

# NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT

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## ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2018

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## **INTRODUCTORY SECTION**

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT  
District Officials**

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Administrative Office: 101 NE First Street, Suite 100  
Enterprise, Oregon 97828

Executive Director: Lisa Dawson

**BOARD OF DIRECTORS**

<b><u>Member</u></b>	<b><u>County</u></b>	<b><u>Representation</u></b>
Robert Strope, Chairman	Union	City Government
Michele Young, First Vice Chairman	Wallowa	City Government
Bruce Nichols	Baker	County Government
Debbie Gargalis	Baker	Labor
Rosemary Abell	Baker	City Government
Ed Hibbard	Baker	Private Sector
Bill Harvey	Baker	County Government
Robert Parker	Baker	Education
Jack Howard	Union	County Government
Donna Beverage	Union	County Government
Steve McClure (alternate)	Union	County Government
Don Waldrop	Union	Private Sector
Bob Kavanaugh	Union	Private Sector
Tim Seydel	Union	Public Education
Delmer Hanson	Union	City Government
Susan Roberts	Wallowa	County Government
Vicki Searles	Wallowa	Private Sector
Paul Castilleja	Wallowa	County Government
Dennis Sands	Wallowa	City Government
Ron Gay	Wallowa	Private Sector
Vacant	Baker	City Government

All board members can be contacted at: 101 NE First Street, Suite 100  
Enterprise, OR 97828

The District has not designated a registered agent.

## **FINANCIAL SECTION**

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

**Independent Auditors' Report**

Board of Directors  
Northeast Oregon Economic  
Development District  
101 NE First Street, Suite 100  
Enterprise, Oregon 97828

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Northeast Oregon Economic Development District, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Northeast Oregon Economic Development District, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, and the budgetary comparison information on pages 34 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management discussion and analysis 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 management discussion and analysis information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and was derived from, and, relate directly to, the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northeast Oregon Economic Development District's basic financial statements. The introductory section and combining and individual fund financial statements, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, which are the responsibility of management, is presented for purposes of additional analysis as required by section of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards applicable for expenditures under \$750,000, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018 on our consideration of Northeast Oregon Economic Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Northeast Oregon Economic Development District's internal control over financial reporting on compliance.

### Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 29, 2018, on our consideration of Northeast Oregon Economic Development District'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.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC  
Certified Public Accountants

B, Yvonne K. Roberts, CPA  
Yvonne K. Roberts, CPA  
Owner/Member

La Grande, Oregon  
November 29, 2018

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

# NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT

## Management's Discussion and Analysis

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The Northeast Oregon Economic Development District (District) presents its annual audited financial report for the year ending June 30, 2018. The format of the financial statements is designed to provide a comprehensive picture of the District's financial health and activities. The information presented should be read in conjunction with the financial statements and notes to the financial statements that follow.

### **FINANCIAL HIGHLIGHTS**

The District's government-wide total assets and deferred outflows exceeded total liabilities and deferred inflows as of June 30, 2018 by \$1,299,565 (net position), up from \$1,259,453 in 2017. Overall, the District's net position increased \$40,112 during the year. Of total net position, \$286,727 is unrestricted net position, \$967,710 is restricted for revolving loan programs, \$24,718 is restricted for specific grant programs and \$20,410 is invested in capital assets. Part of the unrestricted net position is available to meet the District's ongoing operating costs.

During the year, governmental activities net position increased by \$27,926.

During the year, business-type activities net position increased by \$12,186.

The District earned \$1,451 in bank interest income during the year.

The District did not incur any new long-term debt.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four components: 1) management's discussion and analysis (this section); 2) basic financial statements; 3) required supplementary information; 4) supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### **Government-Wide Financial Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. In this statement we divide the District into two kinds of activities:

Governmental activities - Most of the District's basic services are included here, such as economic development. State and Federal grants finance most of these activities.

Business-type activities - The District charges fees to customers to help it cover the costs of certain services it provides. Economic development, technical assistance and lending services are included here.

Economic Development, program and board administration includes activities for which the District is taking a lead role in organizing the activities of a board, providing administrative services for a board and working to improve the economy of the region. Technical assistance includes activities for which the District is either taking a support role in providing grant writing or grant administration, board development services, project management assistance to another organization, or implementing a grant funded project. The District operates two lending programs for businesses which are included in the lending category.

The following table shows the funds within the district by type and category.

Fund Name	Type	Categories		
		Economic Development	Lending	Technical Assistance
General Fund	Governmental	X		
NOBD Admin Fund	Governmental	X		
EDA Planning Grant Fund	Governmental	X		
Rural Opportunity Initiative BC	Governmental	X		
Rural Opportunity Initiative LG	Governmental	X		
Rail with Trail Fund	Governmental	X		
MMT Equity Fund	Governmental	X		
Eclipse Fund	Governmental	X		
EDA RLF Fund	Proprietary		X	
RBEG RLF Fund	Proprietary		X	
Food Initiatives Fund	Proprietary	X		
Contract Services Fund	Proprietary			X
Local Investing Fund	Proprietary	X		
Micro CDBG Fund	Proprietary	X		
Wallowa Micro CDBG Fund	Proprietary	X		
AGORA Fund	Proprietary	X		
IDA Fund	Proprietary	X		

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has two kinds of funds:

*Governmental Funds* - Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in a reconciliation on the subsequent page to the fund financial statements.

*Proprietary Funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Statement of Net Position

As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The District's net position totaled \$1,299,565 as of June 30, 2018. Table 1 below is a condensed version of the Government-Wide Statement of Net Position comparing the current fiscal year with the prior.

**Table 1**

	Governmental Activities		Business-Type Activities		Totals	
	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18
Current Assets	\$ 194,241	\$ 225,374	\$ 572,978	\$ 546,607	\$ 767,219	\$ 771,981
Capital Assets	234	20,410	-	-	234	20,410
Other Noncurrent Assets	85,968	68,941	513,147	539,940	599,115	608,881
<b>Total Assets</b>	<b>280,443</b>	<b>314,725</b>	<b>1,086,125</b>	<b>1,086,547</b>	<b>1,366,568</b>	<b>1,401,272</b>
Current Liabilities	72,985	77,727	22,324	10,257	95,309	87,984
Noncurrent Liabilities	7,795	9,409	4,011	4,314	11,806	13,723
<b>Total Liabilities</b>	<b>80,780</b>	<b>87,136</b>	<b>26,335</b>	<b>14,571</b>	<b>107,115</b>	<b>101,707</b>
Invested in capital assets, net of related debt	234	20,410	-	-	234	20,410
Restricted for revolving loan program	-	-	947,004	967,710	947,004	967,710
Unrestricted	199,429	207,179	112,786	104,266	312,215	311,445
<b>Total Net Position</b>	<b>\$ 199,663</b>	<b>\$ 227,589</b>	<b>\$ 1,059,790</b>	<b>\$ 1,071,976</b>	<b>\$ 1,259,453</b>	<b>\$ 1,299,565</b>

By far, the District's largest portion of net position is in the business-type activities, particularly related to loan receivables.

### Changes in Net Position

Table 2 and the narrative that follows provide our analysis on the changes to net position.

**Table 2**

	Governmental Activities		Business-Type Activities		Totals	
	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18
Revenues:						
Program Revenues:						
Charges for Services	\$ 60,607	\$ 70,035	\$ 115,983	\$ 137,280	\$ 176,590	\$ 207,315
Operating Grants	158,775	106,101	40,334	9,385	199,109	115,486
General Revenues:						
Gain on sale	-	1,660	-	-	-	1,660
Interest Income	2,316	1,043	284	408	2,600	1,451
Miscellaneous Income	23,854	66,526	-	-	23,854	66,526
<b>Total Revenues</b>	<b>245,552</b>	<b>245,365</b>	<b>156,601</b>	<b>147,073</b>	<b>402,153</b>	<b>392,438</b>
Expenses:						
Economic Development	253,443	212,102	39,327	63,961	292,770	276,063
Lending			21,374	27,276	21,374	27,276
Technical Assistance			64,198	43,650	64,198	43,650
Depreciation - Unallocated	742	5,337	-	-	742	5,337
<b>Total Expenses</b>	<b>254,185</b>	<b>217,439</b>	<b>124,899</b>	<b>134,887</b>	<b>379,084</b>	<b>352,326</b>
Transfers	17,801	-	(17,801)	-	-	-
<b>Change in Net Position</b>	<b>\$ 9,168</b>	<b>\$ 27,926</b>	<b>\$ 13,901</b>	<b>\$ 12,186</b>	<b>\$ 23,069</b>	<b>\$ 40,112</b>

The overall financial position of the District increased during the past year. Net position increased by a total of \$40,112 for the year ending June 30, 2018 and increased \$23,069 for the year ending 2017. The governmental activities of the district had a gain of \$27,926. The business-type activities of the District had a gain of \$12,186.

