

BUDGET MESSAGE

NEOEDD's budget for 2026-2027 is based on historic costs with adjustments for known and potential changes in expected revenues and expenses.

The total fund balance for the District for June 2025 to June 2026 was budgeted to decrease about \$90,500. That decrease is still expected. Most of the decline is due to staff activity in our Planning Grant fund which is not charged out to other funds. Expected cash balances at the beginning of the year (July 2026) are expected to be about \$115,000 greater than beginning cash balances at the beginning of this year (July 2025). The cash balances include \$1,103,000 of deferred revenue in the Business Oregon Loan Loss Reserve (shown in Fund 13). The remaining increase is the balance of the \$750,000 of funding received from OTEC for the line worker school construction project.

The proposed June 2026 to June 2027 budget projects a decrease of \$3,600 in total fund balances. This projected fund balance primarily reflects decreased cash on hand in the Housing fund with additional decreases in Entrepreneurial Development and Regional Main Street funds as we utilize cash balances. We are also expecting to book bad debt in the Revolving Loan Fund if we are successful in making more loans.

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.

In the remaining Revolving Loan Funds, we expect to collect on current loans and hope to make new loans to increase the amount of interest received on loans.

The budget includes the USDOE CEDS Implementation fund. NEOEDD has been awarded a \$15 million grant from USDOE with a work plan that includes supporting residents of low-income census tracts and selecting subrecipients in Union and Baker counties to implement projects related to the region's Comprehensive Economic Development Strategy. The budget includes revenue of \$238,468 and expenses for staff, overhead costs and contractual services. Grant funding will not be available until the program is definitized. We anticipate that most of the first year of activity will be directed at community outreach, forming an advisory committee and setting up the subgrant fund structure and decision-making processes.

In the Contract Services fund, we are providing grant writing services to Maxville Heritage Interpretive Center. We are also under contract with the City of Wallowa to perform grant administration and certified payroll services for a wastewater system improvement project. The Wallowa project should conclude this fall. We anticipate providing grant administration and certified payroll services for Grande Ronde Hospital for a new building funded by the Economic Development Administration in the coming year.

The Entrepreneurial Development fund includes previously earned revenue to support entrepreneur training, networking and ecosystem building services. As part of our ongoing relationship with the High Desert Partnership, we are under contract to support entrepreneurs with funding from Business Oregon. Funding from Business Oregon will be spent primarily in Union and Wallowa counties as Launch Pad Baker also contracts with High Desert Partnership to serve Baker County entrepreneurs. We plan to request funding from Oregon Community Foundation, Columbia Bank and US Bank to support entrepreneurs in the next year.

The Regional Main Street fund was created to support the Wallowa County Regional Rural Main Street program. The fund is used to account for costs associated with providing staff assistance provided to the Wallowa County Chamber of Commerce as the current lead organization for the WCCRMS program.

We have a three-year commitment from the Economic Development Administration to support our planning activities. A significant amount of staff time is spent on planning-related activities supporting cities, nonprofit organizations, and regional efforts to improve economic conditions. We also use this fund to account for general operations of the organization that aren't specifically associated with another funding source. We expect to use about \$68,600 of the Meyer Memorial Trust funding (shown as a transfer in) to support this activity.

In 2024-2025 NEOEDD received \$399,000 from Oregon Economic Development Districts to support housing development in the region. Grant-writing and other housing development support services are eligible uses of the funds. We have spent about \$110,000 of these funds. The budget includes a planned expenditure of the balance of the funds if we don't get an extension to spend the funds beyond June 30, 2027.

We were selected by The Ford Family Foundation to enhance their Rural Community Building activities in the region. This funding allows us to spend time engaging with communities and nonprofits to understand their vision and needs and find out if there are ways we can offer support. We also expect to use about \$750 of the Meyer Memorial Trust funding (shown as a transfer in) to support this activity.

In the IDA fund, we expect to receive a contract that will provide funding based on the number of new individuals who are enrolled in the program. We do not know how many new people we will be able to enroll. We expect to use about \$1,500 of the Meyer Memorial Trust funding (shown as a transfer in) to support this activity.

