COMMUNITY SERVICES CONSORTIUM
FINANCIAL STATEMENTS
Year Ended June 30, 2023

Pegge McGuire - Executive Director

Prepared by
Katie Henry - Finance Director

COMMUNITY SERVICES CONSORTIUM

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INTRODUCTORY SECTION

GOVERNING BOARD

Member	***Title***
Benton County Commissioner's Office *Corvallis, Oregon 97339*	
Xanthippe 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
Casey Miller	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

Katie Henry
Finance Director

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

FINANCIAL SECTION

GROVE, MUELLER & SWANK
redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT

CSC Governing Board
Community Services Consortium
Albany, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, 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 accompanying financial statements 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, 2023, and the respective changes in financial position for the year then 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 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.

Responsibilities of Management's for the Financial Statements

CSC's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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 CSC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 July 8, 2024, 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 solely 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 the effectiveness of 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 July 8, 2024, 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.

Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
July 8, 2024

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, 2023. 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 $12.38 million in federal and federal pass-through grants, $17.61 million in state and local governmental grants and contracts, $5.7 million in value of donated food, $1.3 million in contributions, and about $0.06 million in other miscellaneous income, totaling $37.19 million. Most 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.

With the growing housing crisis and increasing food insecurity, we have experienced an ever-growing need for more programs. Changes in grant funding and associated expenses, mainly in our Housing, Energy, and Workforce programs continue to be seen. We are also seeing a difference in how the metropolitan areas, like Portland and Salem, can respond as compared to rural areas such as those covered by Community Services Consortium. CSC continues to take on an increasing role to ensure adequate services for those in need in our 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 one fund type – governmental funds. The governmental funds are presented in six different departments.

Governmental Funds – *Governmental Funds* are used to account for essentially the same functions 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.*

Notes to the financial statements:

The notes provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-41 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 on June 30, 2023, was $7,225,525, reflecting an increase of $1,152,915 (about 19 %) from $6,072,610 on June 30, 2022 (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 $7,458,509 reflecting an increase of $2.04 million over the previous year.

CSC's net position was benefited by continuing strong contributions. CSC continues to see sustained community support that has helped bolster programs at a time of great community need. Contributions remained steady year over year, during the fiscal year ended June 30, 2023, continued at over $1.3 million dollars.

Community Services Consortium's Net Position
TABLE A

	June 30, 2023	June 30, 2022
Current and other assets	$ 12,876,524	$ 12,776,455
Capital assets, net of depreciation	4,829,711	4,622,038
Total Assets	17,706,235	17,398,493
Deferred outflows related to pensions	3,956,790	3,889,668
Current and other liabilities	3,256,832	3,187,999
Noncurrent liabilities	1,731,435	2,417,812
Net pension liability	7,458,509	5,414,768
Total Liabilities	12,446,776	11,020,579
Deferred inflows related to pensions	1,990,724	4,194,972
Net Position		
Investment in capital assets	4,203,249	4,307,831
Restricted for grant programs	5,102,059	4,689,297
Unrestricted	(2,079,783)	(2,924,518)
Total Net Position	$ 7,225,525	$ 6,072,610

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 $980,269 is truly unrestricted with virtually all other balances being restricted by grant conditions, donor restrictions, contractual arrangements, or management assignments for specified purposes.

Changes in net position: CSC's total revenues decreased by $10,710,072 from $47,896,799 in FY22 to $37,186,728 in FY23 as funding begins to return to pre-pandemic levels.

CSC's total expenses decreased $9,382,991 from $45,416,804 in FY22 to $36,033,813 in FY23. Personnel expenses increased about 14.4 % from $8.91 million in FY22 to $10.2 million in FY23. Materials and services (M&S) decreased significantly as federal funding related to covid came to an end. M&S decreased from $30.8 million in FY22 to $19.8 million in FY23. (See Table B).

Community Services Consortium's Changes in Net Position
TABLE B

	June 30, 2023	June 30, 2022
Program Revenues		
Fees for services	$ 113,864	$ 118,013
Operating grants and contracts	35,688,194	46,388,680
Contributions	1,325,611	1,378,702
	37,127,669	47,885,395
General Revenues		
Interest and other income	59,059	11,404
Total Revenues	37,186,728	47,896,799
Program Expenses		
Personal Services	10,196,447	8,909,305
Materials and Services	19,783,135	30,820,621
LBFS Donated Food	5,670,397	5,286,358
Capital Outlay	383,834	400,520
Total Expenses	36,033,813	45,416,804
Change in Net Position	1,152,915	2,479,995
Net position, beginning of year	6,072,610	3,592,615
Net Position, end of year	$ 7,225,525	$ 6,072,610