The District's total revenues decreased by approximately 2.5% and total expenses decreased by over 7%. The majority of the decreases were related to decrease in operating grants. More operating grants were received in the prior year than the current fiscal year.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

### **Governmental Funds Analysis**

The District maintains eight governmental funds and each fund has a unique purpose. Six funds are classified as major funds for the purposes of this report, based on criteria set forth by the Governmental Accounting Standards Board. The activity in the major funds is described below.

The fund balance in the General Fund decreased by \$17,910 during the year. Revenues, including transfer in were \$8,423 and expenses, including transfers out, were \$26,333.

The fund balance in the EDA Planning Grant Fund did not change during the year. Revenues, including transfers in and expenses were both \$77,136.

The fund balance in the NOBD Administration Fund increased by \$942 during the year. Revenues and expenses were \$66,396 and \$65,454, respectively.

The fund balance in the Rural Opportunity Initiative BC Fund increased by \$6 during the year. Revenues were \$6 and there were no expenses.

The fund balance in the Rural Opportunity Initiative LG Fund increased by \$22,013 during the year. Revenues were \$36,531 and expenses were \$14,518.

The fund balance in the MMT Equity Fund increased by \$2,109 during the year. Revenues were \$53,650 and expenses were \$51,541.

### **Proprietary Funds Analysis**

Proprietary funds or enterprise funds are those funds that account for government operations where the intent is for the costs to be primarily paid for by the beneficiary. The business-type activities of the District are accounted for in ten enterprise funds. Five of these funds are classified as major funds for the purposes of this report. The activity in the major funds is described below.

The fund balance in the EDA Revolving Loan Fund increased by \$21,752 during the year. Revenues were \$45,823 and expenses were \$24,071.

The fund balance in the IDA Fund increased by \$8,759. Revenues, including transfers, were \$23,360 and expenses were \$14,601.

The fund balance in the RBEG RLF Fund decreased by \$1,046. Revenues were \$2,159 and expenses were \$3,205.

The fund balance in the Food Initiatives Fund increased during the year by \$48. Revenues were \$48,722 and expenses were \$48,674.

The fund balance in the Contracted Services Fund increased by \$543. Revenues were \$23,354 and expenses, were \$22,811.

### **Budgetary Highlights**

The District budgets on an annual basis in accordance with the requirements of Local Budget law. The District is organized as a council of governments (COG). COG budget laws do not require the District to appropriate funds and allow the District to over-expend budgeted amounts and to spend unappropriated ending fund balances. No budget amendments were adopted by the District during the year.



There were a few significant differences between budgeted and actual revenues and expenditures in the general fund. Capital outlays in the general fund were more than budgeted. \$25,000 was budgeted for capital outlays and \$25,513 was expended. Miscellaneous revenues were not budgeted, but totaled \$539 due to some unexpected miscellaneous revenue. Insurance was budgeted for \$4,325, but totaled \$479. Car expense reimbursement was budgeted for \$5,000 but totaled \$10,733. Part of the differences is due to the purchase of a new car during the year.

The Northeast Oregon Business Development Administration Fund had revenues approximately \$9,786 more than budgeted and expenditures approximately \$9,874 more than budgeted. The greatest variances in cost were in indirect expenses which were \$13,432 more than budgeted. Administrative revenue is budgeted to equal expenses.

The Rural Opportunity Initiative BC Fund is a new fund this year and did not have a budget; however, revenues totaled \$6. There were no expenses.

The EDA Planning Grant expenditures were approximately \$1,380 higher than budgeted. A transfer in of \$820 covered costs greater than the grant amount. Most costs were slightly higher than budgeted, although Dues and Subscriptions were lower by \$2,000. The cost that was significantly higher than budgeted was salary cost which was \$6,046 greater than budgeted.

The MMT Equity Fund had revenue totaling \$12,086 more than budgeted. The majority of this comes from more grant revenues received than anticipated. Expenses were also higher than anticipated by \$10,020 with the largest contributing factor being salary. Salary was budgeted at \$14,269 but the actual cost was \$9,302 higher.

The Rural Opportunity Initiative LG Fund is a new fund this year but it did have a budget. Revenues were nearly the same as budgeted. Expenses were \$22,478 less than budgeted largely due to the Ignite project not having expenses until the subsequent fiscal year but being budgeted at \$29,000 in the current fiscal year.

The EDA Revolving Loan Fund revenues were \$1,223 more than expected while expenses were \$4,271 more than expected.

Revenues for the IDA fund were \$5,860 more than expected. Expenses were \$2,862 less than budgeted with the majority of the difference coming from a lower indirect expense than anticipated.

The Food Initiatives Fund revenues were \$19,172 more than budgeted. Expenses were \$19,128 more than budgeted. The largest differences were due to higher grant income than budgeted and special projects expense.

The RBEG Revolving Loan Fund revenue was \$2,471 less than budgeted. Expenditures were \$1,366 less than budgeted.

The Contracted Services Fund revenue was \$3,646 less than budgeted. Expenditures were \$3,199 less than budgeted.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2018 totaled \$35,844, net of accumulated depreciation it was \$20,410. This investment is comprised solely of office equipment and a vehicle. Current year additions amounted to \$25,513.

### **Long-Term Debt**

The District has no long-term debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District's budget is based entirely upon grants, contracts and fees for services. District staff is actively pursuing funding opportunities to continue and improve entrepreneurial support activities. At this time, it is hard to project whether or not new contracts or grants will be received or continued.

## **CONTACT THE DISTRICT**

This financial report is designed to provide the public, grantors and others with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Northeast Oregon Economic Development District  
101 NE First Street, Suite 100  
Enterprise, OR 97828  
541-426-3598  
541-426-9058 fax  
[lisadawson@neoedd.org](mailto:lisadawson@neoedd.org)

## **BASIC FINANCIAL STATEMENTS**

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash	\$ 189,858	\$ 487,892	\$ 677,750
Prepaid expenses	575	-	575
Accounts receivable	17,728	2,433	20,161
Accrued interest receivable	420	4,745	5,165
Notes receivable, net (current)	16,793	51,537	68,330
Total current assets	<u>225,374</u>	<u>546,607</u>	<u>771,981</u>
Capital assets:			
Equipment & furniture	35,844	-	35,844
Accumulated depreciation	(15,434)	-	(15,434)
Total capital assets, net of depreciation	<u>20,410</u>	<u>-</u>	<u>20,410</u>
Other noncurrent assets:			
Notes receivable - NOBD	68,941	-	68,941
Notes receivable	-	539,940	539,940
Total other noncurrent assets	<u>68,941</u>	<u>539,940</u>	<u>608,881</u>
Total assets	<u>314,725</u>	<u>1,086,547</u>	<u>1,401,272</u>
<b>Deferred outflows of resources</b>			
	-	-	-
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,777	540	2,317
Unearned revenue	75,950	9,717	85,667
Total current liabilities	<u>77,727</u>	<u>10,257</u>	<u>87,984</u>
Noncurrent liabilities:			
Compensated absences	9,409	4,314	13,723
Total liabilities	<u>87,136</u>	<u>14,571</u>	<u>101,707</u>
<b>Deferred inflows of resources</b>			
	-	-	-
<b>Net Position</b>			
Net investment in capital assets	20,410	-	20,410
Restricted for specific grant programs	24,718	-	24,718
Restricted for revolving loan programs	-	967,710	967,710
Unrestricted	182,461	104,266	286,727
Total net position	<u>\$ 227,589</u>	<u>\$ 1,071,976</u>	<u>\$ 1,299,565</u>