Expenses

NEOEDD has a staff of two full-time employees, one 90% full-time equivalent (FTE) employee and one 75% FTE employee. The budget includes the addition of one full-time FTE employee with family benefits. The additional staff person is shown to be working full-time within the USDOE CEDS Implementation budget. If this grant is not funded, it's unlikely that we will have the revenue needed to support additional staff. The budget also includes a cost-of-living increase plus a 3.25% raise for some staff.

Health insurance costs are budgeted based on estimated increases provided by CIS and the number of family members anticipated to be covered by insurance.

Travel costs are similar to travel costs in 2022-2023 and higher than the amount spent in the past two years. More travel costs related to entrepreneurial development activities and loan funds are budgeted this year.

Advertising is budgeted at a higher amount primarily associated with the USDOE fund activities.

Closing costs are expected to be higher due to additional loan activity. The bad debt expense is associated with setting aside a portion of our loan balances as an Allowance for Bad Debts which is expensed annually based on the loan fund balance at the end of the year.

Contractual Services expenses are budgeted significantly higher than budgeted last year. Contractual Services include the cost of contracting with our contracted loan officer and additional consulting shown in the loan funds. There is a large expense associated with the USDOE CEDS Implementation fund which would be used to contract with local partners such as Community Connection of NE Oregon, REV Center and/or Northeast Oregon Network to assist with outreach and participate on the advisory team and with CASA of Oregon to provide Individual Development Accounts to eligible participants. We have budgeted for contractual services in the Housing Fund which could be used for contracted grant writing for infrastructure projects or other housing-related contracts. Entrepreneurial Development, CDBG Micro and ROI funds include contractual services costs for curriculum, speakers and class instructors.

Fuel is budgeted at a higher amount which is related to additional travel and higher fuel costs.

Insurance costs are budgeted at about 8.5% higher than current year costs.

We've budgeted Internet/Website costs associated with technology subscriptions, website hosting, and IT services. The costs are budgeted at higher level than budgeted last year.

We've included a leasehold improvement cost of \$10,000. NEOEDD's lease with the City of Enterprise expires at the end of the year and they have notified us that they don't intend to renew the lease. We don't have a specific location selected for the office move, so are unsure what leasehold improvement costs may be needed.

Legal costs are budgeted higher than last year and much higher than actual costs. The amount budgeted in Indirect would be used if we need review of organizational documents and contracts. We've also budgeted legal costs for the USDOE CEDS Implementation fund in anticipation of legal review of federal requirements and compliance with those requirements in our subrecipient negotiations and documents.

Phone costs are expected to be higher than the current year's costs if we add a new employee.

Rent costs are higher than previous years with additional rent budgeted in the Entrepreneurial Development fund for venue rent and additional office rent anticipated in the final months of the year.

We have budgeted for Special Projects within USDOE CEDS Implementation, Entrepreneurial Development and Housing funds to cover costs that may be incurred. In the case of USDOE CEDS Implementation and Housing, we haven't identified any specific activities that may be classified as Special Projects. For the Entrepreneurial Development fund, we organized Small Business Success Days in February the past two years and we plan to repeat it in 2026.

Supplies may include office supplies and electronic equipment.

Capital Expenditures are budgeted to purchase office equipment or furniture for the District if costs exceed \$5,000 per item. At this time, no specific purchases are anticipated, but something may be needed associated with our office move.

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 when we close out funds. 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. We have accounted for the Meyer Memorial Trust grant within the General Fund and will transfer funds out of the General Fund to utilize the Meyer Memorial Trust grant.

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

Changes in Funds Included in the Budget

The budget includes a new fund for the CDBG Microenterprise activity. The proposed budget eliminates the following funds: Mass Timber and Equity.

If you have any questions about the budget, please contact Lisa Dawson, Budget Officer, at 541-426-3598 x1 or lisadawson@neoedd.org.