Figure A
Sources of Revenue for the Year Ended June 30, 2023

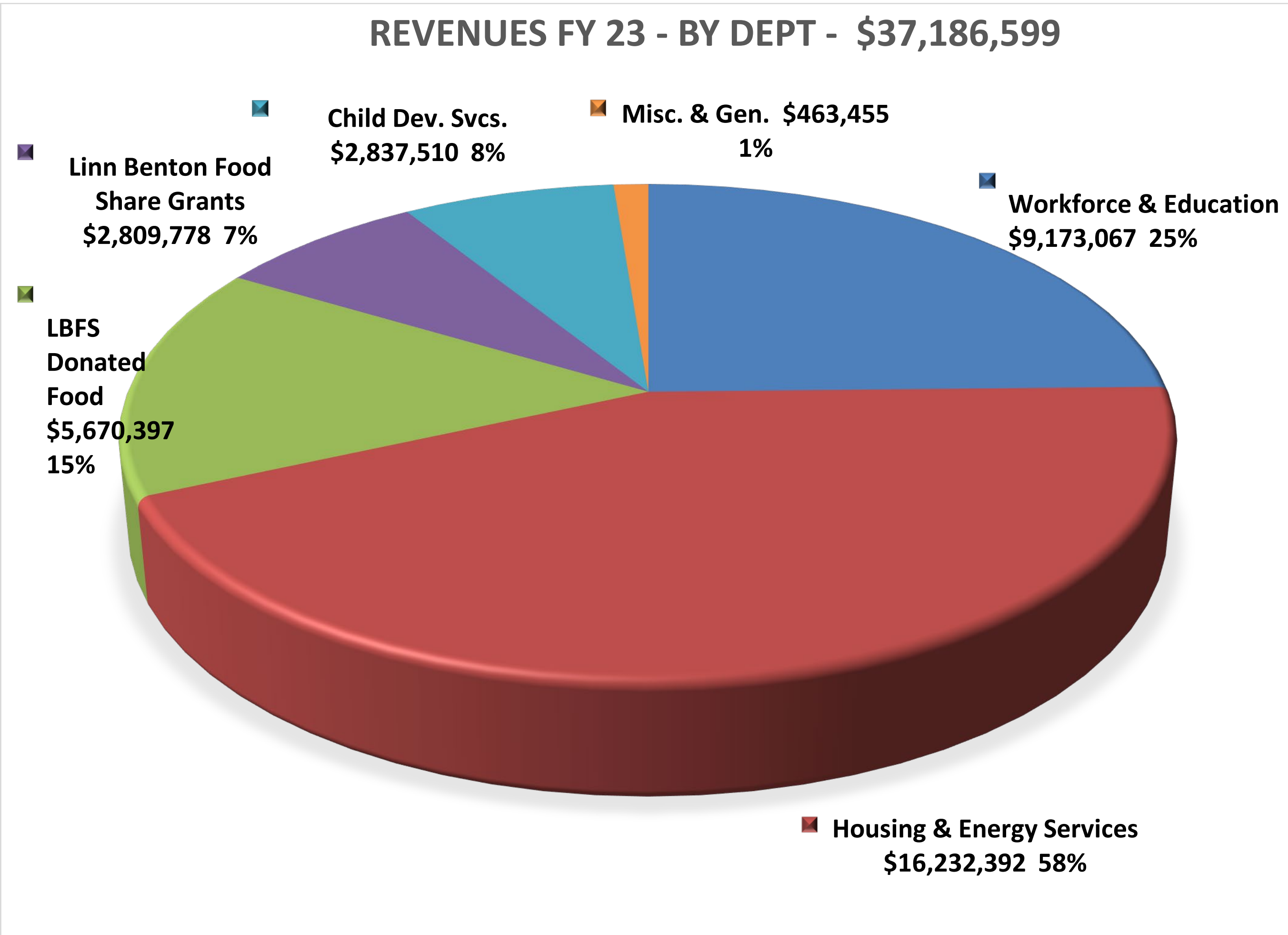
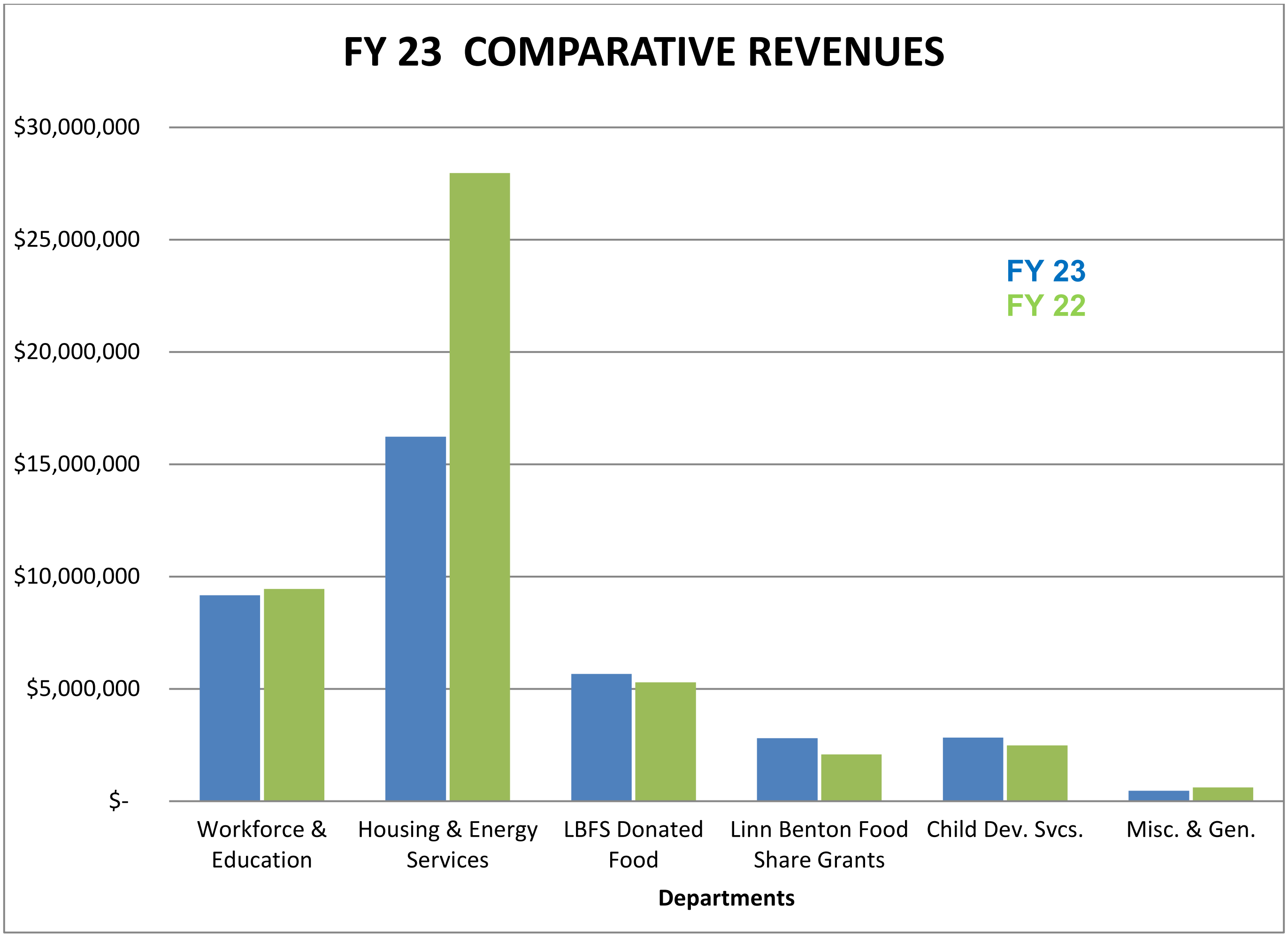


Figure B
Revenue Comparison for the Years Ended June 30, 2023 and 2022



Changes in Fund Balances – Governmental Funds

The **General Fund** decreased overall by $149,332 to a year-end total of $1,198,982.

The **Housing and Energy Services** fund decreased by $192,797, which is made up of loan repayments of $30,587; weatherization fees for service of $113,864; and contributions of $5,931. Some of these resources were used during the year.

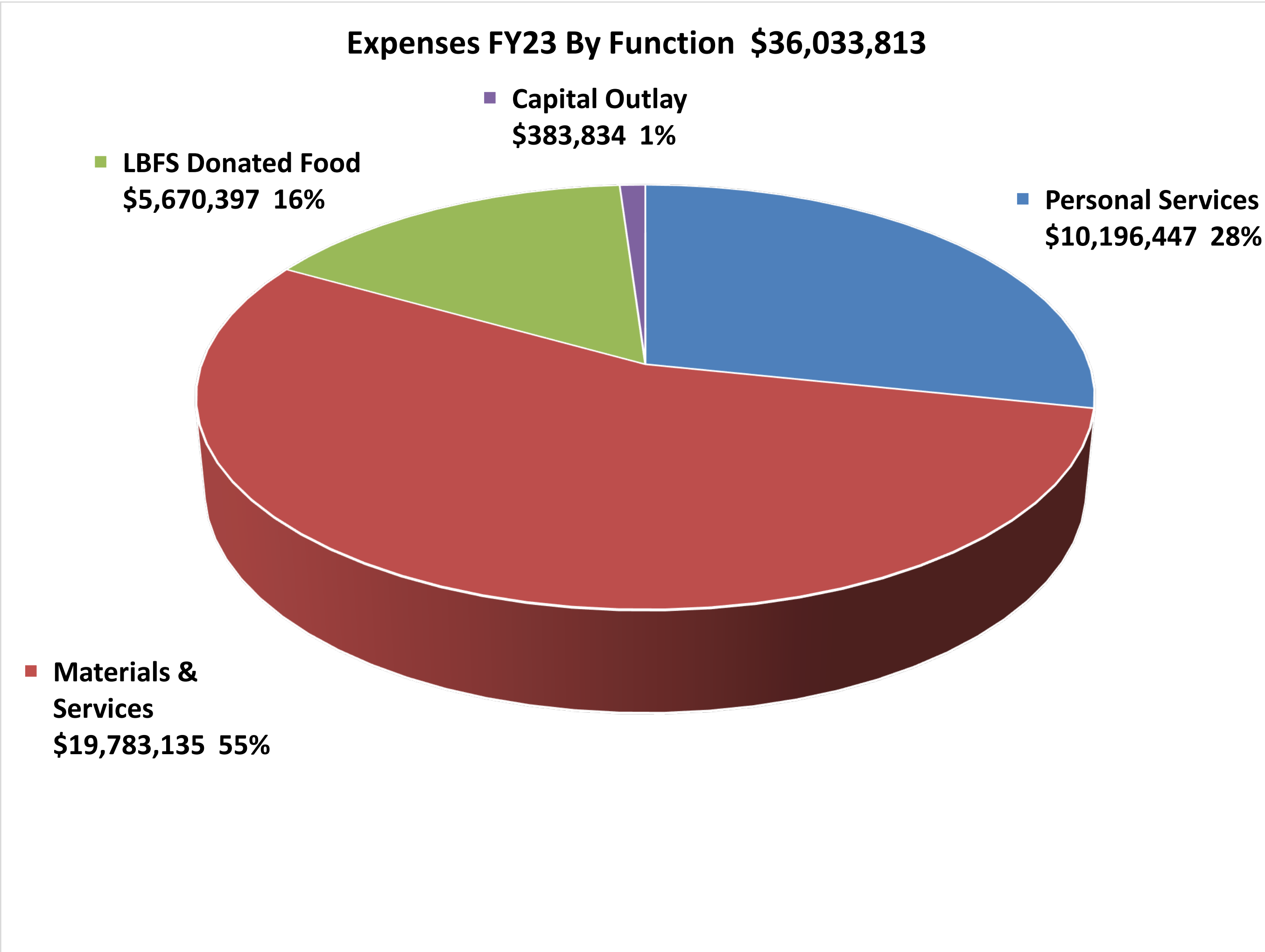
The **Workforce & Education** fund balance decreased by $49,697. This is due in large part to administrative costs that exceeded the maximum amount able to be billed to grants.