*(The accompanying notes are an integral part of these financial statements)*

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**

**Statement of Activities**

**For the Fiscal Year Ended June 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Economic development	\$ 212,102	\$ 70,035	\$ 106,101	\$ -
Depreciation - unallocated	5,337	-	-	-
Total governmental activities	<u>217,439</u>	<u>70,035</u>	<u>106,101</u>	<u>-</u>
Business-type activities:				
Economic development	63,961	64,571	7,500	-
Lending	27,276	47,664	-	-
Technical assistance	43,650	25,045	1,885	-
Total business-type activities	<u>134,887</u>	<u>137,280</u>	<u>9,385</u>	<u>-</u>
Total primary government	<u>\$ 352,326</u>	<u>\$ 207,315</u>	<u>\$ 115,486</u>	<u>\$ -</u>

General revenues:  
Gain on sale  
Interest income  
Miscellaneous income  
Total general revenues

Change in net position  
Net position - beginning  
Net position - ending

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (35,966)	\$ -	\$ (35,966)
(5,337)	-	(5,337)
<u>(41,303)</u>	<u>-</u>	<u>(41,303)</u>
-	8,110	8,110
-	20,388	20,388
-	(16,720)	(16,720)
<u>-</u>	<u>11,778</u>	<u>11,778</u>
<u>(41,303)</u>	<u>11,778</u>	<u>(29,525)</u>
1,660	-	1,660
1,043	408	1,451
66,526	-	66,526
<u>69,229</u>	<u>408</u>	<u>69,637</u>
27,926	12,186	40,112
<u>199,663</u>	<u>1,059,790</u>	<u>1,259,453</u>
<u>\$ 227,589</u>	<u>\$ 1,071,976</u>	<u>\$ 1,299,565</u>

*(The accompanying notes are an integral part of these financial statements)*

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## **FUND FINANCIAL STATEMENTS**



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>NOBD Administration Fund</u>	<u>EDA Planning Grant Fund</u>	<u>Rural Opportunity Initiative BC Fund</u>
<b>Assets and Deferred Outflows of Resources</b>				
Cash	\$ 83,980	\$ -	\$ 3,897	\$ 43,206
Prepaid Expenses	-	-	-	-
Accounts receivable	-	16,645	-	-
Interfund loan receivable	89,813	-	-	-
Accrued interest receivable	-	420	-	-
Note receivable - NOBD	-	85,734	-	-
Total assets	<u>173,793</u>	<u>102,799</u>	<u>3,897</u>	<u>43,206</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 173,793</u>	<u>\$ 102,799</u>	<u>\$ 3,897</u>	<u>\$ 43,206</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 300	\$ 80	\$ 1,154	\$ -
Compensated absences	3,743	637	2,743	-
Unearned Revenue	-	-	-	43,200
Interfund loan payable	-	89,371	-	-
Total liabilities	<u>4,043</u>	<u>90,088</u>	<u>3,897</u>	<u>43,200</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	6
Assigned	8,999	12,711	-	-
Unassigned	160,751	-	-	-
Total fund balances	<u>169,750</u>	<u>12,711</u>	<u>-</u>	<u>6</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 173,793</u>	<u>\$ 102,799</u>	<u>\$ 3,897</u>	<u>\$ 43,206</u>

MMT Equity Fund	Rural Opportunity Initiative LG Fund	Non Major		Totals Governmental Funds
		Eclipse Fund	Rail with Trail Fund	
\$ 32,802	\$ 21,912	\$ -	\$ 4,061	\$ 189,858
-	575	-	-	575
-	-	1,083	-	17,728
-	-	-	-	89,813
-	-	-	-	420
-	-	-	-	85,734
<u>32,802</u>	<u>22,487</u>	<u>1,083</u>	<u>4,061</u>	<u>384,128</u>
-	-	-	-	-
<u>\$ 32,802</u>	<u>\$ 22,487</u>	<u>\$ 1,083</u>	<u>\$ 4,061</u>	<u>\$ 384,128</u>
\$ 229	\$ 14	\$ -	\$ -	\$ 1,777
1,684	460	54	88	9,409
28,780	-	-	3,970	75,950
-	-	442	-	89,813
<u>30,693</u>	<u>474</u>	<u>496</u>	<u>4,058</u>	<u>176,949</u>
-	-	-	-	-
-	575	-	-	575
2,109	21,438	587	3	24,143
-	-	-	-	21,710
-	-	-	-	160,751
<u>2,109</u>	<u>22,013</u>	<u>587</u>	<u>3</u>	<u>207,179</u>
<u>\$ 32,802</u>	<u>\$ 22,487</u>	<u>\$ 1,083</u>	<u>\$ 4,061</u>	<u>\$ 384,128</u>

(The accompanying notes are an integral part of these financial statements)

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**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2018**

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**Total fund balances - governmental funds** \$ 207,179

Amounts reported for governmental *activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Equipment	35,844	
Accumulated Depreciation	<u>(15,434)</u>	<u>20,410</u>

**Total net position - governmental activities** \$ 227,589

*(The accompanying notes are an integral part of these financial statements)*

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**

	<b>General Fund</b>	<b>NOBD Administration Fund</b>	<b>EDA Planning Grant Fund</b>	<b>Rural Opportunity Initiative BC Fund</b>
<b>Revenues</b>				
Intergovernmental revenues:				
Federal sources	\$ -	\$ -	\$ 75,000	\$ -
State grants	-	-	-	-
Charges for services:				
Administrative revenue	-	65,454	-	-
Miscellaneous:				
Interest income	50	942	3	6
Other local sources	6,713	-	1,313	-
Total revenues	<u>6,763</u>	<u>66,396</u>	<u>76,316</u>	<u>6</u>
<b>Expenditures</b>				
Current:				
Economic development	-	65,454	77,136	-
Capital outlay	25,513	-	-	-
Total expenditures	<u>25,513</u>	<u>65,454</u>	<u>77,136</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(18,750)</u>	<u>942</u>	<u>(820)</u>	<u>6</u>
<b>Other Financing Sources (Uses)</b>				
Sale of asset	1,660	-	-	-
Transfers in	-	-	820	-
Transfers out	(820)	-	-	-
Total other financing sources (uses)	<u>840</u>	<u>-</u>	<u>820</u>	<u>-</u>
Net change in fund balances	(17,910)	942	-	6
Fund balances, beginning	<u>187,660</u>	<u>11,769</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 169,750</u>	<u>\$ 12,711</u>	<u>\$ -</u>	<u>\$ 6</u>

MMT Equity Fund	Rural Opportunity Initiative LG Fund	Non Major		Totals Governmental Funds
		Eclipse Fund	Rail with Trail Fund	
\$ -	\$ -	\$ -	\$ -	\$ 75,000
-	31,101	-	-	31,101
2,089	411	2,081	-	70,035
20	19	-	3	1,043
51,541	5,000	-	1,959	66,526
<u>53,650</u>	<u>36,531</u>	<u>2,081</u>	<u>1,962</u>	<u>243,705</u>
51,541	14,518	1,494	1,959	212,102
-	-	-	-	25,513
<u>51,541</u>	<u>14,518</u>	<u>1,494</u>	<u>1,959</u>	<u>237,615</u>
<u>2,109</u>	<u>22,013</u>	<u>587</u>	<u>3</u>	<u>6,090</u>
-	-	-	-	1,660
-	-	-	-	820
-	-	-	-	(820)
-	-	-	-	1,660
2,109	22,013	587	3	7,750
-	-	-	-	199,429
<u>\$ 2,109</u>	<u>\$ 22,013</u>	<u>\$ 587</u>	<u>\$ 3</u>	<u>\$ 207,179</u>

*(The accompanying notes are an integral part of these financial statements)*

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**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

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**Total net change in fund balances - governmental funds** \$ 7,750

Amounts reported for governmental *activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$25,513 exceeded depreciation expense (\$5,337) in the current period.

