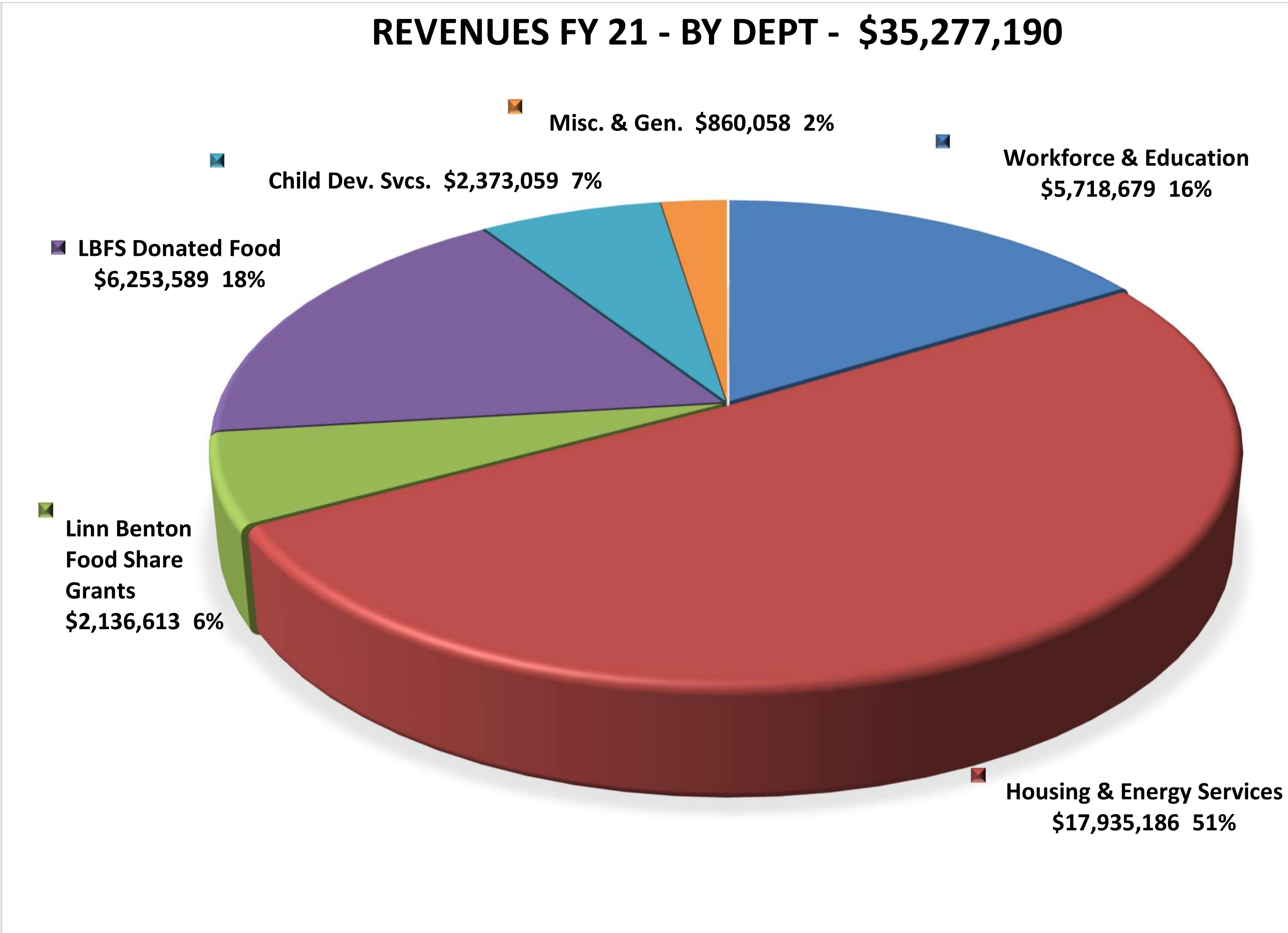
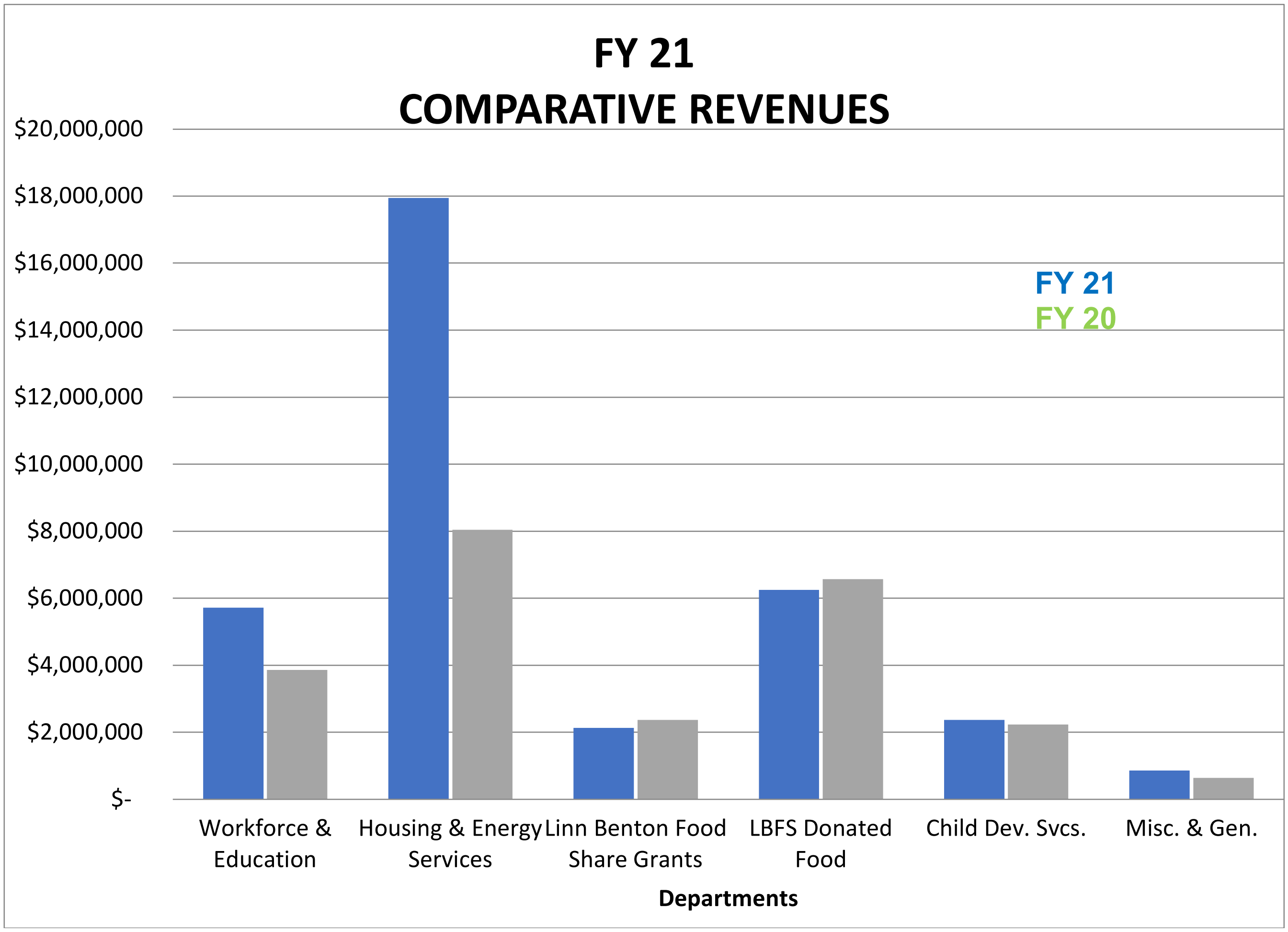


Figure B
Revenue Comparison for the Years Ended June 30, 2021 and 2020



Changes in Fund Balances – Governmental Funds

The **General Fund** increased overall by $132,702 primarily from contributions to a year-end total of $1,238,286.