Linn Benton Food Share fund balance increased by $538,720 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 decrease of $11,850.

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

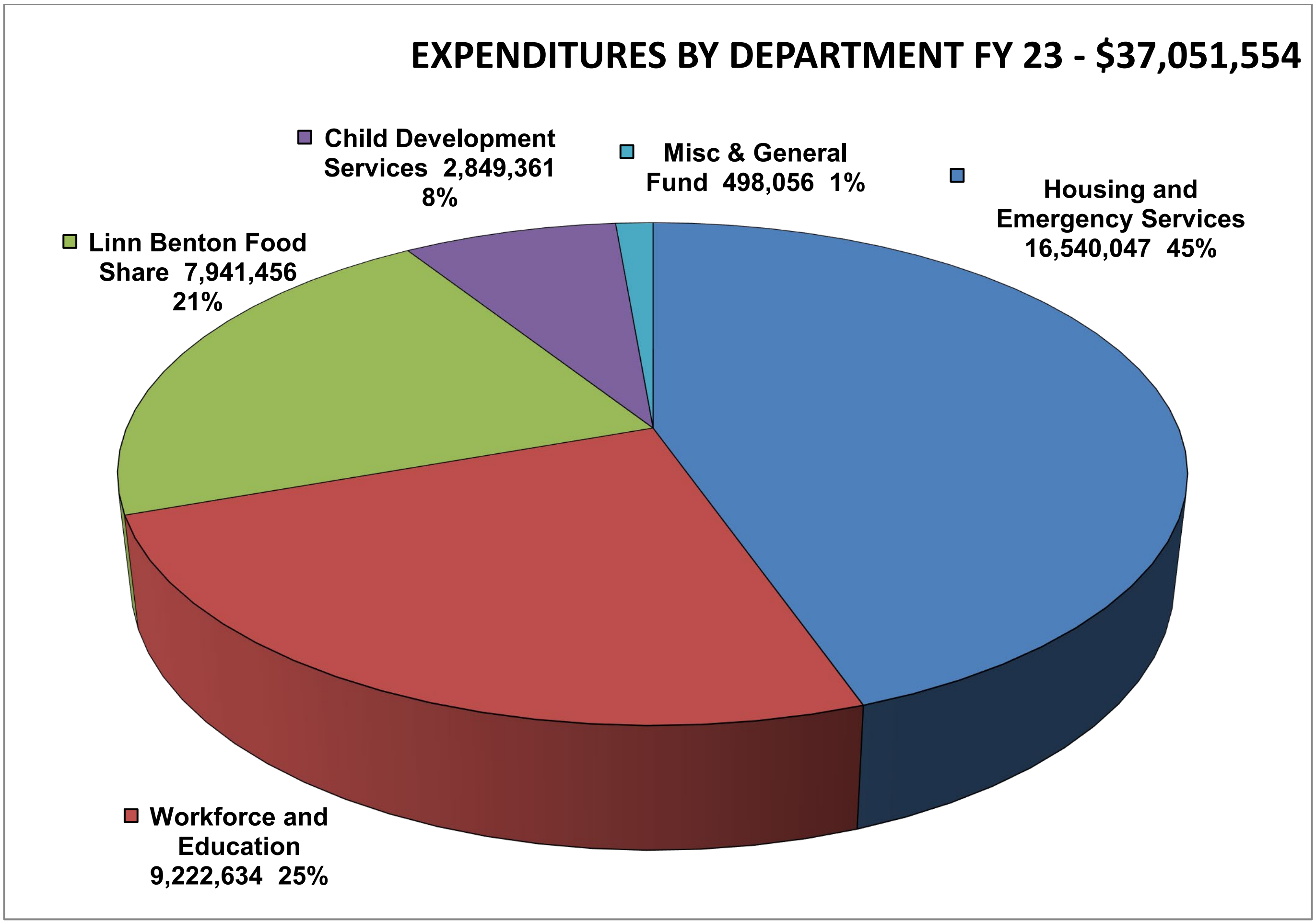
Figure C
Expenses by Function for the Year Ended June 30, 2023, accrual basis.



The major reason for the $9.38 million expenditure decrease (about 20.7%), was the end of grant funding that had been available for COVID related expenses in the previous year throughout the country. Personnel costs returned to their normal trend of increasing after last year's one-time decrease that had been caused by fluctuations in deferred inflows and outflows as regular increases in benefits and wages continued.

Of the total expenses for FY23 of $36 million, $21.2 million were made directly on behalf of participants in our programs. As a proportion of the FY23 materials and services costs of $25.4 million, direct assistance was $21.2 million (83.2%). The small amount of remaining expenses was operating expenses such as utilities, insurance, and rent to keep our agency open and serving clients.

Figure D
Expenditures by Department for the Year Ended June 30, 2023, modified accrual basis.



Only one fund had significant changes in its FY23 activities.