20,176

**Change in net position of governmental activities** \$ 27,926

*(The accompanying notes are an integral part of these financial statements)*



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>EDA Revolving Loan Fund</b>	<b>IDA Fund</b>	<b>RBEG Revolving Loan Fund</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 264,694	\$ 9,867	\$ 107,176
Accounts receivable	-	-	-
Notes receivable, net (current)	37,163	-	14,374
Accrued interest receivable	4,545	-	200
Total current assets	<u>306,402</u>	<u>9,867</u>	<u>121,750</u>
Noncurrent assets:			
Notes receivable	528,856	-	11,084
Total assets	<u>835,258</u>	<u>9,867</u>	<u>132,834</u>
<b>Deferred outflows of resources</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	27	21	3
Compensated absences	317	651	35
Unearned Revenue	-	-	-
Total liabilities	<u>344</u>	<u>672</u>	<u>38</u>
<b>Deferred inflows of resources</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Restricted for loan programs	834,914	-	132,796
Unrestricted	-	9,195	-
Total net position	<u>\$ 834,914</u>	<u>\$ 9,195</u>	<u>\$ 132,796</u>

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<b>Food Initiatives Fund</b>	<b>Contracted Services Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
\$ 11,842	\$ 53,263	\$ 41,050	\$ 487,892
-	1,073	1,360	2,433
-	-	-	51,537
-	-	-	4,745
<u>11,842</u>	<u>54,336</u>	<u>42,410</u>	<u>546,607</u>
-	-	-	539,940
<u>11,842</u>	<u>54,336</u>	<u>42,410</u>	<u>1,086,547</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
462	9	18	540
1,383	920	1,008	4,314
9,717	-	-	9,717
<u>11,562</u>	<u>929</u>	<u>1,026</u>	<u>14,571</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	967,710
280	53,407	41,384	104,266
<u>\$ 280</u>	<u>\$ 53,407</u>	<u>\$ 41,384</u>	<u>\$ 1,071,976</u>

*(The accompanying notes are an integral part of these financial statements)*

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	EDA Revolving Loan Fund	IDA Fund	RBEG Revolving Loan Fund
<b>Operating Revenues</b>			
Loan fees	\$ 2,937	\$ -	\$ -
Loan interest	42,652	-	1,781
Bad debt recovery	-	-	294
State grants	-	-	-
Federal grants	-	-	-
Foundation/Corporate grant	-	7,500	-
VIDA revenue	-	15,857	-
Administrative revenue	-	-	-
Miscellaneous income	-	-	-
Total operating revenues	<u>45,589</u>	<u>23,357</u>	<u>2,075</u>
<b>Operating Expenses</b>			
Salary	3,147	7,915	266
Employee insurance	566	2,146	37
Payroll taxes	255	606	25
Advertising	-	-	-
Closing costs	1,195	-	140
Bank fees	-	-	-
Insurance	945	146	51
Duplicating	-	-	-
Dues & Subscriptions	-	-	-
Phone	235	103	35
Internet	58	27	8
Postage	12	7	1
Rent	285	142	40
Services	331	-	41
Supplies	-	-	-
Travel and meals	-	539	-
Seminars and conferences	-	125	-
Special projects	-	-	-
Grant expense	-	-	-
Contractual services	10,890	-	1,665
Indirect expenses	6,152	2,845	896
Total operating expenses	<u>24,071</u>	<u>14,601</u>	<u>3,205</u>
Operating income (loss)	21,518	8,756	(1,130)
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	234	3	84
Change in net position	21,752	8,759	(1,046)
Net position - beginning	813,162	436	133,842
Net position - ending	<u>\$ 834,914</u>	<u>\$ 9,195</u>	<u>\$ 132,796</u>

<b>Food Initiatives Fund</b>	<b>Contracted Services Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
\$ -	\$ -	\$ -	\$ 2,937
-	-	-	44,433
-	-	-	294
2,500	-	-	2,500
-	-	1,885	1,885
45,424	-	-	52,924
-	-	-	15,857
750	23,316	1,679	25,745
40	-	50	90
<u>48,714</u>	<u>23,316</u>	<u>3,614</u>	<u>146,665</u>
17,288	12,055	9,413	50,084
5,659	2,462	1,750	12,620
1,348	892	906	4,032
-	-	368	368
-	-	-	1,335
129	-	-	129
-	178	146	1,466
30	-	226	256
-	-	115	115
234	183	202	992
61	40	44	238
-	-	-	20
311	235	402	1,415
-	-	-	372
-	-	136	136
1,799	2,098	3,298	7,734
-	-	-	125
11,303	-	-	11,303
4,485	-	-	4,485
-	-	2,279	14,834
6,027	4,668	2,240	22,828
<u>48,674</u>	<u>22,811</u>	<u>21,525</u>	<u>134,887</u>
40	505	(17,911)	11,778
8	38	41	408
48	543	(17,870)	12,186
<u>232</u>	<u>52,864</u>	<u>59,254</u>	<u>1,059,790</u>
<u>\$ 280</u>	<u>\$ 53,407</u>	<u>\$ 41,384</u>	<u>\$ 1,071,976</u>

*(The accompanying notes are an integral part of these financial statements)*

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	<b>EDA Revolving Loan Fund</b>	<b>IDA Fund</b>	<b>RBEG Revolving Loan Fund</b>
<b>Cash Flows from Operating Activities</b>			
Cash received from customers	\$ 42,625	\$ 15,857	\$ 2,554
Cash received from operating grants	-	2,563	-
Cash payments to employees for services	(3,078)	(7,840)	(288)
Cash payments for other operating expenses	(20,988)	(6,675)	(2,937)
Net cash provided (used) by operating activities	<u>18,559</u>	<u>3,905</u>	<u>(671)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Issuance of new loans	(160,000)	-	-
Proceeds from repayment of loans	127,863	-	4,598
Net cash provided (used) by noncapital activities	<u>(32,137)</u>	<u>-</u>	<u>4,598</u>
<b>Cash Flows from Investing Activities</b>			
Interest and dividends	234	3	84
Net increase in cash and cash equivalents	(13,344)	3,908	4,011
Beginning cash and investments	278,038	5,959	103,165
Ending cash and investments	<u>\$ 264,694</u>	<u>\$ 9,867</u>	<u>\$ 107,176</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities</b>			
Operating income (loss)	\$ 21,518	\$ 8,756	\$ (1,130)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Noncash operating revenue			
Change in assets and liabilities:			
Receivables, net	(2,964)	-	479
Compensated absences	69	75	(22)
Unearned revenue	-	(4,937)	-
Accounts and other payables	(64)	11	2
Net cash provided (used) by operating activities	<u>\$ 18,559</u>	<u>\$ 3,905</u>	<u>\$ (671)</u>

<b>Food Initiatives Fund</b>	<b>Contracted Services Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
\$ 41,509	\$ 25,553	\$ 29,830	\$ 157,928
-	-	-	2,563
(16,503)	(11,713)	(10,497)	(49,919)
(30,965)	(10,767)	(36,802)	(109,134)
<u>(5,959)</u>	<u>3,073</u>	<u>(17,469)</u>	<u>1,438</u>
-	-	-	(160,000)
-	-	-	132,461
<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,539)</u>
8	38	41	408
(5,951)	3,111	(17,428)	(25,693)
<u>17,793</u>	<u>50,152</u>	<u>58,478</u>	<u>513,585</u>
<u>\$ 11,842</u>	<u>\$ 53,263</u>	<u>\$ 41,050</u>	<u>\$ 487,892</u>
\$ 40	\$ 505	\$ (17,911)	\$ 11,778
-	-	-	-
785	2,237	26,216	25,968
(7,205)	342	(1,084)	165
421	-	-	(12,142)
<u>421</u>	<u>(11)</u>	<u>(24,690)</u>	<u>(24,331)</u>
<u>\$ (5,959)</u>	<u>\$ 3,073</u>	<u>\$ (17,469)</u>	<u>\$ 1,438</u>

*(The accompanying notes are an integral part of these financial statements)*

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**NOTES TO BASIC FINANCIAL  
STATEMENTS**



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The accompanying financial statements present the activities of Northeast Oregon Economic Development District (NEOEDD). The District was created under Oregon Revised Statutes 190.003 through 190.110. ORS 190 enables the local units of government, the three counties of Baker, Union and Wallowa, to perform the functions and activities of various regional programs funded by federal, state and local resources.

The District operates under policies established by a Board of Directors. The Board of Directors is comprised primarily of elected public officials of the county and city subdivisions of the member counties, and representatives of agriculture, minorities, business and industry.

**Basis of Presentation, Basis of Accounting**

*Government-Wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-accounting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions.