The **Housing and Energy Services** fund increased by $167,850, which is made up of loan repayments of $98,556; weatherization fees for service of $123,120; and contributions of $28,955. Some of these resources were used during the year.

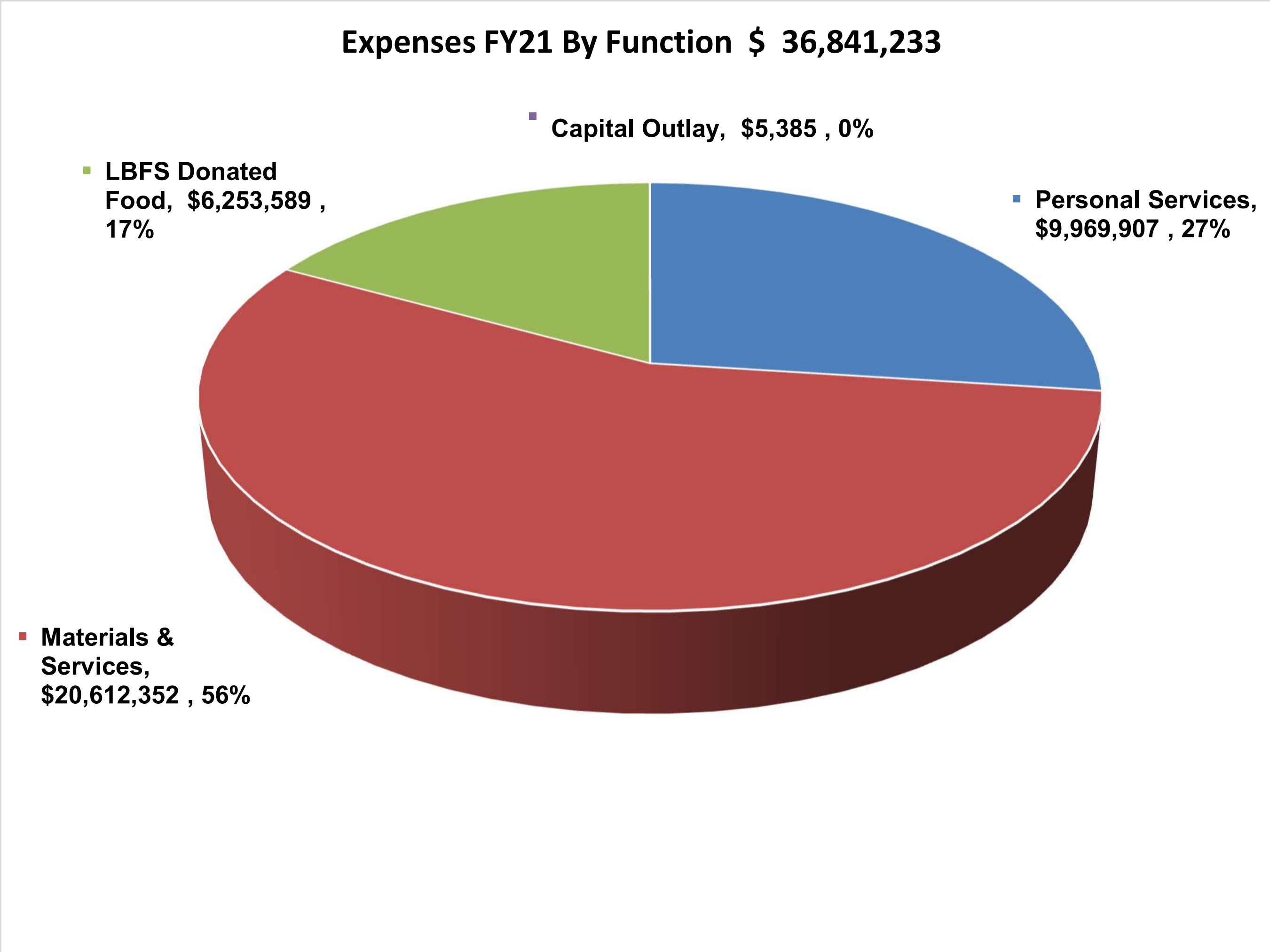
The **Workforce & Education** fund balance decreased by $76,672. This is due in large part to administrative costs that exceeded the maximum amount able to be billed to grants.

Linn Benton Food Share fund balance increased by $712,588 from contributions of cash and food. This department relies on fund balances in the event of a decrease in donor support as there are very few governmental funds supporting these programs.

Child Development Services had a negligeable decrease of $879.