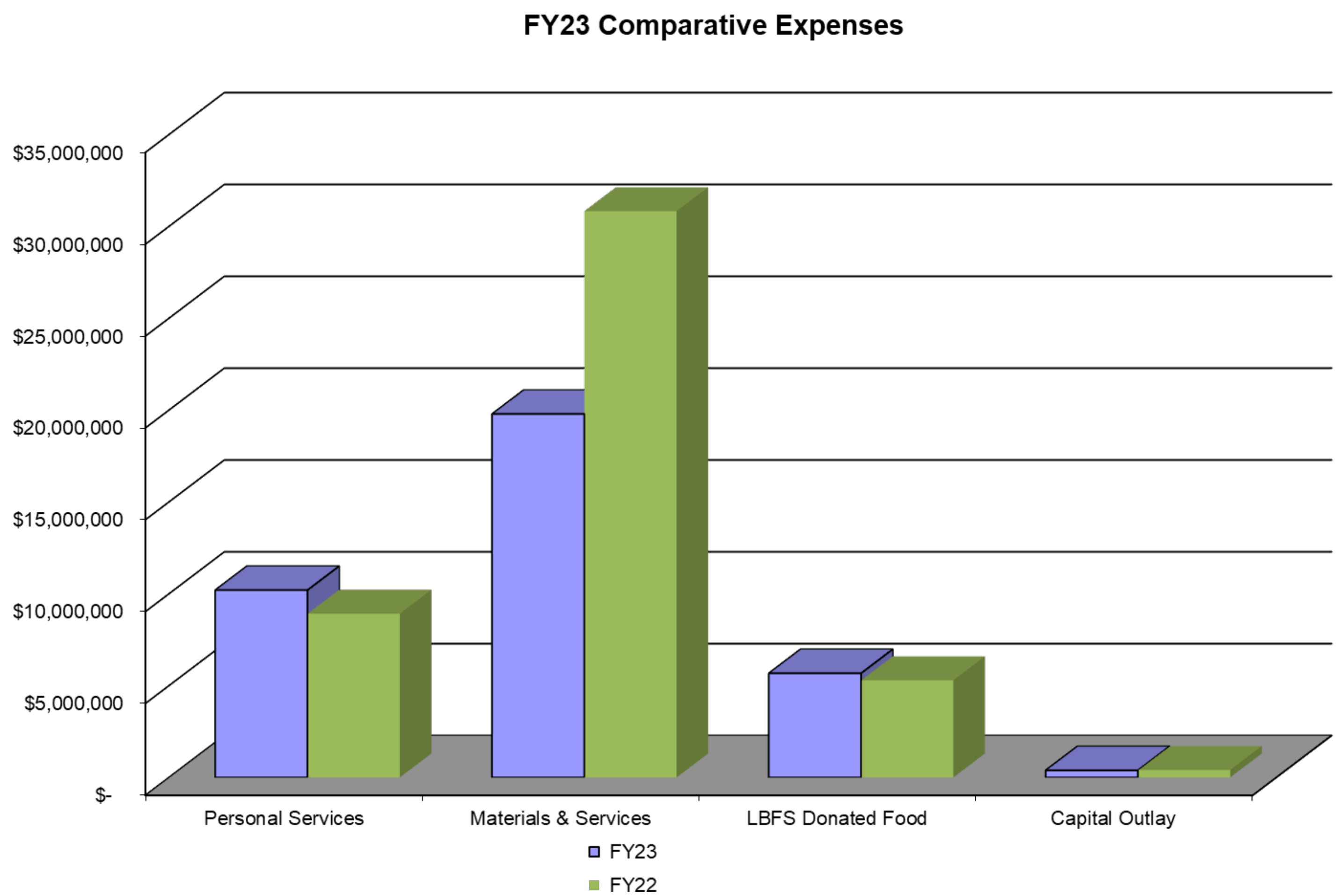
Housing and Emergency Services saw a large decrease in the amount of rental and utility assistance with the remainder of covid related funding coming to an end. This reflected a decrease in the expenses of this fund of over $11.3 million. In the political arena, the housing crisis continues to be a large item of concern, but funding is ever changing and continues to be volatile. We continue to monitor and adapt to changing funding and adjustments at the state and federal 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 is 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 3 supplemental budgets, increasing the original budget $38,995,045 to a total of $41,213,817 as shown in the Required Supplementary Information for Budget and Actual on page 42 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 FY23 and FY22. Personal services increased from 20 % to 28 % of total expenditures as the funding for direct client services fell with the ending of covid related grants as clearly seen with the activity in materials and services. Total materials and services decreased by over $11 million from 79 % to 71 % of agency expenses in FY23. Services directly on behalf of our program participants, including food distributions, were about $21.2 million dollars, approximately 59% of the total annual expenses.

Figure E
Expense Comparison for the Years Ended June 30, 2023 and 2022



Capital Asset Administration

After implementation of GASB 96, total capital assets for FY22 were restated to include subscription-based IT arrangements (SBITA) to $5,013,358. In FY23, total capital assets, net of accumulated depreciation and amortization, decreased $183,647 from $5,013,358 in FY22 to $4,829,711, in FY23. CSC's capital asset change is primarily due to additions of $383,834, depreciation of $267,242 and amortization of $300,239. More detailed information is included in the notes to the financial statements on page 31.

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

As a governmental agency without a tax base, CSC is facing a rising challenge of covering increased operating costs without a corresponding increase in revenues. Rising inflation rates are causing increasing need amongst our clients while also requiring increases in internal costs such as the cost-of-living increase of 5.6% negotiated with our union. In addition to this, the large increase seen across local governments in the cost of retirement (PERS) has not yet been addressed.

While working towards bringing CSC up to date on reporting requirements, we identified the need for a new financial system. This implementation is planned for FY24. The difficulties in finding adequate qualified financial and technical staff continue and will require ongoing contract support through the next fiscal year in order to successfully implement a new system while catching up on the reporting that is still outstanding.

These same staffing challenges seen in Finance are also noted in management in Housing. With the heightened emphasis on Housing in the political arena and CSC's increasing roll in surrounding communities, we will undoubtedly struggle to fill the staffing needs in this department as well. In addition to this, CSC will be managing a significant amount of pass-through funding to local subrecipients which will require increased monitoring and internal controls to ensure proper management of federal and state funding.

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	$ 5,737,900
Receivables	
Grants and contracts	5,845,474
Loans	388,685
Inventories	587,598
Prepaid items	316,867
Total Current Assets	12,876,524
Noncurrent Assets	
Non-depreciable capital assets	983,642
Depreciable capital assets, net	3,846,069
Total Noncurrent Assets	4,829,711
Total Assets	17,706,235
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	3,956,790

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

LIABILITIES		
Current Liabilities		
Accounts payable	$	808,372
Accrued payroll		556,206
Unearned revenue		1,558,710
Right Of Use payable, current portion		333,544
Total Current Liabilities		3,256,832
Noncurrent Liabilities		
Accrued vacation		380,414
Right Of Use payable, net of current portion		292,918
Total OPEB liability		1,058,103
Net pension liability		7,458,509
Total Noncurrent Liabilities		9,189,944
Total Liabilities		12,446,776
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		1,990,724
NET POSITION		
Net investment in capital assets		4,203,249
Restricted for:		
Housing and Energy Services		1,169,946
Workforce and Education		115,595
Linn-Benton Food Share		3,751,105
Head Start		12,249
Miscellaneous Grants		53,164
Unrestricted		(2,079,783)
Total Net Position	$	7,225,525

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

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

		Program Revenues		Change in Net Position
	Expenses	***Fees for Service***	***Operating Grants and Contributions***	***Total***
FUNCTIONS/PROGRAMS				
General	$ (329,359)	$ -	$ 27,789	$ 357,148
Workforce and Education	11,742,033	-	9,173,067	(2,568,966)
Housing and Energy Services	14,638,226	113,864	16,232,392	1,708,030
Linn Benton Food Share	8,075,581	-	8,480,175	404,594
Child Development Services	1,655,962	-	2,837,510	1,181,548
Miscellaneous Grants	251,370	-	262,872	11,502
Total	$ 36,033,813	$ 113,864	$ 37,013,805	1,093,856
GENERAL REVENUES				
Interest				59,059
CHANGE IN NET POSITION				1,152,915
NET POSITION, *Beginning of year*				6,072,610
NET POSITION, *End of year*				$ 7,225,525