The District reports the following major governmental funds:

*General Fund* - This is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*NOBD Administration Fund* - NEOEDD contracted with Northeast Oregon Business Development (NOBD) to provide services in administering NOBD's Intermediary Relending Program. NEOEDD's Board of Directors had agreed to subsidize administrative and operating costs for the Intermediary Relending Program for a period of two years, following which it was anticipated the program would become self-supporting. The program was not self-supporting for about 10 years, but is now. A note receivable has been recorded from NOBD for the prior period

## NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT

### Notes to Basic Financial Statements

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*EDA Planning Grant* - The purpose of this grant is to help NEOEDD in completing development plans and strategies for the District. This includes, but is not limited to, (1) preparing a Comprehensive Economic Development Strategy in cooperation with local economic development committees, (2) undertaking activities as requested by local government entities that relate to economic growth in the District, (3) coordinating economic development activities between entities to eliminate duplication and maximize available resources, (4) and referring businesses and individuals seeking information on financial, employment and management assistance to appropriate service providers. EDA Planning Grant match comes from Contract Services, MMT Equity, IDA Fund and Food Initiatives.

*Rural Opportunity Initiative BC Fund* - The District received funds from Business Oregon in the form of a Rural Opportunity Initiative (ROI) grant for Baker County to develop a local environment supportive of entrepreneurs and small businesses.

*MMT Equity*- The District received funding from Meyer Memorial Trust to assist non-profits to consider diversity, equity and inclusion in their policies and practices.

*Rural Opportunity Initiative LG Fund*- The District received funds from Business Oregon in the form of a Rural Opportunity Initiative (ROI) grant for La Grande and Union County to develop a local environment supportive of entrepreneurs and small businesses.

The District reports the following major enterprise funds:

*EDA Revolving Loan Fund* - This fund accounts for loans granted, collection of principal and interest on the loans, funds available to be loaned, and payment of administrative expenses related to the loan program. Funds are restricted for utilization in the revolving loan program. The goal of the Revolving Loan Fund is creation of jobs. Grants from the Economic Development Administration were matched by local funds. The funds were used to establish a revolving fund to offer assistance to eligible recipients in Union, Wallowa, and Baker counties.

*IDA Fund* - This fund is used to account for activity related to the Individual Development Account Program.

*RBEG Revolving Loan Fund* - This fund accounts for revolving loan fund activity established from a \$99,999 grant from USDA Rural Development matched with \$20,001 of District funds.

*Food Initiatives Fund* - This fund accounts for funding received from Meyer Memorial Trust to support staff participation in and leadership for the statewide food system network, community food assessments in Baker and Union counties, to provide support for the Wallowa County food council and to prepare a food hub feasibility study for Wallowa County.

*Contracted Services Fund* - NEOEDD periodically enters into contracts to write and administer grants and provide other technical assistance services to non-profits and local governments. Rather than establishing separate funds for each of these activities, the District uses this fund to account for these services.

### **Measurement Focus, Basis of Accounting**

#### Government-wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net resources available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**Financial Position**

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2018, based on market prices. The individual funds' portions of the pool's fair value are presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

Cash and Cash Equivalents

The government's cash and cash equivalents include cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund loan receivables/payables". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Grants and other receivables from other government agencies are generally expected to be collectible and, therefore an allowance for uncollectible is not considered necessary or recorded.

Notes receivable in the EDA Revolving Loan Fund are reported net of an allowance for uncollectible. Note Receivable-NOBD is expected to be collectible and, therefore an allowance for uncollectible is not considered necessary or recorded.

All accounts receivable are expected to be collected within one year.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Major capital asset additions are financed primarily from administrative revenue. The normal cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$500 is used for assets that have an initial useful life extending beyond a single reporting period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment & furniture	3-5

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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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. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District doesn't have any items that qualify for reporting in this category.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated compensatory time and vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Employees are granted vacation leave in varying amounts depending on length of employment. Compensatory time off accrues at the rate of one and one-half times straight time.

**Net Position/Fund Balance Classifications**

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

In the governmental funds the difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. The constraints are defined as follows:

Nonspendable - Resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Restricted - Constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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Committed - Reported when the Board passes an ordinance that places specific constraints on how the resources may be used. The Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned - Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the Board approves which resources should be "reserved" during the adoption of the annual budget. The Executive Director used that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's annual financial report.

Unassigned - 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.

For purposes of fund balance classification, expenditures are to be spent from the restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The District has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Cost Allocation Plan

The District has a formal plan to allocate costs across funds based on the direct salary charges. Charges are made directly to funds when they can be assigned. All other costs are grouped into a cost allocation pool for overall administration. Allocations are made for the District as a whole, which are calculated each month. These allocated indirect expenses are included in direct expenses on the Statement of Activities. The plan is available for review upon request at the District's Enterprise Office.

General Administrative Expenses

Expenses which are not directly the result of one or more District programs (i.e. Audit, Insurance, Bookkeeping, etc.) are compiled monthly and charged out to all funds as described in the cost allocation plan description above. These expenses are reported as Indirect Expenses in each fund. The total of all Indirect Expenses for the year are detailed in a separate "Statement of Revenues, Expenditures, and Changes in Fund Balance."

Accounting 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Depreciation Expense, Accumulated Depreciation, Deferred Revenue, and Allowance for Uncollectible accounts have been subject to estimation.

**Note 2 - Compliance and Accountability**

**Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

None

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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**Note 3 - Deposits and Investments**

Deposits and Investments are comprised of the following at June 30, 2018:

	<u>Carrying Value</u>	<u>Fair Value</u>
Deposits with financial institutions	<u>\$ 677,750</u>	<u>\$ 677,750</u>

Deposits are reflected in the government-wide Statement of Net Position as follows:

Cash	<u>\$ 677,750</u>
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The District maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings are distributed monthly.

**Deposits**

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$695,404 at June 30, 2018. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes.

**Custodial Credit Risk - Deposits**

Custodial credit risk on deposits is the risk that in an event of a bank failure, the District's deposits may not be returned. In order to minimize this risk, state statutes require banks holding public funds to become members of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created by the Office of the State Treasurer. To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected.

All accounts are fully insured by FDIC up to \$250,000.

**Investments**

The purpose of the District's investment policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. The District has delegated investment responsibilities to management, who is primarily responsible for implementing the investment policy.

**Credit Risk - Investments**

State statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices.

**Custodial Credit Risk - Investments**

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

**Concentration Risk**

The District does not have a formal policy that places a limit on the amount that may be invested in any one investment.

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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**Interest Rate Risk**

The District does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

**Note 4 - Accounts and Notes Receivables**

The accounts and notes receivable balances are partly composed of the following:

NOBD Administration Cost Note Receivable	\$	85,734
EDA RLF Notes Receivable		566,019
RBEG RLF Notes Receivable		25,458

EDA RLF Notes Receivable are reported net of allowance for uncollectible in the amount of \$35,000.

RBEG RLF Notes Receivable are reported net of allowance for uncollectible in the amount of \$1,625.

There were no RLF notes with outstanding balances of 90 days or more past due at June 30, 2018.

Revolving Loan Fund notes receivable reflect only the District's notes. This figure does not reflect the notes receivable for Northeast Oregon Business Development for which Northeast Oregon Economic Development District is the administrative agency. This account represents loans with balances ranging from \$14,282 to \$157,046 at fiscal year end. The loans are backed by collateral. Repayment terms range from six to twenty years at interest rates ranging from 7% to 9%.

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance at July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2018</u>
<b>Governmental Activities:</b>				
Capital assets being depreciated:				
Equipment & furniture	\$ 36,562	\$ 25,513	\$ (26,231)	\$ 35,844
Less: accumulated depreciation:				
Equipment & furniture	(36,328)	(5,337)	26,231	(15,434)
Governmental Activities -	<u>\$ 976</u>	<u>\$ 20,176</u>	<u>\$ -</u>	<u>\$ 20,410</u>

**Note 6 - Interfund Receivables and Payables**

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General Fund	\$ 89,813	\$ -
NOBD Admin. Fund	-	89,371
Eclipse Fund	-	442
	<u>\$ 89,813</u>	<u>\$ 89,813</u>

Interfund balances are created to supplement funds operating in deficits.