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

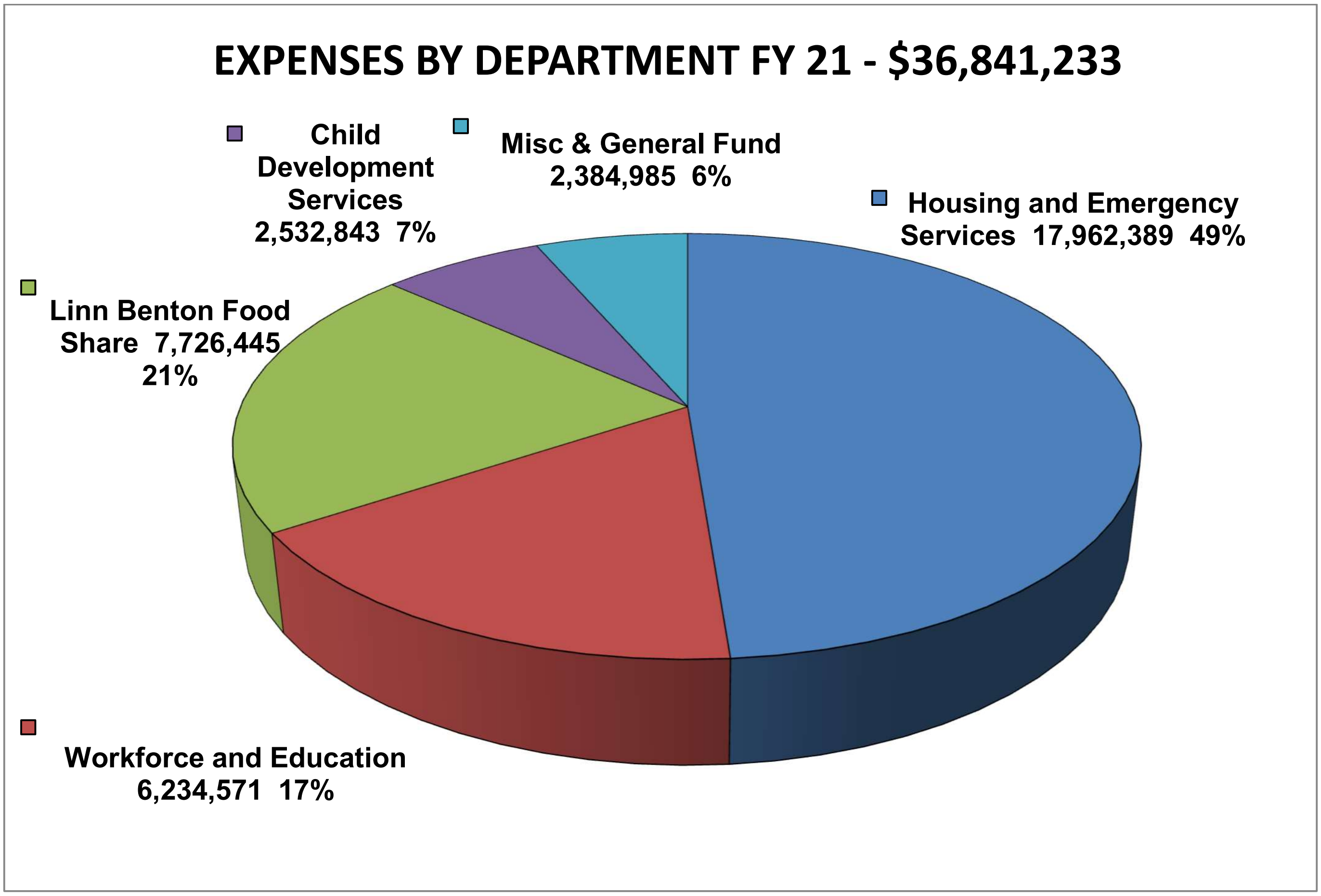
Figure C
Expenses by Function for the Year Ended June 30, 2021



The major reason for the $13.6 million expenditure increase (about 59%), was the large expansion in grant revenues available for COVID related expenses throughout the country. Personnel costs increased only minimally with regular increases in benefits and wages as staffing levels held steady from FY20 into FY21.

Of the total expenses for FY21 of $36.8 million, $12.8 million were made directly on behalf of participants in our programs. As a proportion of the FY21 materials and services costs of $26.8 million, direct assistance was $22.7 million (84%). The small amount of remaining expenses were operating expenses such as utilities, insurance, and rent to keep our agency open and serving clients.

Figure D
Expenses by Department for the Year Ended June 30, 2021



Two funds had significant changes in their FY21 activities, with one far exceeding the others.

Housing and Emergency Services saw a very large increase in COVID and CARES act funding. This reflected an increase in the expenses of grants of over $10 million. This level is not anticipated to continue far into the future but is impossible to predict how long increased support of the housing sector will continue at the federal level.

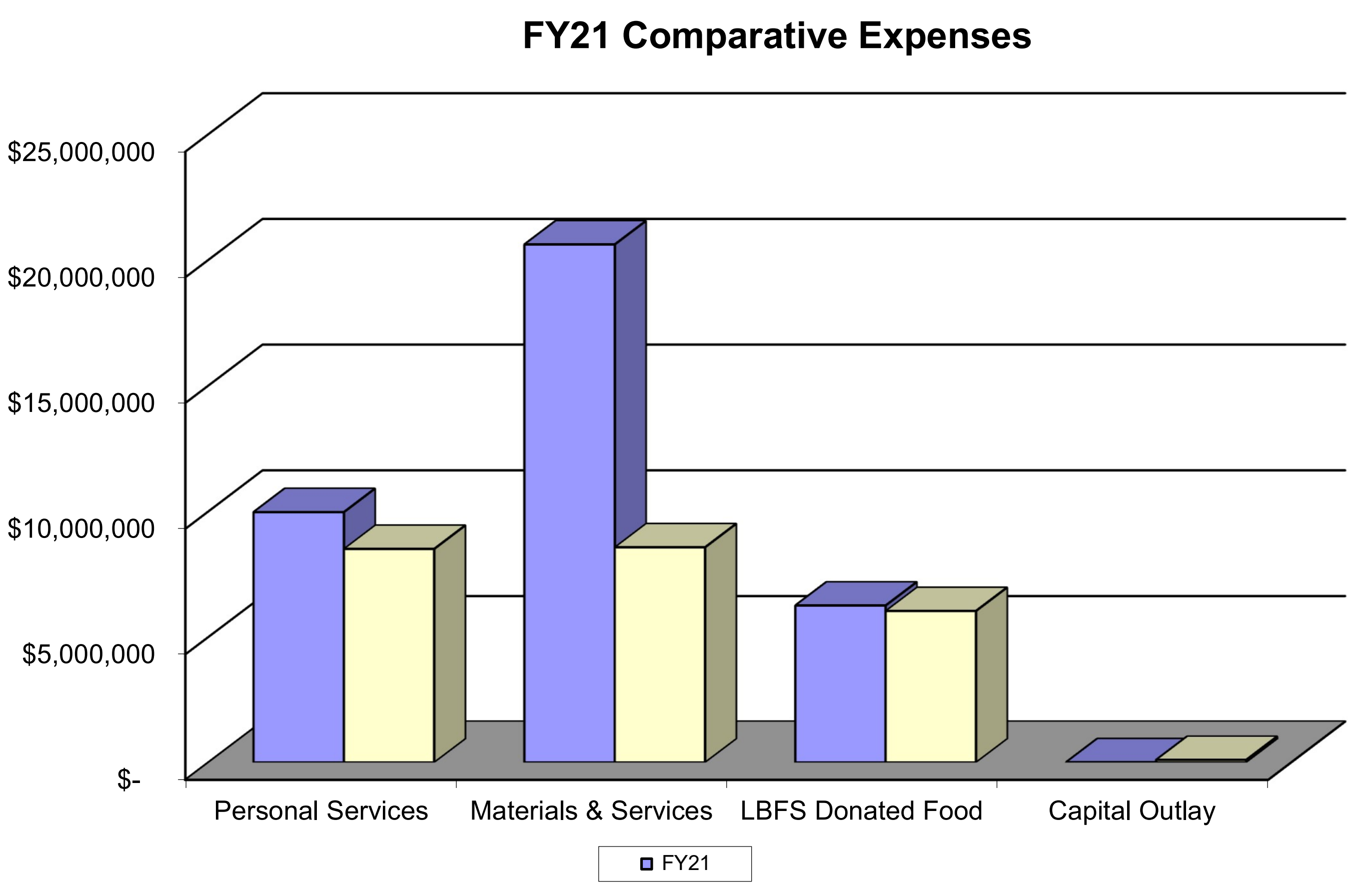
Workforce and Education saw increases of about $1.9 million with CARES act related funding from both the federal and state levels.