COMMUNITY SERVICES CONSORTIUM
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Housing and Energy Services	Workforce and Education
ASSETS			
Cash	$ 5,736,676	$ 654	$ 50
Receivables			
Grants and contracts	-	2,676,430	2,275,785
Loans	-	388,685	-
Due from other funds	10,529,169	7,227,572	4,896,635
Inventories	10,813	313,475	-
Prepaid items	202,341	92,545	20,222
	$ 16,478,999	$ 10,699,361	$ 7,192,692
LIABILITIES			
Accounts payable	$ 62,936	$ 528,914	$ 115,170
Accrued payroll	936,620	-	-
Due to other funds	14,280,461	7,615,504	6,070,176
Unearned revenue	-	141,236	1,038,788
Total Liabilities	15,280,017	8,285,654	7,224,134
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	378,685	-
FUND BALANCES			
Nonspendable	213,154	406,020	20,222
Restricted	5,559	1,169,946	115,595
Assigned	-	1,131,044	-
Unassigned	980,269	(671,988)	(167,259)
Total Fund Balances	1,198,982	2,035,022	(31,442)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 16,478,999	$ 10,699,361	$ 7,192,692

Linn-Benton Food Share	Child Development Services	Misc. Grants	Totals
$ -	$ 520	$ -	$ 5,737,900
149,059	599,859	144,341	5,845,474
-	-	-	388,685
6,868,273	2,286,981	70,568	31,879,198
263,310	-	-	587,598
709	150	900	316,867
$ 7,281,351	$ 2,887,510	$ 215,809	$ 44,755,722
$ 34,686	$ 32,993	$ 33,673	$ 808,372
-	-	-	936,620
842,928	2,887,993	182,136	31,879,198
-	-	-	1,180,024
877,614	2,920,986	215,809	34,804,214
-	-	-	378,685
264,019	150	900	904,465
3,751,105	12,249	47,605	5,102,059
2,394,286	39,476	-	3,564,806
(5,673)	(85,351)	(48,505)	1,493
6,403,737	(33,476)	-	9,572,823
$ 7,281,351	$ 2,887,510	$ 215,809	$ 44,755,722

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, 2023

Total Governmental Fund Balances	$ 9,572,823
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 leased and capital assets	7,934,276
Accumulated depreciation	(3,104,566)
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	(7,458,509)
Total OPEB liability	(1,058,103)
Right of use lease payable	(626,462)
Deferred outflows related to pensions	3,956,790
Deferred inflows related to pensions	(1,990,724)
Total Net Position	$ 7,225,525

COMMUNITY SERVICES CONSORTIUM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Housing and Energy Services	Workforce and Education
REVENUES			
Grants and contracts	$ 5,500	$ 16,181,025	$ 9,077,314
Contributions	22,464	5,931	10,958
Loan repayments	-	30,587	-
Fees for service	-	113,864	-
Commodity foods	-	-	-
Other	(175)	14,848	84,665
Interest	59,059	-	-
Total Revenues	86,848	16,346,255	9,172,937
EXPENDITURES			
Current			
Administration	235,185	1,617,938	1,581,617
Workforce and Education	-	-	7,641,017
Housing and Energy Services	-	14,922,109	-
Head Start	-	-	-
Food programs	-	-	-
Miscellaneous programs	-	-	-
Total Expenditures	235,185	16,540,047	9,222,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(148,337)	(193,792)	(49,697)
OTHER FINANCING SOURCES AND (USES)			
Transfers	(995)	995	-
NET CHANGE IN FUND BALANCE	(149,332)	(192,797)	(49,697)
FUND BALANCES, Beginning of year	1,348,314	2,227,819	18,255
FUND BALANCES, End of year	$ 1,198,982	$ 2,035,022	$ (31,442)

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

Linn-Benton Food Share	Child Development Services	Misc. Grants	Totals
$ 1,302,881	$ 2,836,216	$ 262,872	$ 29,665,808
1,284,963	1,295	-	1,325,611
-	-	-	30,587
-	-	-	113,864
5,670,397	-	-	5,670,397
221,935	-	-	321,273
-	-	-	59,059
8,480,176	2,837,511	262,872	37,186,599
203,627	307,623	-	3,945,990
-	-	-	7,641,017
-	-	-	14,922,109
-	2,541,738	-	2,541,738
7,737,829	-	-	7,737,829
-	-	262,871	262,871
7,941,456	2,849,361	262,871	37,051,554
538,720	(11,850)	1	135,045
-	-	-	-
538,720	(11,850)	1	135,045
5,865,017	(21,626)	(1)	9,437,778
$ 6,403,737	$ (33,476)	$ -	$ 9,572,823

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

Net changes in fund balances - total governmental funds	$	135,045
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 and leased assets purchases capitalized		383,834
Depreciation and amortization		(567,481)
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		227,628
Total OPEB liability and related deferrals		894,824
Right of use lease payable		79,065
Change in Net Position	$	1,152,915

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.

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.

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.

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, Lease Assets, and Subscription-Based IT Arrangements (SBITAs)

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at acquisition cost. Lease and SBITA assets are recorded at their net present value of future payments. 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. Lease and SBITA assets are amortized using the straight-line method over the term of the agreements.

Lease and SBITA Payables

In accordance with GASB 87 and GASB 96, right of use leases and SBITAs are recorded as payables in the government-wide financial statements Statement of Net Position and amortized over the term of the agreements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 liability increased by $66,824 for an ending liability of $380,414.

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 assets 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 assets 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.

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

Interfund Transactions

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

All other interfund transactions are reported as transfers.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary from those estimates.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Personal services
Materials and services
Capital outlay
Transfers

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

The board adopted three supplemental budgets during the year ended June 30, 2023. The changes were necessary due to the receipt of additional grants that were not anticipated when the original budget was formulated and to bring the budget in line with anticipated expenditures.

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, 2023, the carrying value of cash and investments at fair value are approximately equal. Cash and investments are made up of the following at June 30, 2023:

Cash		
Cash on hand	$	1,424
Deposits with financial institutions		3,679,710
Local Government Investment Pool		2,056,766
	$	5,737,900

Deposits

At June 30, 2023, CSC's deposits with various financial institutions had a bank balance of $4,287,348 and a book balance of $3,679,710. 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, 2023, the balance covered by the PFCP was $3,405,805.

LGIP

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

At June 30, 2023, 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.

CASH *(Continued)*

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.

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 $388,685 consists of housing rehabilitation and Self-Help Homeownership Opportunity Program (SHOP) loans. The housing rehabilitation loans total $320,221 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, 2023, consist of the following:

Linn-Benton Food Share food	$ 218,558
USDA commodities food	44,751
Weatherization materials	344
Weatherization work in progress	313,132
Other	10,813
Total	$ 587,598

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Governmental Funds				
Capital assets not being depreciated:				
Land	$ 983,642	$ -	$ -	$ 983,642
Capital assets being depreciated or amortized:				
Furniture and equipment	468,654	29,232	-	497,886
Vehicles	872,851	133,428	(6,850)	999,429
Buildings	4,367,143	-	-	4,367,143
Right of use lease asset	473,683	221,174	-	694,857
Right of use SBITA asset	391,320	-	-	391,320
Total capital and lease assets being depreciated or amortized	6,573,651	383,834	(6,850)	6,950,635
Accumulated depreciation				
Furniture and Equipment	(354,461)	(32,499)	-	(386,960)
Vehicles	(525,424)	(108,578)	6,850	(627,152)
Buildings	(1,504,574)	(126,165)	-	(1,630,739)
Accumulated depreciation	(2,384,459)	(267,242)	6,850	(2,644,851)
Accumulated amortization				
Right of use lease asset - amortization	(159,476)	(232,622)	-	(392,098)
Right of use SBITA asset - amortization	-	(67,617)	-	(67,617)
Accumulated amortization	(159,476)	(300,239)	-	(459,715)
Total accumulated depreciation and amortization	(2,543,935)	(567,481)	6,850	(3,104,566)
Total capital assets being depreciated or amortized, net	4,029,716	(183,647)	-	3,846,069
Capital assets, net	$ 5,013,358	$ (183,647)	$ -	$ 4,829,711

Depreciation and amortization are recognized as a general administrative expense.