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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**Note 7 - Long-Term Obligations**

**Long-Term Obligation Activity**

Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	<u>Payable at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Payable at June 30, 2018</u>	<u>Due within one year</u>
Compensated absences	11,797	1,925	-	13,722	-

**Note 8 - Grants**

In the normal course of operations, the District received grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority to ensure compliance with conditions of the grant. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note 9 - Retirement Plan:**

The District has a 457(b) Deferred Compensation Plan which covers all employees (at the employee's option). The plan is administered by Nationwide Retirement Solutions. The plan allows employee contributions to be made pre tax from the employee's gross wages. There are no employer contributions under this plan. The employee is fully vested immediately. Total pension payments for the fiscal year ended June 30, 2018 were \$7,900 which represents the employee's contribution.

**Note 10 - Office Rental Agreements**

The District rents its Enterprise, Oregon office for \$225 per month. The Enterprise rental arrangement is on a month-to-month basis and renews automatically unless either party terminates the lease by giving 30 days' notice.

The District rents an office space in La Grande, Oregon for \$575 per month. The rental agreement is on a yearly basis and renews automatically unless either party terminates the lease by giving 30 days' notice.

**Note 11 - Internal Transfers**

Internal transfers for the fiscal year ended June 30, 2018 consist of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 820
EDA Planning Grant	820	-
Proprietary Funds:		
NonMajor Funds	4,938	4,938
Total Transfers	<u>\$ 5,758</u>	<u>\$ 5,758</u>

Transfers are primarily used to move cash to finance various expenditures accounted for in other funds in accordance with budgetary authorizations.



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Basic Financial Statements**

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**Note 12 - Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance, subject to customary deductibles and total coverage limits recommended by the District's insurance agent of record. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District is exposed to risk of loss through uncollectible loans. The risk of loan loss is managed through obtaining adequate collateral securing the loans and/or life insurance on the borrower.

**Note 13 - Related Party Transactions**

Northeast Oregon Business Development (NOBD) is managed by the same staff as Northeast Oregon Economic Development District and through the same facility.

NOBD has a contract with NEOEDD for administration. The note receivable from NOBD of \$85,734 is comprised of past administration fees. Accounts receivable and accrued interest receivable from NOBD for current year administration fees at June 30, 2018 were \$16,645 and \$420 respectively. Total administration fees charged in fiscal year 2017-2018 were \$65,454.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Revenues</b>			
Interest income	\$ 30	\$ 30	\$ 50
Miscellaneous Income	-	-	539
Total revenues	<u>30</u>	<u>30</u>	<u>589</u>
<b>Expenditures</b>			
Salary	39,578	39,578	39,248
Payroll taxes	7,411	7,411	3,074
Employee insurance	3,697	3,697	7,954
Travel & meals	100	100	-
S.A.I.F.	300	300	287
Advertising	800	800	183
Audit & accounting	14,500	14,500	14,181
Dues & subscriptions	3,500	3,500	2,538
Duplicating	600	600	549
Fees - Government Ethics	350	350	728
Insurance	4,325	4,325	479
Internet/website	-	-	840
Phone	-	-	400
Miscellaneous	150	150	857
Postage	-	-	182
Maintenance	1,500	1,500	103
Fuel	1,600	1,600	1,935
Supplies	1,200	1,200	906
Services	2,000	2,000	272
Legal	500	500	87
Indirect cost reimbursement	(78,030)	(78,030)	(70,244)
Capital outlay	8,000	8,000	25,513
Total expenditures	<u>12,081</u>	<u>12,081</u>	<u>30,072</u>
Excess of revenues over (under) expenditures	(12,051)	(12,051)	(29,483)
<b>Other Financing Sources (Uses)</b>			
Sale of assets	-	-	1,660
Car Expense Reimbursement	5,000	5,000	10,733
Transfers out	(756)	(756)	(820)
Total other financing sources (uses)	<u>4,244</u>	<u>4,244</u>	<u>11,573</u>
Net change in fund balance	(7,807)	(7,807)	(17,910)
Fund balance - beginning	<u>178,745</u>	<u>178,745</u>	<u>187,660</u>
Fund balance - ending	<u>\$ 170,938</u>	<u>\$ 170,938</u>	<u>\$ 169,750</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Northeast Oregon Business Development Administration Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Revenues</b>			
Administrative revenue	\$ 55,580	\$ 55,580	\$ 65,454
Interest income	1,030	1,030	942
Total revenues	<u>56,610</u>	<u>56,610</u>	<u>66,396</u>
<b>Expenditures</b>			
Salary	8,966	8,966	5,835
Employee insurance	1,690	1,690	1,051
Payroll taxes	826	826	485
Travel & meals	350	350	-
Closing costs	375	375	195
Collection costs	100	100	-
Fees	-	-	38
Insurance	-	-	999
Internet	100	100	171
Legal	250	250	-
Phone	199	199	716
Postage	23	23	62
Rent	266	266	849
Services	250	250	991
Contractual services	37,000	37,000	35,445
Indirect expense	5,185	5,185	18,617
Total expenditures	<u>55,580</u>	<u>55,580</u>	<u>65,454</u>
Net change in fund balance	1,030	1,030	942
Fund balance - beginning	<u>12,400</u>	<u>12,400</u>	<u>11,769</u>
Fund balance - ending	<u>\$ 13,430</u>	<u>\$ 13,430</u>	<u>\$ 12,711</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**E.D.A. Planning Grant Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Revenues</b>			
Federal grant	\$ 75,000	\$ 75,000	\$ 75,000
Interest income	-	-	3
Miscellaneous Income	-	-	1,313
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>76,316</u>
<b>Expenditures</b>			
Salary	33,866	33,866	39,912
Employee insurance	6,383	6,383	8,126
Payroll taxes	3,121	3,121	3,190
Travel and meals	6,680	6,680	6,936
Board expense	200	200	-
Duplicating	200	200	-
Dues and subscriptions	2,250	2,250	250
Insurance	-	-	891
Internet	376	376	141
Phone	753	753	584
Postage	88	88	120
Rent	1,004	1,004	1,063
Seminars and conferences	1,250	1,250	257
Supplies	-	-	64
Indirect expense	19,585	19,585	15,602
Total expenditures	<u>75,756</u>	<u>75,756</u>	<u>77,136</u>
Excess of revenues over (under) expenditures	(756)	(756)	(820)
<b>Other financing sources (uses)</b>			
Transfers in	<u>756</u>	<u>756</u>	<u>820</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Rural Opportunity Initiative BC Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Revenues</b>			
Interest Income	-	-	6
<b>Expenditures</b>	-	-	-
Net change in fund balance	-	-	6
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Meyer Memorial Trust Equity Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Revenues</b>			
Foundation grant	\$ 41,564	\$ 41,564	\$ 51,541
Special projects	-	-	2,089
Interest income	-	-	20
Total revenues	<u>41,564</u>	<u>41,564</u>	<u>53,650</u>
<b>Expenditures</b>			
Salary	14,269	14,269	23,571
Employee insurance	2,689	2,689	5,550
Payroll taxes	1,315	1,315	1,810
Travel and meals	5,160	5,160	5,377
Advertising	1,800	1,800	65
Duplicating	100	100	69
Insurance	-	-	64
Internet	159	159	77
Phone	317	317	314
Postage	37	37	-
Rent	423	423	650
Supplies	-	-	128
Special projects	-	-	8
Indirect expenses	8,252	8,252	7,662
Contractual services	7,000	7,000	6,196
Total expenditures	<u>41,521</u>	<u>41,521</u>	<u>51,541</u>
Net change in fund balance	43	43	2,109
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 43</u>	<u>\$ 43</u>	<u>\$ 2,109</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Rural Opportunity Initiative LG Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues</b>			
Foundation grant	\$ -	\$ -	\$ 5,000
Special Projects	-	-	411
State Grant	37,000	37,000	31,101
Interest income	-	-	19
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>36,531</u>
<b>Expenditures</b>			
Salary	1,998	1,998	6,783
Employee insurance	377	377	878
Payroll taxes	184	184	537
Travel and meals	1,000	1,000	961
Insurance	-	-	110
Internet	22	22	28
Phone	45	45	109
Postage	5	5	-
Rent	59	59	2,410
Seminars/Conferences	650	650	-
Special projects	29,000	29,000	250
Supplies	-	-	23
Capital outlay	2,500	2,500	-
Indirect expenses	1,156	1,156	2,429
Total expenditures	<u>36,996</u>	<u>36,996</u>	<u>14,518</u>
Net change in fund balance	4	4	22,013
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 22,013</u>



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Required Supplementary Information**

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**Budgets and Budgetary Accounting**

Formal budgetary integration is employed as a management control device during the year for all funds. Budgets are adopted on a modified-accrual basis for governmental fund types, consistent with generally accepted government accounting principles. The combined, combining and individual statements are presented with NEOEDD budgets.