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 generally, with only grants whose award was almost certain included at the start of the fiscal year. Due to several unexpected new grant allotments throughout the year, CSC adopted 4 supplemental budgets, increasing the original budget $31,679,619 to a total of $60,537,474 as shown in the Required Supplementary Information for Budget and Actual on page 43 of this report. While actual figures varied from this quite significantly there are large amounts of funding that timing is nearly impossible to predict as we work with our funding partners. This applies to both funding from federal and state resources.

The following chart demonstrates a comparison of expenses between FY21 and FY20. Personal services decreased from 37% to 25% of total expenditures. Total materials and services increased from 63% to 75% of agency expenses in FY21, Services directly on behalf of our program participants, including food distributions, were about $22.7 million dollars, approximately 63% of the total annual expenses.

Figure E
Expense Comparison for the Years Ended June 30, 2021 and 2020



Capital Asset Administration

Total capital assets, net of accumulated depreciation, decreased $177,925 from $4,305,260 in FY20 to $4,127,335 in FY21. CSC's capital asset change is primarily due to depreciation of $177,925. More detailed information is included in the notes to the financial statements on page 33.

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

The sharp increase in grant funding during FY21 along with stringent tracking and reporting requirements for these funds, has CSC facing both positive and negative ramifications in the upcoming year. There remains a significant amount of funding, allowing CSC to continue the increased level of service offered in FY21. However, we have not increased staffing and without any indication as to how long funding will continue, it remains difficult for CSC to plan adequately. To compensate for the unknown funding as the pandemic hopefully winds down, it will likely be inevitable, at least for some time, to hire outside help in the form of contractors or temporary employees to bridge the staffing gap.

Another concern that may arise will be the need to train additional staff to address the new regulations and ever-changing guidance from state and federal funders. Since funds were often sent out before all the guidance was created, the resulting confusion is widespread across governments and CSC will undoubtedly continue to feel the effects into the next year.

This uncertainty in funding levels, combined with the stressors of the pandemic and natural disasters, such as wildfires, on staff's personal and family lives, has a toll on staff and management. Addressing this will be of importance in the upcoming year as we consider not only the wellbeing of our clients but also of our staff.

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 https://communityservices.us/news-events/.

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

ASSETS	
Current Assets	
Cash	$ 4,810,457
Receivables	
Grants and contracts	6,271,104
Loans	446,333
Inventories	324,555
Prepaid items	10,071
Other current assets	1,358
Total Current Assets	11,863,878
Noncurrent Assets	
Non-depreciable capital assets	983,642
Depreciable capital assets, net	3,143,693
Total Noncurrent Assets	4,127,335
Total Assets	15,991,213
DEFERRED OUTFLOWS	
Deferred outflows related to pensions	2,342,028

LIABILITIES	
Current Liabilities	
Accounts payable	$ 1,497,636
Accrued payroll	477,222
Unearned revenue	655,727
Total Current Liabilities	2,630,585
Noncurrent Liabilities	
Accrued vacation	370,439
Total OPEB liability	2,430,256
Net pension liability	9,022,558
Total Noncurrent Liabilities	11,823,253
Total Liabilities	14,453,838
DEFERRED INFLOWS	
Deferred inflows related to pensions	359,355
NET POSITION	
Investment in capital assets	4,127,335
Restricted for:	
Housing and Energy Services	1,541,919
Workforce and Education	219,097
Linn-Benton Food Share	2,469,200
Head Start	15,708
Miscellaneous Grants	5,559
Unrestricted	(4,858,771)
Total Net Position	$ 3,520,047

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

		Program Revenues		Change in Net Position
	Expenses	***Fees for Service***	***Operating Grants and Contributions***	***Total***
FUNCTIONS/PROGRAMS				
General	$ 1,827,258	$ -	$ 344,413	$ (1,482,845)
Workforce and Education	6,234,571	-	5,718,679	(515,892)
Housing and Energy Services	17,962,389	123,121	17,812,071	(27,197)
Linn Benton Food Share	7,726,445	-	8,390,202	663,757
Child Development Services	2,532,843	-	2,373,059	(159,784)
Miscellaneous Grants	557,727	-	499,627	(58,100)
Total	$ 36,841,233	$ 123,121	$ 35,138,051	(1,580,061)
GENERAL REVENUES				
Interest				16,018
CHANGE IN NET POSITION				(1,564,043)
NET POSITION, *Beginning of year*				5,084,090
NET POSITION, *End of year*				$ 3,520,047

	General	Housing and Energy Services	Workforce and Education
ASSETS			
Cash	$ 4,809,887	$ -	$ 50
Receivables			
Grants and contracts	3,950	2,885,786	1,127,066
Loans	-	446,333	-
Due from other funds	1,669,481	2,797,640	458,431
Inventories	-	61,282	-
Prepaid items	3,006	500	6,565
Other current assets	-	1,358	-
Total Assets	$ 6,486,324	$ 6,192,899	$ 1,592,112
LIABILITIES			
Accounts payable	$ 39,447	$ 1,225,073	$ 59,463
Accrued payroll	847,599	61	-
Due to other funds	4,360,992	2,338,686	1,136,345
Unearned revenue	-	38,908	170,492
Other payables	-	-	-
Total Liabilities	5,248,038	3,602,728	1,366,300
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	446,333	-
FUND BALANCES			
Nonspendable	3,006	61,782	6,565
Restricted	5,559	1,541,919	219,097
Assigned	-	382,287	150
Unassigned	1,229,721	157,850	-
Total Fund Balances	1,238,286	2,143,838	225,812
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,486,324	$ 6,192,899	$ 1,592,112

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

Linn-Benton Food Share	Child Development Services	Misc. Grants	Totals
$ -	$ 520	$ -	$ 4,810,457
251,659	1,625,464	377,179	6,271,104
-	-	-	446,333
5,041,071	108,480	48,220	10,123,323
263,273	-	-	324,555
-	-	-	10,071
-	-	-	1,358
$ 5,556,003	$ 1,734,464	$ 425,399	$ 21,987,201
$ 95,417	$ 35,547	$ 42,689	$ 1,497,636
-	-	-	847,660
269,782	1,634,808	382,710	10,123,323
-	-	-	209,400
-	-	-	-
365,199	1,670,355	425,399	12,678,019
-	-	-	446,333
263,273	-	-	334,626
2,469,200	15,708	-	4,251,483
2,458,331	48,401	-	2,889,169
-	-	-	1,387,571
5,190,804	64,109	-	8,862,849
$ 5,556,003	$ 1,734,464	$ 425,399	$ 21,987,201

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, 2021

Total Governmental Fund Balances	$	8,862,849
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets		6,291,770
Accumulated depreciation		(2,164,435)
The net pension liability, OPEB and related deferred outflows and deferred inflows are not current financial requirements and therefore are not reported in the governmental funds.		
Net pension liability		(9,022,554)
Total OPEB liability		(2,430,256)
Deferred outflows related to pensions		2,342,028
Deferred inflows related to pensions		(359,355)
Total Net Position	$	3,520,047