RIGHT OF USE LEASE PAYABLE

CSC has 7 leases for office space and 5 leases for copiers with remaining lease terms of 1-2 years and 2 to 5 years, respectively. The lease payable was calculated using a discount rate of 2.88%. CSC recorded $321,841 in lease expense in the current fiscal year.

At June 30, 2023, future principal and interest payments for the lease payable is as follows:

Year Ending June 30,	Principal	Interest
2024	$ 204,968	$ 3,724
2025	70,840	1,146
2026	21,268	301
2027	5,073	173
2028	610	3
Total	$ 302,759	$ 5,347

RIGHT OF USE SUBSCRIPTION-BASED IT ARRANGEMENT PAYABLE

CSC has 3 subscription-based IT arrangement (SBITA) contracts for various software programs with remaining SBITA terms of 2-3 years. The SBITA payable was calculated using a discount rate of 4.30% based on the current LGIP rate. CSC recorded $137,591 in SBITA expense in the current fiscal year.

At June 30, 2023, future principal and interest payments for the SBITA payable is as follows:

Year Ending June 30,	Principal	Interest
2024	$ 126,138	$ 9,016
2025	131,671	3,377
2026	65,894	29
Total	$ 323,703	$ 12,422

FUND BALANCE

Fund balance classifications for the year ended June 30, 2023, are as follows:

	General	Housing and Energy Services	Workforce and Education	Linn-Benton Food Share	Child Development Services	Miscellaneous Grants	Totals
Restricted for:							
General Fund	$ 5,559	$ -	$ -	$ -	$ -	$ -	$ 5,559
Housing and Energy Services	-	1,169,946	-	-	-	-	1,169,946
Workforce and Education	-	-	115,595	-	-	-	115,595
Linn-Benton Food Share	-	-	-	3,751,105	-	-	3,751,105
Head Start	-	-	-	-	12,249	-	12,249
Miscellaneous Grants	-	-	-	-	-	47,605	47,605
	$ 5,559	$ 1,169,946	$ 115,595	$ 3,751,105	$ 12,249	$ 47,605	$ 5,102,059
Assigned to:							
Housing and Energy Services	$ -	$ 1,131,044	$ -	$ -	$ -	$ -	$ 1,131,044
Workforce and Education	-	-	-	-	-	-	-
Linn-Benton Food Share	-	-	-	2,394,286	-	-	2,394,286
Child Development Services	-	-	-	-	39,476	-	39,476
	$ -	$ 1,131,044	$ -	$ 2,394,286	$ 39,476	$ -	$ 3,564,806

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:
https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.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.

PENSION PLAN *(Continued)*

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

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

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

Benefits provided under Chapter 238A - OPSRP Pension Program (OPSRP DB)
This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

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.

PENSION PLAN *(Continued)*

Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation. CSC contribution rates in effect for the fiscal year ended June 30, 2023, were 22.91 percent for Tier One/Two members and 19.28 percent for OPSRP general service members. CSC contributions for the year ended June 30, 2023, were $861,445, 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, 2023, was $353,991.

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

At June 30, 2023, CSC reported a liability of $7,458,509 for its proportionate share of the OPERS net pension liability. The net pension liability was measured by OPERS as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 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, 2022, CSC's proportion was 0.0487%, which is changed from its proportion measured as of June 30, 2021, of 0.0453%.

For the year ended June 30, 2023, CSC recognized pension expense of $1,305,806. 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, 2023, 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	$ 362,050	$ 46,513
Changes of assumptions	1,170,280	10,692
Net difference between projected and actual earnings on investments	-	1,333,437
Changes in proportionate share	928,773	3,136
Differences between employer contributions and proportionate share of system contributions	40,883	596,946
Contributions subsequent to measurement date	1,454,804	-
Total	$ 3,956,790	$ 1,990,724

PENSION PLAN *(Continued)*

Deferred outflows of resources related to pensions of $1,454,804 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, 2024. 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		
2024	$	200,637
2025		5,715
2026		(405,068)
2027		697,098
2028		12,882
Total	$	511,266

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2021 through June 30, 2023, 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 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.

PENSION PLAN *(Continued)*

Actuarial Methods and Assumptions *(Continued)*

Actuarial Methods and Assumptions	Pension
Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
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:*** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Active members:*** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Disabled retirees:*** Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

(Source: June 30, 2022 Oregon PERS ACFR; Table 25; Page 71)

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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension	$ 13,227,020	$ 7,458,509	$ 2,630,531

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 2021 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.

Long-Term Expected Rate of Return [1]

Asset Class	Target Allocation	Annual Arithmetic Return [2]	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 [3]	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

[1] Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.
[2] The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.
[3] Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

(Source: June 30, 2022 Oregon PERS ACFR; Table 31; Page 74)

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, 2023, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	-
Retirees entitled to but not receiving benefits	-
Active employees	114
	114

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, 2023, the estimated implicit rate subsidy was $7,860.

OTHER POST EMPLOYMENT BENEFITS *(Continued)*

Total OPEB Liability and OPEB Expense

As of June 30, 2023, CSC reported a total OPEB liability of $1,058,103, based on the June 30, 2023, valuation. For the year ended June 30, 2023, CSC recognized OPEB income of $894,824.

Total OPEB liability - beginning of year	$	1,952,927
Changes during the year:		
Service cost		92,906
Interest on total OPEB liability		79,094
Effect of assumptions changes or inputs		(1,074,684)
Contributions made		7,860
Total OPEB liability - end of year	$	1,058,103

Valuation Methods and Assumptions

The total OPEB liability for the June 30, 2023, 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 2.50%, salary increases of 3.40%, discount rate of 1.15%, and a healthcare cost trend rate of 5.56% initially, to an ultimate rate of 3.90% 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	$ 1,277,938	$ 1,058,103	$ 886,103

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	$ 881,444	$ 1,058,103	$ 1,279,987

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, 2023, the following nonmonetary transactions were recorded in the Linn-Benton Food Share Fund:

	USDA	Linn-Benton Food Share	Total
Food received - revenue	$ 1,005,430	$ 4,664,967	$ 5,670,397
Food distributed - expenditures	1,080,409	4,623,075	5,703,484
Excess (Deficit) of Nonmonetary Revenues Over Nonmonetary Expenditures	$ (74,979)	$ 41,892	$ (33,087)