Northeast Oregon Economic Development District is subject to Budget Law (ORS 294.900 to 294.930) as a Council of Governments (COG). The District has annually adopted a budget as required, which is submitted to the Department of Revenue. These COG budget laws do not require the District to appropriate funds and allow the District to over expend budgeted amounts and to spend unappropriated ending fund balances. The COG budget rules are designed to allow for public comment on the annual budget.

**Appropriations**

The District has complied with legal requirements relating to the preparation, adoption and execution of the annual budget for the year ended June 30, 2018.

## **SUPPLEMENTARY INFORMATION**

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - General Funds**  
**For the Fiscal Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Indirect Costs Fund</u>	<u>Car Fund</u>	<u>Total</u>
<b>Revenues</b>				
Miscellaneous				
Interest income & misc	\$ 41	\$ -	\$ 9	\$ 50
Other local sources	233	306	-	539
Total revenues	<u>274</u>	<u>306</u>	<u>9</u>	<u>589</u>
<b>Expenditures</b>				
Current:				
Salary	-	38,186	1,062	39,248
Payroll taxes	-	2,998	76	3,074
Employee insurance	-	7,829	125	7,954
S.A.I.F.	-	287	-	287
Advertising	-	183	-	183
Audit & accounting	-	14,181	-	14,181
Dues & subscriptions	-	2,538	-	2,538
Duplicating	-	549	-	549
Fees-Government Ethics	-	285	443	728
Insurance	-	-	479	479
Internet/website	-	840	-	840
Phone	-	400	-	400
Legal	-	87	-	87
Miscellaneous	-	857	-	857
Postage	-	182	-	182
Maintenance	-	-	103	103
Fuel	-	-	1,935	1,935
Services	-	272	-	272
Supplies	-	876	30	906
Indirect cost reimbursement	-	(70,244)	-	(70,244)
Capital outlay	-	-	25,513	25,513
Total expenditures	<u>-</u>	<u>306</u>	<u>29,766</u>	<u>30,072</u>
Excess of revenues over (under) expenditures	274	-	(29,757)	(29,483)
<b>Other Financing Sources (Uses)</b>				
Sale of assets	-	-	1,660	1,660
Car expense reimbursement	-	-	10,733	10,733
Transfers out	(820)	-	-	(820)
Total other financing sources (uses)	<u>(820)</u>	<u>-</u>	<u>12,393</u>	<u>11,573</u>
Net change in fund balances	(546)	-	(17,364)	(17,910)
Fund balances - beginning	161,297	-	26,363	187,660
Fund balances - ending	<u>\$ 160,751</u>	<u>\$ -</u>	<u>\$ 8,999</u>	<u>\$ 169,750</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Revenues</b>			
Interest income	\$ 10	\$ 10	\$ 41
Rent income	-	-	233
Total revenues	<u>10</u>	<u>10</u>	<u>274</u>
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	10	10	274
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(756)</u>	<u>(756)</u>	<u>(820)</u>
Net change in fund balance	(746)	(746)	(546)
Fund balance - beginning	<u>152,795</u>	<u>152,795</u>	<u>161,297</u>
Fund balance - ending	<u><u>\$ 152,049</u></u>	<u><u>\$ 152,049</u></u>	<u><u>\$ 160,751</u></u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Indirect Costs Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Miscellaneous income	\$ -	\$ -	\$ 306
<b>Expenditures</b>			
Salary	39,066	39,066	38,186
Payroll taxes	7,364	7,364	2,998
Employee insurance	3,600	3,600	7,829
Travel & meals	100	100	-
S.A.I.F.	300	300	287
Advertising	800	800	183
Audit & accounting	14,500	14,500	14,181
Dues & subscriptions	3,500	3,500	2,538
Duplicating	600	600	549
Fees-Government Ethics	350	350	285
Insurance	3,800	3,800	-
Internet/website	-	-	840
Phone	-	-	400
Miscellaneous	150	150	857
Postage	-	-	182
Reference materials	200	200	-
Supplies	1,200	1,200	876
Services	2,000	2,000	272
Legal	500	500	87
Indirect cost reimbursement	(78,030)	(78,030)	(70,244)
Total expenditures	-	-	306
Change in fund balances	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Car Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Interest income	\$ -	\$ -	\$ 9
<b>Expenditures</b>			
Salary	512	512	1,062
Employee insurance	97	97	125
Payroll taxes	47	47	76
Insurance	525	525	479
Fees	-	-	443
Maintenance	1,500	1,500	103
Supplies	-	-	30
Fuel	1,600	1,600	1,935
Capital outlay	25,000	25,000	25,513
Total expenditures	<u>29,281</u>	<u>29,281</u>	<u>29,766</u>
Excess of revenues over (under) expenditures	<u>(29,281)</u>	<u>(29,281)</u>	<u>(29,757)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of assets	-	-	1,660
Car expense reimbursement	5,000	5,000	10,733
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>12,393</u>
Net change in fund balances	(24,281)	(24,281)	(17,364)
Fund balance - beginning	<u>25,950</u>	<u>25,950</u>	<u>26,363</u>
Fund balance - ending	<u>\$ 1,669</u>	<u>\$ 1,669</u>	<u>\$ 8,999</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**Eclipse Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Operating Revenue</b>			
Administrative revenue	\$ -	\$ -	\$ 2,081
<b>Operating Expenses</b>			
Salary	-	-	809
Employee insurance	-	-	97
Payroll taxes	-	-	64
Travel & meals	-	-	184
Internet	-	-	2
Phone	-	-	10
Rent	-	-	15
Indirect expenses	-	-	313
Total operating expenses	-	-	1,494
Change in fund balances	-	-	587
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Rail With Trail Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Revenues</b>			
Foundation grant	\$ -	\$ -	\$ 1,959
Interest income	-	-	3
Total revenues	<u>-</u>	<u>-</u>	<u>1,962</u>
<b>Expenditures</b>			
Salary	3,048	3,048	945
Employee insurance	575	575	342
Payroll taxes	281	281	83
Travel and meals	150	150	-
Insurance	-	-	34
Internet	34	34	4
Phone	68	68	17
Postage	8	8	-
Rent	90	90	22
Indirect expenses	1,763	1,763	512
Total expenditures	<u>6,017</u>	<u>6,017</u>	<u>1,959</u>
Net change in fund balance	(6,017)	(6,017)	3
Fund balance - beginning	<u>6,050</u>	<u>6,050</u>	<u>-</u>
Fund balance - ending	<u>\$ 33</u>	<u>\$ 33</u>	<u>\$ 3</u>