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Housing and Energy Services	Workforce and Education
REVENUES			
Grants and contracts	$ 44,530	$ 17,667,393	$ 5,714,102
Contributions	224,653	28,955	2,925
Loan repayments	-	98,556	-
Fees for service	-	123,120	-
Commodity foods	-	-	-
Other	75,229	17,164	1,652
Interest	15,818	200	-
Total Revenues	360,230	17,935,388	5,718,679
EXPENDITURES			
Administration	162,565	792,248	646,622
Workforce and Education	-	-	5,151,951
Housing and Energy Services	-	17,000,394	-
Head Start	-	-	-
Food programs	-	-	-
Miscellaneous programs	-	-	-
Total Expenditures	162,565	17,792,642	5,798,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	197,665	142,746	(79,894)
OTHER FINANCING SOURCES AND (USES)			
Transfers	(64,963)	15,104	3,219
NET CHANGE IN FUND BALANCE	132,702	157,850	(76,675)
FUND BALANCES, Beginning of year	1,105,584	1,985,988	302,487
FUND BALANCES, End of year	$ 1,238,286	$ 2,143,838	$ 225,812

Linn-Benton Food Share	Child Development Services	Misc. Grants	Totals
$ 691,385	$ 2,371,510	$ 499,626	$ 26,988,546
1,343,620	1,549	-	1,601,702
-	-	-	98,556
-	-	-	123,120
6,253,589	-	-	6,253,589
101,608	-	-	195,653
-	-	-	16,018
8,390,202	2,373,059	499,626	35,277,184
102,494	392,516	499,626	2,596,071
-	-	-	5,151,951
-	-	-	17,000,394
-	1,991,661	-	1,991,661
7,575,117	-	-	7,575,117
-	-	36,400	36,400
7,677,611	2,384,177	536,026	34,351,594
712,591	(11,118)	(36,400)	925,590
-	10,240	36,400	-
712,591	(878)	-	925,590
4,478,213	64,987	-	7,937,259
$ 5,190,804	$ 64,109	$ -	$ 8,862,849

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

Net changes in fund balances - total governmental funds	$	925,590
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		5,385
Depreciation		(183,310)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the effect of the change in these liabilities during the year.		
Net pension liability and related deferrals		(1,088,306)
Total OPEB liability and related deferrals		(1,223,402)
Change in Net Position	$	(1,564,043)

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2021

ASSETS		
Cash	$	384,047
Loans receivable		-
Total Assets	$	384,047
LIABILITIES		
Current liabilities		386,774
NET POSITION		
Restricted for Community and Housing Services	$	(2,727)

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

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
YEAR ENDED JUNE 30, 2021

ADDITIONS		
Other additions	$	1,604
Loan repayments		105,456
Total Additions		107,060
DEDUCTIONS		
Transfers out		386,837
Other deductions		18,951
Resources transferred to Fiduciary		2,900,313
Total Deductions		3,306,101
CHANGE IN FIDUCIARY NET POSITION		(3,199,041)
FIDUCIARY NET POSITION - Beginning of Year		3,196,314
FIDUCIARY NET POSITION - End of Year	$	(2,727)

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

NOTES TO BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

- Linn-Benton Food Share
- Career Tech High School
- Head Start in Lincoln County
- H.E.L.P.S.

Government-wide and Fund Financial Statements

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

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

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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. For this purpose, the CSC considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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:

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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

Prepaid Items

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

Capital Assets

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

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

Compensated Absences

Vacation pay is recorded as an expenditure when earned based on grantor requirements. The funds charged with the expenditures reimburse the pooled payroll account where the liability is recorded. The liability and the cash accumulated to retire it are reported in the General Fund. The current portion of compensated absences is estimated based on a three-year rolling average of actual payments made to employees. The liability increased by $9,099 for an ending liability of $370,439.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

Retirement Plans

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

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

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.

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

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, 2021. The change was necessary due to the receipt of additional grants that were not anticipated when the original budget was formulated.

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

CASH

CSC maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. At June 30, 2021, the carrying value of cash and investments at fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2021:

Cash	
Cash on hand	$ 1,424
Deposits with financial institutions	2,956,527
Cash held in the name of Community Housing Services	250,000
Local Government Investment Pool	1,986,553
	$ 5,194,504
Cash held by CSC	$ 4,810,457
Cash held by Fiduciary Fund	384,047
	$ 5,194,504

Deposits

At June 30, 2021, CSC's deposits with various financial institutions had a bank balance of $3,124,001 and a book balance of $2,956,527. 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, 2021, the balance covered by the PFCP was $2,874,001.

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).

CASH *(Continued)*

LGIP (Continued)

At June 30, 2021, 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 205 days for the calendar year ended December 31, 2020.

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.

LOANS RECEIVABLE/UNEARNED REVENUE

The loans receivable of $446,333 consists of housing rehabilitation and Self-Help Homeownership Opportunity Program (SHOP) loans. The housing rehabilitation loans total $359,355 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, 2021 consist of the following:

Linn-Benton Food Share food	$ 176,882
USDA commodities food	86,391
Weatherization materials	1,888
Weatherization work in progress	59,394
Total	$ 324,555

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Governmental Funds				
Capital assets not being depreciated:				
Land	$ 983,642	$ -	$ -	$ 983,642
Capital assets being depreciated:				
Furniture and equipment	439,678	5,385	-	445,063
Vehicles	640,885	-	(107,783)	533,102
Buildings	4,329,963	-	-	4,329,963
Total capital assets being depreciated	5,410,526	5,385	(107,783)	5,308,128
Accumulated depreciation				
Furniture and equipment	(308,043)	(32,324)	-	(340,367)
Vehicles	(529,973)	(26,172)	107,783	(448,362)
Buildings	(1,250,892)	(124,814)	-	(1,375,706)
Total accumulated depreciation	(2,088,908)	(183,310)	107,783	(2,164,435)
Total capital assets being depreciated, net	3,321,618	(177,925)	-	3,143,693
Capital assets, net	$ 4,305,260	$ (177,925)	$ -	$ 4,127,335

Depreciation is recognized as a general administrative expense.

LEASES

CSC leases office and warehouse space in Corvallis, Albany, Lebanon, Lincoln City, and Newport under noncancellable operating leases. Rental expense under all noncancellable leases for the year ended June 30, 2021 was $298,902.

The following is a schedule, by fiscal year, of the future minimum rental payments required under these leases as of June 30, 2021. 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 2025.