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, 2023

	Original Budget*	***Final Budget***	***Actual***	***Variance***
REVENUES	$ 38,995,045	$ 41,213,817	$ 37,186,599	$ (4,027,218)
EXPENDITURES				
Personal services	11,322,165	11,527,875	11,318,899	208,976
Materials and services	27,316,223	29,279,285	25,569,995	3,709,290
Capital outlay	356,657	406,657	162,660	243,997
Total Expenditures	38,995,045	41,213,817	37,051,554	4,162,263
REVENUES OVER (UNDER) EXPENDITURES	-	-	135,045	135,045
FUND BALANCE, Beginning of year	-	-	9,437,778	9,437,778
FUND BALANCE, End of year	$ -	$ -	$ 9,572,823	$ 9,572,823

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

COMMUNITY SERVICES CONSORTIUM

SCHEDULE OF OPERS RETIREMENT PLAN PENSION BENEFITS

YEAR ENDED JUNE 30, 2023

	Proportion of Net Pension Liability (Asset)	Proportionate Share of Net Pension Liability (Asset)	CSC's Covered Payroll	Proportionate Share of the NPL(A) as % of Payroll	Plan Fiduciary Net Position as % of Total Pension Liability
2023	0.0487%	$ 7,458,509	$ 6,729,494	110.8%	84.5%
2022	0.0452%	5,414,772	5,349,129	101.2%	87.6%
2021	0.0413%	9,022,558	4,596,279	196.3%	75.8%
2020	0.0414%	7,160,053	4,429,870	161.6%	80.2%
2019	0.0403%	6,107,087	4,224,643	144.6%	82.1%
2018	0.0395%	5,324,209	4,014,171	132.6%	83.1%
2017	0.0455%	6,838,375	3,275,403	208.8%	80.5%
2016	0.0515%	2,955,901	4,004,284	73.8%	91.9%
2015	0.0550%	(1,245,674)	3,935,544	-31.7%	103.6%
2014	0.0550%	2,804,435	4,274,105	65.6%	92.0%

Notes:

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

(2) Changes of benefit terms: Amounts reported in fiscal 2015 reflect legislation eliminating tax remedy paymen 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.

COMMUNITY SERVICES CONSORTIUM

SCHEDULE OF OPERS RETIREMENT PLAN PENSION CONTRIBUTIONS

YEAR ENDED JUNE 30, 2023

	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	CSC's Covered Payroll	Contributions as % of Payroll
2023	$ 1,454,804	$ (1,454,804)	$ -	$ 7,447,050	19.54%
2022	1,350,927	(1,350,927)	-	6,729,494	20.07%
2021	1,020,937	(1,020,937)	-	5,349,129	19.09%
2020	822,526	(822,526)	-	4,596,279	17.90%
2019	596,605	(596,605)	-	4,429,870	13.47%
2018	573,636	(573,636)	-	4,224,643	13.58%
2017	433,028	(433,028)	-	4,014,171	10.79%
2016	403,426	(403,426)	-	3,275,403	12.32%
2015	423,124	(423,124)	-	4,004,284	10.57%
2014	437,654	(437,654)	-	3,935,544	11.12%

Notes:

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

(2) The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

COMMUNITY SERVICES CONSORTIUM

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

LAST FIVE FISCAL YEARS[1]

	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning of year	$1,952,927	$2,430,256	$1,206,854	$1,305,872	$ 966,131	$ 906,188
Changes during the year:						
Service cost	92,906	119,454	142,018	77,752	77,822	78,623
Interest on total OPEB liability	79,094	27,948	7,242	16,976	26,569	17,487
Effect of assumptions changes or inputs	(1,074,684)	(619,427)	1,076,802	(188,061)	242,663	(8,477)
Contributions made	7,860	(5,304)	(2,660)	(5,685)	(7,313)	(27,690)
Total OPEB liability - end of year	$1,058,103	$1,952,927	$2,430,256	$1,206,854	$1,305,872	$ 966,131
Covered payroll	$6,007,876	$5,373,434	$4,140,879	$3,551,554	$3,244,946	$2,925,466
Total OPEB liability as a percentage of covered payroll	17.61%	36.34%	58.69%	33.98%	40.24%	33.02%
Discount rate	4.05%	1.15%	0.60%	1.30%	2.75%	3.00%

Notes:

The above table presents the most recent 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
redw
Advisors & CPAs

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, 2023, and have issued our report thereon dated July 8, 2024.

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.

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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.

Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
July 8, 2024

FEDERAL COMPLIANCE SECTION

	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	None	$ 92,416
Temporary Emergency Food Assistance Program (TEFAP) - Commodities	10.569	Oregon Food Bank	None	915,439
Temporary Emergency Food Assistance Program (TEFAP) - Cash	10.569	Oregon Food Bank	None	134,205
CSFP - Senior USDA - Cash	10.565	Oregon Food Bank	None	24,601
CSFP - Senior USDA - Commodities	10.565	Oregon Food Bank	None	164,970
Total Food Distribution Cluster				1,331,631
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	10,107
Child and Adult Care Food Program	10.558	Oregon Department of Education	2103001	88,317
Total Child and Adult Care Food Program				98,425
Total U.S. Department of Agriculture				1,430,056
U.S. Department of Housing and Urban Development				
Continuum of Care HUD - Supp HSG Program	14.267	Oregon Housing and Community Services	OR0063L0E052011	89,799
Continuum of Care HUD - Supp HSG Program	14.267	Oregon Housing and Community Services	OR0063L0E052112	208,127
HUD Permanent Supp Hsg	14.267	Oregon Housing and Community Services	OR0285L0E052001	37,323
HUD Permanent Supp Hsg	14.267	Oregon Housing and Community Services	OR0063L0E052112	55,915
Total Continuum of Care				391,164
ESG - COVID 19	14.231	Oregon Housing and Community Services	E-20-DW-41-0001	660
ESG - CV 2	14.231	Oregon Housing and Community Services	E-20-DW-41-0001	4,805
ESGP 21	14.231	Oregon Housing and Community Services	E-20-DC-41-0001	33,472
ESGP 22	14.231	Oregon Housing and Community Services	E-20-DC-41-0001	183,040
ESG CV 2 COMP	14.231	Oregon Housing and Community Services	E-20-DW-41-0001	136,367
Total Emergency Shelter Grant Program				358,344

See notes to schedule of expenditures of federal awards.

	Assistance Listing Number	Pass Through Organization	Pass Through ID	Expenditures
Home Tenant Based Assistance 20	14.239	Oregon Housing and Community Services	M-18-SG-41-0100	$ 92,625
Home Tenant Based Assistance 21	14.239	Oregon Housing and Community Services	M-18-SG-41-0100	74,362
Home Tenant Based Assistance 22/25	14.239	Oregon Housing and Community Services	M-18-SG-41-0100	29,622
Total Home Tenant Based Assistance				196,609
Housing Choice Voucher Cluster				
Linn Benton Housing Auth HUD EHV - ARPA	14.871	Linn County, Oregon	MOU w/Linn-Benton Housing Authority	88,501
Total U.S. Department of Housing and Urban Development				1,034,617
U.S. Department of Labor				
WIOA Cluster				
WIOA - Adult - Linn - WWP	17.258	Oregon Community Colleges and Workforce Development	#S01-21	357,403
WIOA - Adult - Specialized Populations - WWP	17.258	Oregon Community Colleges and Workforce Development	#S36-21	40,588
WIOA - YOUTH- LINN - WWP	17.258	Oregon Community Colleges and Workforce Development	#S40-21	287,551
WIOA - YOUTH- POLK - WWP	17.259	Oregon Community Colleges and Workforce Development	#S40-21	299,330
WIOA YOUTH - 5 COUNTIES - NOW	17.259	Oregon Community Colleges and Workforce Development	#20-11	241,243
WIOA - DW- LINN - WWP	17.278	Oregon Community Colleges and Workforce Development	#S01-21	325,829
WIOA DW SPECIALIZED POPULATIONS - WWP	17.278	Oregon Community Colleges and Workforce Development	#S36-21	32,400
Total WIOA Cluster				1,584,344
Total U.S. Department of Labor				1,584,344

