

BUDGET MESSAGE

NEOEDD's budget for 2019-2020 is based on historic costs with adjustments for known and potential changes in expected revenues and expenses.

The total fund balance for the District is expected to have increased by about \$50,000 from June 2018 to June 2019. We had projected an increase of about \$21,500 in the budget for the year, so our net revenues have exceeded our anticipated net revenues. The proposed budget projects an increase of about \$12,800 in total fund balances from June 2019 to June 2020.

Revenues

We have identified specific funding sources for the revenue streams identified in the proposed budget. The sources are identified below.

In the NOBD fund, we are under contract with Northeast Oregon Business Development to reimburse us for our costs of delivering services associated with the Intermediary Relending Program. We also receive an annual payment for services previously rendered which was formalized in a loan agreement with a thirteen-year repayment period.

The Food Initiatives Fund includes a three-year grant (\$5,000/year) from the federal government through Oregon State University Extension to support the Oregon Community Food System Network (OCFSN) and OCFSN reimbursements for staff travel costs.

In the Contract Services fund, we are currently under contract with the Wallowa County Humane Society to prepare a feasibility study; however, they are currently weighing options and we may not complete the study or provide additional services to them. Baker County received a Community Development Block Grant to build a rural fire station construction in Richland. We were awarded a \$20,000 contract to provide certified payroll services. As this construction project may not be completed during the fiscal year, we are anticipating that we will need to raise approximately \$15,000 in additional contract services revenue during the year.

The Business Support fund is a new fund created in the anticipation of receiving grant funding from The Ford Family Foundation to continue to provide business planning classes and other classes for entrepreneurs during the six months between CDBG Microenterprise grant funding cycles. We have not yet applied for this funding, so it is speculative.

We received a three-year grant from Meyer Memorial Trust to build non-profit organization capacity in understanding, adopting policies and implementing practices to advance diversity, equity and inclusion within their organizations. Next year, we will

receive \$48,220 from MMT. The estimated balance of cash in the account at year-end is budgeted as a deferred revenue which will be recognized on our books as grant revenue in the upcoming year. We anticipate having some fund balance at the end of the year which will be again classified as deferred revenue. In addition, we will be applying for and hope to receive at least an additional \$30,000 from other foundations to support this work through the next two years.

ROI LG reflects activity at the IGNITE Center for Entrepreneurship in La Grande. This is a joint project with the City of La Grande Urban Renewal District. NEOEDD serves as the fiscal sponsor for the project. Anticipated funding includes funding from the Kauffman Foundation and membership/rental income.

ROI BC reflects activity at Launch Pad Baker. At this point, we have budgeted both funds from Business Oregon and funds from the Kauffman Foundation. We are uncertain about either source of funding, but have received encouraging news about the Kauffman Foundation funding. Whether or not this program will be included in Business Oregon's budget is still unknown.

We normally apply for an Economic Development Administration Planning Grant annually. We were invited to submit a three-year application for \$225,000 (\$75,000/year) this year. This is likely to be awarded.

In the Micro CDBG fund, we are hoping to submit a new application through the City of La Grande through the Community Development Block Grant program. If awarded, we may be able to access funding early in 2020.

In the IDA fund, we are under contract for \$11,500 of funding from Valley Individual Development Accounts (VIDA) based on performance which includes enrolling new individuals in the program and subsequently having them "graduate" and access funds from the program. We have also budgeted \$7,500 of Foundation/Corporate grant revenue which is expected from banking institutions based on past Community Reinvestment Act donations for the IDA program.

Expenses

NEOEDD has a staff of one full-time employee, one 90% of full-time equivalent (FTE), one 75% FTE and one 50% FTE. The budget includes a cost-of-living adjustment, calculated per board-adopted policy and raises for most staff members who are under the targeted minimum or median pay level within comparable organizations. These targets were established by the Executive Committee based on a salary survey conducted by the Local Government Personnel Institute.

Health insurance costs are budgeted based on new rates provided by CIS. The costs are lower than last year because a newly married employee did not add their spouse to the insurance coverage as anticipated at budget time last year.

Travel costs are budgeted about \$4,000 higher than the current year budget. This budget includes lodging costs for DEI roundtable instructors as well as anticipated increased travel for contract services delivered in Baker County.

Advertising costs are budgeted the same as last year although we didn't use all the advertising budget this year. A significant amount of our costs are incurred at the end of the fiscal year when we advertise for the budget meetings.

Contractual Services costs are expected to increase slightly reflecting anticipated expenses related to the food system grant and supporting Launch Pad Baker if anticipated grants are received.

Indirect costs are expected to increase by about \$6,000 from last year. These increased costs are spread across most line items.

Internet/Website costs are budgeted with a decrease as we hired a web designer to update our website last year.

Phone costs are budgeted slightly lower than last year as this year's costs were below budget.

Rent costs are budgeted at a much higher rate which reflects the addition of office space at the IGNITE Center for Entrepreneurship.

Seminars/conferences are budgeted at a reduced cost.

Capital Expenditures are budgeted to purchase office equipment or furniture for the District.

Fund Explanations

The General Fund of the District is not the same type of fund as the general fund of governments that receive tax dollars to support operations. Our general fund is primarily used to account for fixed assets, miscellaneous income, and for contract revenues earned in excess of costs. The General Fund is also the "bank" of the District which can be used as a source of funds to transfer to other accounts/activities such as the Planning Grant or for loans to other funds when earned income has not yet been received. District operating costs are generally not charged to the General Fund.

The Planning Grant fund is used to provide project development and management assistance to projects that have been invited to apply for or awarded funds from the Economic Development Administration, as well as planning and general economic development assistance to counties and communities. The planning grant provides the revenue to support our overall mission and goals. The grant must be matched on a 1:1 basis with other funds.

Changes in Funds Included in the Budget

One new fund was added to the budget this year. We created the Business Support fund to track revenue and expenses associated with the business support services that aren't related specifically to ROI BC or ROI LG.

If you have any questions about the budget, please contact Lisa Dawson, Budget Officer, at 541-426-3598 x101 or 1-800-645-9454 or lisadawson@neoedd.org.