Year Ending	
2022	$ 54,000
2023	54,000
2024	54,000
2025	13,500
Total	$ 175,500

FUND BALANCE

Fund balance classifications for the year ended June 30, 2021 are as follows:

	General	***Housing and Energy Services***	***Workforce and Education***	***Linn-Benton Food Share***	***Child Development Services***	***Totals***
Restricted for:						
Housing and Energy Services	$ -	$ 1,541,919	$ -	$ -	$ -	$ 1,541,919
Workforce and Education	-	-	219,097	-	-	219,097
Linn-Benton Food Share	-	-	-	2,469,200	-	2,469,200
Head Start	-	-	-	-	15,708	15,708
Miscellaneous Grants	5,559	-	-	-	-	5,559
	$ 5,559	$ 1,541,919	$ 219,097	$ 2,469,200	$ 15,708	$ 4,251,483
Assigned to:						
Housing and Energy Services	$ -	$ 382,287	$ -	$ -	$ -	$ 382,287
Workforce and Education	-	-	150	-	-	150
Linn-Benton Food Share	-	-	-	2,458,331	-	2,458,331
Child Development Services	-	-	-	-	48,401	48,401
	$ -	$ 382,287	$ 150	$ 2,458,331	$ 48,401	$ 2,889,169

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.

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.

PENSION PLAN *(Continued)*

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.

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 2017 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, 2017 actuarial valuation. CSC contribution rates in effect for the fiscal year ended June 30, 2021 were 22.55 percent for Tier One/Two members and 16.76 percent for OPSRP general service members. CSC contributions for the year ended June 30, 2021 were $1,020,937, 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, 2021 was $275,673.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows
At June 30, 2021, CSC reported a liability of $9,022,558 for its proportionate share of the OPERS net pension liability. The net pension liability was measured by OPERS as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2020. 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, 2020, CSC's proportion was 0.0413%, which is changed from its proportion measured as of June 30, 2019 of 0.0414%.

PENSION PLAN *(Continued)*

For the year ended June 30, 2021, CSC recognized pension expense of $1,088,310. The fund in which the related payroll costs are expended will be used to liquidate the net pension liability. Any residual net pension liability will be liquidated through the General Fund. At June 30, 2021, CSC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
Differences between expected and actual experience	$ 397,102	$ -
Changes of assumptions	484,212	16,966
Net difference between projected and actual earnings on investments	1,060,936	-
Changes in proportionate share	113,630	152,124
Differences between employer contributions and proportionate share of system contributions	13,625	190,265
Contributions subsequent to measurement date	272,523	-
Total	$ 2,342,028	$ 359,355

Deferred outflows of resources related to pensions of $272,523 resulting from CSC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending	
2022	$ 314,126
2023	539,961
2024	511,513
2025	345,091
2026	(541)
Total	$ 1,710,150

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2016, through June 30, 2021, 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 funded

PENSION PLAN *(Continued)*

Actuarial Methods and Assumptions *(Continued)*

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, 2017 rolled forward to June 30, 2020
Experience Study Report	2017, published July 2020
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Projected salary increases	3.50 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	***Healthy retirees and beneficiaries:*** RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. ***Active members:*** RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. ***Disabled retirees:*** RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 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.

PENSION PLAN *(Continued)*

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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension	$ 13,397,754	$ 9,022,558	$ 5,353,754

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.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large Cap/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation - Mean		2.50 %

OTHER POST EMPLOYMENT BENEFITS

CSC follows Governmental Accounting Standards Board Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits other than Pensions. As required by GASB 75, a liability is recognized when employees earn other postemployment benefits (OPEB) rather than when the benefits are paid. CSC qualifies under the alternative measuring method and therefore is not required to obtain a formal actuarial valuation.

Benefit Description

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

Employees Covered by Benefit Terms

All classes of employees and their qualified dependents may continue health insurance coverage upon retirement until eligible for Medicare. As of June 30, 2021, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	-
Retirees entitled to but not receiving benefits	-
Active employees	109
	109

Plan Description

CSC treats the implicit rate subsidy as a single employer, defined benefit OPEB plan administered by CSC only to satisfy the accounting and financial reporting requirements of GASB 75, and a separate financial report is not issued. In addition to the requirements imposed by ORS 243.303, benefits provided to employees are established and may be amended by CSC's board of commissioners in conjunction with collective bargaining agreements.

Contribution Requirements

Retirees pay the entire cost of premiums at blended rates. CSC's only contribution is the implicit rate subsidy which continues to be financed on a pay-as-you-go basis; no assets are accumulated for this purpose. For the year ended June 30, 2021, the estimated implicit rate subsidy was $2,660.

***OTHER POST EMPLOYMENT BENEFITS** (Continued)*

Total OPEB Liability and OPEB Expense

As of June 30, 2021, CSC reported a total OPEB liability of $2,430,256, based on the June 30, 2021 valuation. For the year ended June 30, 2021, CSC recognized OPEB expense of $1,223,402.

Total OPEB liability - beginning of year	$ 1,206,854
Changes during the year:	
Service cost	142,018
Interest on total OPEB liability	7,242
Effect of assumptions changes or inputs	1,076,802
Contributions made	(2,660)
Total OPEB liability - end of year	$ 2,430,256

Valuation Methods and Assumptions

The total OPEB liability for the June 30, 2021 valuation was determined using the entry age normal method with level percent of salary and the following assumptions, applied to all periods included in the measurement: inflation rate of 2.5%, salary increases of 3.4%, discount rate of 0.60%, and a healthcare cost trend rate of 7.1% initially, to an ultimate rate of 4.00% after 35 years. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index. Mortality rates were based on the RP-2014 sex-distinct morality tables, with generational adjustments per scale BB.

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

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 2,424,068	$ 2,430,256	$ 2,435,974

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

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 1,937,577	$ 2,430,256	$ 3,073,115

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, 2021 the following nonmonetary transactions were recorded in the Linn-Benton Food Share Fund:

	USDA	***Linn-Benton Food Share***	***Total***
Food received - revenue	$ 1,663,360	$ 4,590,229	$ 6,253,589
Food distributed - expenditures	1,665,872	4,686,065	6,351,937
Excess (Deficit) of Nonmonetary Revenues Over Nonmonetary Expenditures	$ (2,512)	$ (95,836)	$ (98,348)

RISK MANAGEMENT

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

COMMITMENTS AND CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY SERVICES CONSORTIUM

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Original Budget*	Final Budget	Actual	Variance
REVENUES	$ 29,157,855	$ 60,537,474	$ 35,277,184	$ (25,260,290)
EXPENDITURES				
Personal services	8,547,288	10,206,959	7,658,199	2,548,760
Materials and services	20,441,014	49,969,437	26,591,579	23,377,858
Capital outlay	160,000	351,525	101,816	249,709
Fund balances/transfers	9,553	9,553	-	9,553
Total Expenditures	29,157,855	60,537,474	34,351,594	26,185,880
REVENUES OVER (UNDER) EXPENDITURES	-	-	925,590	925,590
FUND BALANCE, Beginning of year	-	-	7,937,259	7,937,259
FUND BALANCE, End of year	$ -	$ -	$ 8,862,849	$ 8,862,849

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

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

	CSC's Proportion of Net Pension Liability (Asset)	CSC's Proportionate Share of Net Pension Liability (Asset)	CSC's Covered Payroll	CSC's Proportionate Share of the NPL(A) as % of Payroll	Plan Fiduciary Net Position as % of Total Pension Liability
2021	0.0413%	$ 9,022,558	$ 1,044,725	863.6%	87.6%
2020	0.0414%	7,160,053	1,184,924	604.3%	75.8%
2019	0.0403%	6,107,087	1,296,421	471.1%	80.2%
2018	0.0395%	5,324,209	1,352,016	393.8%	82.1%
2017	0.0455%	6,838,375	1,355,002	504.7%	83.1%
2016	0.0515%	2,955,901	1,520,180	194.4%	80.5%
2015	0.0550%	(1,245,674)	1,718,535	-72.5%	91.9%
2014	0.0550%	2,804,435	1,947,544	144.0%	103.6%

Notes:

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

(2) Changes of benefit terms: Amounts reported in fiscal 2015 reflect legislation eliminating tax remedy payments for non-Oregon residents and establishing limits on cost-of-living adjustments. Amounts reported thereafter reflect a court ruling that restricts limits on cost-of-living adjustments to benefits accrued after the legislative changes were made.