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 Shallow Subsidy (3487)	64.033	Community Action Partnership of Oregon	20-OR-430 (22)	$ 287,831
Supportive Services for Veterans and Families Shallow Subsidy (23)	64.033	Community Action Partnership of Oregon	20-OR-430 (23)	248,593
Supportive Services for Veterans and Families Shallow Subsidy	64.033	Community Action Partnership of Oregon	20-OR-430 (21) SS	87,728
Total U.S. Department of Veterans Affairs				624,152
U.S. Department of Energy				
BPA 22 (WX)	81.U01	Oregon Housing and Community Services	OHCS MGA 19-21 #5086	103,672
BPA WX NA 14	81.U01	Oregon Housing and Community Services	OHCS MGA 13-15 #2035	20,250
Total BPA				123,922
DOE - WX - NA	81.042	Oregon Housing and Community Services	DE-EE0009926	1,776
DOE - WX	81.042	Oregon Housing and Community Services	DE-EE0010011	139,759
Total Weatherization Assistance for Low-income Persons				141,535
Total U.S. Department of Energy				265,457
U.S. Department of Education				
ESSER CARES ACT 3 Career Tech	84.425D	Lincoln County School District	None	80,344
Total U.S. Department of Education				80,344
U.S. Department of Health and Human Services				
Head Start Cluster				
Head Start 2020-2021	93.600	Direct	10CH011432	1,404,935
Head Start 2HHS Fed 4.1.22-3.31.23	93.600	Direct	10CH011432-04-00	244,730
Headstart Duration Startup	93.600	Direct	10HE000473-01-01	83,602
Total Head Start Cluster				1,733,267
Housing Stabilization Program / TANF	93.558	Oregon Housing and Community Services	2101ORTANF	166,531
WWP - TANF - Youth Development	93.558	Willamette Workforce Partnership	S11-21	39,246
NOW - TANF - SUMM	93.558	Willamette Workforce Partnership	S11-21	34,659
Total TANF				240,436
Community Services Block Grant - FFY22	93.569	Oregon Housing and Community Services	2202ORCOSR	173,461
Community Services Block Grant - FFY23	93.569	Oregon Housing and Community Services	2302ORCOSR	144,341
Community Services Block Grant - FFY20 CARES	93.569	Oregon Housing and Community Services	2001ORCSC3	23,203
Total Community Services Block Grant				341,005

See notes to schedule of expenditures of federal awards.

	Assistance Listing Number	Pass Through Organization	Pass Through ID	Expenditures
LIHWA Low Income Household Water Assistance - FY22 Start	93.499	Oregon Housing and Community Services	2102ORLWC6	251,995
LIHWA - ARPA Low Income Household Water Assist - FY22 Start	93.499	Oregon Housing and Community Services	2102ORLWC6	373,121
Total LIHWA				625,116
LIHEAP - LOW INCOME ENERGY ASSISTANCE 21/22	93.568	Oregon Housing and Community Services	2302ORLIEA	$ 7,230
LIHEAP - LOW INCOME ENERGY ASSISTANCE 22	93.568	Oregon Housing and Community Services	2202ORLIEA	253,347
LIHEAP 23	93.568	Oregon Housing and Community Services	2302ORLIEA	1,570,103
E-LIHEAP 23	93.568	Oregon Housing and Community Services	2302ORLIEE	924,985
LIHEAP ARPA 22	93.568	Oregon Housing and Community Services	2102ORE5C6	1,042,122
LIHEAP - Weatherization 21	93.568	Oregon Housing and Community Services	2102ORLIEA	77,802
LIHEAP WX 22	93.568	Oregon Housing and Community Services	2202ORLIEA	365,529
LIHEAP 23 WX	93.568	Oregon Housing and Community Services	2302ORLIEE	139,783
LIHEAP & LP ARPA 22 WX	93.568	Oregon Housing and Community Services	2102ORE5C6	719
Total LIHEAP				4,381,619
CDC - Immunization & Vaccines for Children	93.268	Oregon Health Authority	#168913	7,021
OHA - VOTE Funding	93.323	Oregon Health Authority	#171551-2	1,695
Total U.S. Department of Health and Human Services				7,330,159
U.S. Department of Treasury				
COVID Rent and Energy Relief	21.023	Oregon Housing and Community Services	ERA-2101123321	27,482
Total U.S. Department of Treasury				27,482
Total Expenditures of Federal Awards				$ 12,376,612

See notes to schedule of expenditures of federal awards.

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, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the SEFA presents only a selected portion of the operations of CSC, it is not intended to and does not present the net position or changes in net position of CSC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

GROVE, MUELLER & SWANK
redw
Advisors & CPAs

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, 2023, and the related notes to the financial statements, which collectively comprise CSC's basic financial statements, and have issued our report thereon dated July 8, 2024.

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 2023-001 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 items 2023-001.

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Community Services Consortium's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures 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.

Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
July 8, 2024

GROVE, MUELLER & SWANK

redw

Advisors & CPAs

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, 2023. 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, 2023.

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.

We are required to be independent of CSC and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of CSC's compliance with the compliance requirements referred to above.

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.

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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 in internal control over compliance. 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.

REDW LLC

Salem, Oregon
July 8, 2024

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 programs:

Assistance Listing Numbers	*Name of Federal Program or Cluster*
17.258, 17.259, 17.278	Workforce Innovation and Opportunity Act Cluster
93.568	Low-Income Home Energy Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

FINANCIAL STATEMENT FINDINGS

Finding 2023-001 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: The accounting records and supporting schedules were not available until April 2024.

Cause: We believe accounting staff turnover and inexperienced replacements during the year under audit were contributing factors that led to poor and inaccurate maintenance of the accounting records. 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 could not be created and audited in accordance with various state and federal requirements.

FINANCIAL STATEMENT FINDINGS *(Continued)*

Identification of Repeat Finding: This is a repeat finding of 2022-001

Recommendation: Staff turnover appears to have stabilized with the new finance director and the changes she implemented related to procedures and staffing. 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 have begun adding staff and restructuring the Finance department. We are in the process of hiring a senior accountant, which will be a new position on our team, and have added an operations supervisor to assist with internal control implementations.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Finding 2022-001 Maintenance of Accounting Records (Material Weakness)

Condition: The accounting records and supporting schedules were not available until January 2024.

Recommendation: Staff turnover appears to have stabilized with the new finance director and the changes she implemented related to procedures and staffing. 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.

Current Status: CSC is in the process of addressing their accounting issues. The finance director (new in January 2023) has replaced some and added other finance staff positions to address the lack of skill in the department. A new accounting software went live in 2024 and the department continues to confirm and codify their processes and procedures.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-002 Internal Controls over Major Programs (Significant Deficiency)

Information on the Federal Program: Assistance Listing Number 93.600 – Head Start Cluster, United States Department of Health & Human Services. *Pass-Through Entity:* N/A. *Award Number:* 10CH011432. *Compliance Requirements:* Reporting.

Condition: During our compliance testing, we noted the SF-429 report was not submitted as required.

Recommendation: Staff turnover appears to have stabilized with the new finance director and the changes she implemented related to procedures and staffing. 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.

Current Status: N/A. The finding was related to the failure to submit a required report. No further action necessary.