Schedule of CSC's Contributions
Oregon Public Employees Retirement System

	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	CSC's Covered Payroll	Contributions as % of Payroll
2021	$ 272,523	$ (272,523)	$ -	$ 1,208,250	22.56%
2020	297,317	(297,317)	-	1,044,725	28.46%
2019	219,427	(219,427)	-	1,184,924	18.52%
2018	236,745	(236,745)	-	1,296,421	18.26%
2017	198,012	(198,012)	-	1,352,016	14.65%
2016	198,528	(198,528)	-	1,355,002	14.65%
2015	190,012	(190,012)	-	1,520,180	12.50%
2014	212,937	(212,937)	-	1,718,535	12.39%

COMMUNITY SERVICES CONSORTIUM

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIO – IMPLICIT RATE SUBSIDY

LAST FOUR FISCAL YEARS[1]

	2021	***2020***	***2019***	***2018***
Total OPEB liability - beginning of year	$ 1,206,854	$ 1,305,872	$ 966,131	$ 906,188
Changes during the year:				
Service cost	142,018	77,752	77,822	78,623
Interest on total OPEB liability	7,242	16,976	26,569	17,487
Effect of assumptions changes or inputs	1,076,802	(188,061)	242,663	(8,477)
Contributions made	(2,660)	(5,685)	(7,313)	(27,690)
Total OPEB liability - end of year	$ 2,430,256	$ 1,206,854	$ 1,305,872	$ 966,131
Covered payroll	$ 3,418,320	$ 3,551,554	$ 3,244,946	$ 2,925,466
Total OPEB liability as a percentage of covered payroll	71.10%	33.98%	40.24%	33.02%
Discount rate	0.60%	1.30%	2.75%	3.00%

Notes:

The above table presents the most recent actuarial valuations for the CSC's post-employment health insurance benefits plan and provides information that approximates the funding progress of the plan.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

[1] 10-year trend information required by GASB Statement 75 will be presented prospective.

STATE COMPLIANCE SECTION

GROVE, MUELLER & SWANK, P.C.
Certified Public Accountants and Consultants
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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, 2021, and have issued our report thereon dated October 27, 2023.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CSC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Budgets legally required (ORS Chapter 294.900).**
- **Insurance and fidelity bonds in force or required.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe CSC was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the audited financial statements were not filed timely with the Secretary of State's Audits Division.

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.

See findings in separately issued 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*.

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
October 27, 2023

FEDERAL COMPLIANCE SECTION

COMMUNITY SERVICES CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

	Assistance Listing Number	**Pass Through Organization**	**Pass Through ID**	**Expenditures**
U.S. Department of Agriculture				
Food Distribution Cluster				
Temporary Emergency Food Assistance Program (TEFAP) - Cash	10.568	Oregon Food Bank	unknown	$ 92,109
Temporary Emergency Food Assistance Program (TEFAP) - Commodities	10.569	Oregon Food Bank	unknown	1,555,522
CSFP - Senior USDA - Cash	10.565	Oregon Food Bank	unknown	20,370
CSFP - Senior USDA - Commodities	10.565	Oregon Food Bank	unknown	110,350
Total Food Distribution Cluster				1,778,351
Trade Mitigation Program Foods	10.178	Oregon Food Bank	unknown	4,640
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	503
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	31,596
Total Child and Adult Care Food Program				32,099
Total U.S. Department of Agriculture				1,815,090
U.S. Department of Housing and Urban Development				
Continuum of Care HUD - Supp HSG Program	14.267	Direct	OR0079L0E051405	70,552
Continuum of Care HUD - Supp HSG Program	14.267	Direct	OR0063L0E051910	112,827
Continuum of Care HUD - PERMANENT SUPP HSG	14.267	Direct	OR0079L0E051405	49,317
Total Continuum of Care				232,696
CDBG - Entitlement Grants Cluster				
Corvallis CDBG - Homeless Prevention	14.218	City of Corvallis	142,393	150,000
Albany CDBG - Homeless Prevention	14.218	City of Albany	B-20-MW-41-0011	86,559
Total CDBG - Entitlement Grants Cluster				236,559
ESGP - Emergency Shelter Grant Program 19	14.231	Oregon Housing and Community Services	OHCS MGA 20-21 #4500	17,071
ESGP - COVID 19	14.231	Oregon Housing and Community Services	OHCS MGA 20-21 #4500	553,645
ESGP - CV 2	14.231	Oregon Housing and Community Services	OHCS MGA 20-21 #6147	251,742
ESGP - CV 2 COMP	14.231	Oregon Housing and Community Services	OHCS MGA 20-21 #6147	271,973
Total ESGP				1,094,431

See notes to schedule of expenditures of federal awards.

	Assistance Listing Number	**Pass Through Organization**	**Pass Through ID**	**Expenditures**
Home Tenant Based Assistance 18	14.239	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	$ 19,203
Home Tenant Based Assistance 19	14.239	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	155,964
Home Tenant Based Assistance 20	14.239	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	82,036
Home Tenant Based Assistance - Corvallis Emergency Rental	14.239	City of Corvallis	2020-21	44,600
Total Home Tenant Based Assistance				301,803
Total U.S. Department of Housing and Urban Development				1,865,489
U.S. Department of Labor				
WIOA Cluster				
WIOA - Adult - Linn - INCITE	17.258	Oregon Community Colleges and Workforce Development	#S01-21	290,862
WIOA - Adult - Specialized Populations - INCITE	17.258	Oregon Community Colleges and Workforce Development	#S01-21	41,731
WIOA - Youth - Linn - INCITE	17.259	Oregon Community Colleges and Workforce Development	#S40-21	306,052
WIOA - Youth - Polk - INCITE	17.259	Oregon Community Colleges and Workforce Development	#S40-21	321,628
WIOA - Youth - 5 Counties - NOW	17.259	Oregon Community Colleges and Workforce Development	#20-11	85,770
WIOA - DW - INCITE	17.277	Oregon Community Colleges and Workforce Development	#S01-21	144,529
WIOA - Fire DW - INCITE	17.277	Oregon Community Colleges and Workforce Development	#S01-21	558,556
WIOA - DW - Linn - INCITE	17.278	Oregon Community Colleges and Workforce Development	#S01-21	237,923
WIOA - DW - Specialized Populations - INCITE	17.278	Oregon Community Colleges and Workforce Development	#S01-21	30,334
Total WIOA Cluster				2,017,385

See notes to schedule of expenditures of federal awards.

	Assistance Listing Number	**Pass Through Organization**	**Pass Through ID**	**Expenditures**
U.S. Department of Veterans Affairs				
Supportive Services for Veterans and Families CARES	64.033	Community Action Partnership of Oregon	MOA 20-OR-430	$ 35,700
Supportive Services for Veterans and Families SSVF 19-20	64.033	Community Action Partnership of Oregon	MOA 20-OR-430	225,150
Supportive Services for Veterans and Families SSVF 20-21	64.033	Community Action Partnership of Oregon	MOA 20-OR-430	347,889
Total U.S. Department of Veterans Affairs				608,739
U.S. Department of Energy				
BPA 21	81.U01	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	108,856
DOE - WX	81.042	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	131,220
Total U.S. Department of Energy				240,076
U.S. Department of Education				
ESSER - Elementary and Secondary School Emergency Relief	84.425D	Lincoln County School District	N/A	12,200
Total U.S. Department of Education				12,200
U.S. Department of Health and Human Services				
Headstart 2020-2021	93.600	Direct	10CH011432-02	172,705
Headstart 2019-2020	93.600	Direct	10CH011432-01	1,455,432
Headstart ARPA	93.600	Direct	10HE000473-01-01	187
Total Headstart				1,628,324
TANF Cluster				
COVID LIHEAP - CARES 19-20	93.558	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	87,940
Housing Stabilization Program / TANF 14-15	93.558	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	125,648
HSP Expansion	93.558	Willamette Workforce Partnership	S11-21	63,058
Total TANF Cluster				276,646
Community Services Block Grant - FFY20	93.569	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	309,558
Community Services Block Grant - FFY21	93.569	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	225,071
Community Services Block Grant - CARES Act	93.569	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	307,893

See notes to schedule of expenditures of federal awards.

	Assistance Listing Number	Pass Through Organization	Pass Through ID	Expenditures
LIHEAP Cluster				
LIHEAP - Low Income Energy Assistance 19-20	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	$ 345,613
LIHEAP - Low Income Energy Assistance 20-21	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	434,224
LIHEAP - Low Income Energy Assistance 21-22	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	930,480
LIHEAP - Education 19-20	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	14,516
LIHEAP - Education 20-21	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	46,667
LIHEAP - Education 21-22	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	17,044
COVID LIHEAP - CARES 20-21	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	334,585
LIHEAP - Weatherization 20	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	129,852
LIHEAP - Weatherization 21	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	174
LIHEAP - Energy ED 20	93.568	Oregon Housing and Community Services	OHCS MGA 19-21 #5087	44,998
Total LIHEAP				2,298,153
Immunization & Vaccines for Children	93.268	Oregon Health Authority	#168913	43,931
Epidemiology & Lab Capacity	93.323	Oregon Health Authority	#168914	124,010
Total OHA				167,941
Total U.S. Department of Health and Human Services				5,213,586
U.S. Department of Treasury				
COVID Community Based Organizations	21.019	Oregon Health Authority	#165565	328,493
COVID Community Equity	21.019	Oregon Health Authority	#166702	287,500
COVID Emergency Motel Sheltering	21.019	Linn County, Oregon	IG #2021-188	136,876
COVID Rent and Energy Relief	21.019	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	128,730
OERAP COVID - CARES	21.019	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	244,856
COVID Rent Relief - CARES	21.019	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	3,370,453
CARES Energy Assistance	21.019	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	671,077
OERAP Emergency Rental Assistance	21.019	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	393,984
Total Corporation for National and Community Service				5,561,969
Total Expenditures of Federal Awards				$ 17,334,534

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, 2021. 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.

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

CSC Governing Board
Community Services Consortium
Albany, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Community Services Consortium (CSC), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CSC's basic financial statements, and have issued our report thereon dated October 27, 2023.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Report on 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

Community Services Consortium's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedurse on CSC's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. CSC's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Grove, Mueller & Swank, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
October 27, 2023

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

CSC Governing Board
Community Services Consortium
Albany, Oregon

Report on Compliance for Each Major Federal Program

Opinion on 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, 2021. CSC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CSC 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, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to CSC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CSC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about CSC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks off material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CSC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CSC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 CSC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Grove, Mueller & Swank, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
October 27, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	Yes

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:

Assistance Listing Numbers	*Name of Federal Program or Cluster*
14.231	Emergency Solutions Grants Program
14.267	Continuum of Care Program
21.019	Coronavirus Relief Fund
93.568	Low-Income Home Energy Assistance
93.569	Community Services Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

Finding 2021-001 Maintenance of Accounting Records (Material Weakness)

Criteria: In order to process accurate and timely financial statements, an organization must have staff with adequate knowledge and experience with generally accepted accounting principles (GAAP) and strong internal reconciliation processes to ensure the accuracy of the data reported. Community Services Consortium did not provide the audit team with timely and accurate financial records.

Condition: In the process of performing our audit, we encountered substantial errors in the accounting records as well as in the preparation of schedules related to those records. This led to delays and additional work as we received multiple iterations of the trial balance, SEFA, and reconciliations workpapers.

Cause: We believe accounting staff turnover and inexperienced replacements were contributing factors that led to an inadequate amount of time being spent reconciling the accounts to determine the accuracy of the year-end balances. We further believe that staff did not have adequate experience with organizations of similar size and complexity of CSC to perform these responsibilities accurately and efficiently.

Effect: The annual financial statements would have been materially incorrect if original SEFA and trial balance data were used to prepare the financial statements.

Identification of Repeat Finding: This is not a repeat finding.

Recommendation: Staff turnover appears to have stabilized with the new finance director. However, the work required to prepare the accounting records for FY22 and FY23 audits may be more onerous than a normal year given the starting point and staff transitions over those 2 fiscal years. CSC may consider obtaining part-time or temporary assistance to help with fiscal year clean-up/close out to avoid similar problems with the accounting records in the current fiscal year due to a lack of time for current staff to prepare the accounting records while also performing their normal duties.

Views of Responsible Officials: We concur with the recommendation, and it was implemented effective October 31, 2023. We have already begun addressing the issues identified with the hiring of the new Finance Director in January 2023. We have added 2 contract employees to our team who will remain with us until all audits are caught up. We have also increased our staff of Financial Analysts from two to three staff. In addition to this, as of the date of this letter, we are opening a fourth Financial Analyst position that will be dedicated to audit preparation for the first year of their employment.

The pandemic added to the perfect storm of challenges in finding, training, and retaining sufficiently experienced and qualified staff to address the needs and complexities of CSC's financial structure. New processes. a new staff, and a Finance Director with superior acumen in government accounting, has already demonstrated significant improvement in the areas of concern expressed in the audit. We believe that this proposal meets the recommendations of the auditors and will be adequate to ensure that the weaknesses identified do not continue.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None