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**E.D.A Revolving Loan Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Operating Revenues</b>			
Loan fees	\$ 2,500	\$ 2,500	\$ 2,937
Loan interest	42,000	42,000	42,652
Interest income	100	100	234
Total operating revenues	<u>44,600</u>	<u>44,600</u>	<u>45,823</u>
<b>Operating Expenses</b>			
Salary	3,843	3,843	3,147
Employee insurance	724	724	566
Payroll taxes	354	354	255
Travel & meals	350	350	-
Bank fees	250	250	-
Closing costs	1,200	1,200	1,195
Insurance	605	605	945
Collection costs	250	250	-
Internet	43	43	58
Legal	500	500	-
Phone	85	85	235
Postage	10	10	12
Rent	114	114	285
Services	250	250	331
Contractual services	9,000	9,000	10,890
Indirect expenses	2,222	2,222	6,152
Total operating expenses	<u>19,800</u>	<u>19,800</u>	<u>24,071</u>
Change in fund balances	24,800	24,900	21,752
Fund balances - beginning	<u>811,360</u>	<u>811,360</u>	<u>813,162</u>
Fund balances - ending	<u>\$ 836,160</u>	<u>\$ 836,260</u>	<u>\$ 834,914</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**IDA Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Operating Revenues</b>			
IDA Revenue	\$ 10,000	\$ 10,000	\$ 15,857
Foundation/corporate grants	7,500	7,500	7,500
Interest income	-	-	3
Total operating revenues	<u>17,500</u>	<u>17,500</u>	<u>23,360</u>
<b>Operating Expenses</b>			
Salary	8,684	8,684	7,915
Employee insurance	1,637	1,637	2,146
Payroll taxes	800	800	606
Travel & meals	600	600	539
Insurance	-	-	146
Internet	97	97	27
Seminars/conferences	150	150	125
Phone	193	193	103
Postage	23	23	7
Rent	257	257	142
Indirect expense	5,022	5,022	2,845
Total operating expenses	<u>17,463</u>	<u>17,463</u>	<u>14,601</u>
Change in fund balances	37	37	8,759
Fund balances - beginning	-	-	436
Fund balances - ending	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ 9,195</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**RBEF Revolving Loan Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Operating Revenues</b>			
Loan interest income	\$ 4,500	\$ 4,500	\$ 1,781
Loan fees	100	100	-
Bad debt recovery	-	-	294
Interest income	30	30	84
Total operating revenues	<u>4,630</u>	<u>4,630</u>	<u>2,159</u>
<b>Operating Expenses</b>			
Salary	1,075	1,075	266
Employee insurance	203	203	37
Payroll taxes	-	-	25
Travel & Meals	50	50	-
Closing Costs	250	250	140
Collection Costs	100	100	-
Insurance	-	-	51
Internet	12	12	8
Legal	150	150	-
Phone	24	24	35
Postage	3	3	1
Rent	32	32	40
Services	50	50	41
Contractual services	2,000	2,000	1,665
Indirect expense	622	622	896
Total operating expenses	<u>4,571</u>	<u>4,571</u>	<u>3,205</u>
Change in fund balances	59	59	(1,046)
Fund balances - beginning	<u>130,125</u>	<u>130,125</u>	<u>133,842</u>
Fund balances - ending	<u><u>\$ 130,184</u></u>	<u><u>\$ 130,184</u></u>	<u><u>\$ 132,796</u></u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**Food Initiatives Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Operating Revenues</b>			
Administrative revenue	\$ -	\$ -	\$ 750
Foundation/corporate grants	29,550	29,550	45,424
State grant	-	-	2,500
Miscellaneous revenue	-	-	40
Interest income			8
Total operating revenues	<u>29,550</u>	<u>29,550</u>	<u>48,722</u>
<b>Operating Expenses</b>			
Salary	14,832	14,832	17,288
Employee insurance	2,796	2,796	5,659
Payroll taxes	1,367	1,367	1,348
Travel & Meals	1,000	1,000	1,799
Duplicating	-	-	30
Insurance	-	-	129
Internet	165	165	61
Phone	330	330	234
Postage	38	38	-
Rent	440	440	311
Special projects	-	-	11,303
Grant expense	-	-	4,485
Indirect expense	8,578	8,578	6,027
Total operating expenses	<u>29,546</u>	<u>29,546</u>	<u>48,674</u>
Change in fund balances	4	4	48
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>232</u>
Fund balances - ending	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 280</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**Contract Services Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Operating Revenue</b>			
Administrative revenue	\$ 27,000	\$ 27,000	\$ 18,623
Special projects revenue	-	-	525
Contractual services	-	-	4,168
Interest income	-	-	38
Total operating revenues	<u>27,000</u>	<u>27,000</u>	<u>23,354</u>
<b>Operating Expenses</b>			
Salary	12,476	12,476	12,055
Employee insurance	2,351	2,351	2,462
Payroll taxes	1,150	1,150	892
Travel & meals	2,000	2,000	2,098
Insurance	-	-	178
Internet	139	139	40
Phone	277	277	183
Postage	32	32	-
Rent	370	370	235
Indirect expenses	7,215	7,215	4,668
Total operating expenses	<u>26,010</u>	<u>26,010</u>	<u>22,811</u>
Change in fund balances	990	990	543
Fund balances - beginning	<u>65,825</u>	<u>65,825</u>	<u>52,864</u>
Fund balances - ending	<u><u>\$ 66,815</u></u>	<u><u>\$ 66,815</u></u>	<u><u>\$ 53,407</u></u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2018**

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	<b>Micro CDBG Fund</b>	<b>Wallowa Micro CDBG Fund</b>	<b>AGORA Fund</b>	<b>Local Investing Fund</b>	<b>Totals</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 8,482	\$ -	\$ 9,150	\$ 23,418	\$ 41,050
Accounts receivable	-	-	1,360	-	1,360
Total assets	<u>8,482</u>	<u>-</u>	<u>10,510</u>	<u>23,418</u>	<u>42,410</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>					
Accounts payable	13	-	-	5	18
Compensated absences	949	-	12	47	1,008
Total liabilities	<u>962</u>	<u>-</u>	<u>12</u>	<u>52</u>	<u>1,026</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>					
Unrestricted	<u>\$ 7,520</u>	<u>\$ -</u>	<u>\$ 10,498</u>	<u>\$ 23,366</u>	<u>\$ 41,384</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Micro CDBG Fund</b>	<b>Wallowa Micro CDBG Fund</b>	<b>AGORA Fund</b>	<b>Local Investing Fund</b>	<b>Total</b>
<b>Operating Revenues</b>					
Federal grant	\$ -	\$ 1,885	\$ -	\$ -	\$ 1,885
Miscellaneous revenue	-	50	-	-	50
Administrative revenue	-	-	1,679	-	1,679
Total operating revenues	<u>-</u>	<u>1,935</u>	<u>1,679</u>	<u>-</u>	<u>3,614</u>
<b>Operating Expenses</b>					
Salary	6,292	3,102	13	6	9,413
Employee insurance	816	814	37	83	1,750
Payroll taxes	432	425	11	38	906
Advertising	160	208	-	-	368
Duplicating	129	97	-	-	226
Phone	72	119	2	9	202
Dues & Subscriptions	-	-	34	81	115
Insurance	-	-	-	146	146
Internet	15	26	1	2	44
Rent	248	141	2	11	402
Travel and meals	1,778	1,520	-	-	3,298
Supplies	6	130	-	-	136
Contract services	2,279	-	-	-	2,279
Indirect expenses	-	1,850	80	310	2,240
Total operating expenses	<u>12,227</u>	<u>8,432</u>	<u>180</u>	<u>686</u>	<u>21,525</u>
Operating income(loss)	(12,227)	(6,497)	1,499	(686)	(17,911)
<b>Non-Operating Revenues (Expenses)</b>					
Interest income	<u>15</u>	<u>3</u>	<u>6</u>	<u>17</u>	<u>41</u>
Income(loss) before transfers	(12,212)	(6,494)	1,505	(669)	(17,870)
<b>Transfers In (out)</b>	<u>(4,938)</u>	<u>4,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(17,150)	(1,556)	1,505	(669)	(17,870)
Total net position - beginning	<u>24,670</u>	<u>1,556</u>	<u>8,993</u>	<u>24,035</u>	<u>59,254</u>
Total net position - ending	<u>\$ 7,520</u>	<u>\$ -</u>	<u>\$ 10,498</u>	<u>\$ 23,366</u>	<u>\$ 41,384</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	Micro CDBG Fund	Wallowa Micro CDBG Fund	AGORA Fund	Local Investing Fund	Total
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ -	\$ 29,511	\$ 319	\$ -	\$ 29,830
Cash payments to employees for services	(5,343)	(4,535)	(139)	(480)	(10,497)
Cash payments - other operating expenses	(5,922)	(30,026)	(167)	(687)	(36,802)
Net cash provided (used) by operating activities	<u>(11,265)</u>	<u>(5,050)</u>	<u>13</u>	<u>(1,167)</u>	<u>(17,469)</u>
<b>Cash Flows from Noncapital Activities</b>					
Transfers to/from other funds	(4,938)	4,938	-	-	-
Net cash provided (used) by noncapital activities	<u>(4,938)</u>	<u>4,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
	-	-	-	-	-
<b>Cash Flows from Investing Activities</b>					
Interest and dividends	15	3	6	17	41
Net increase in cash and cash equivalents	(16,188)	(109)	19	(1,150)	(17,428)
Cash Balances - beginning	24,670	109	9,131	24,568	58,478
Cash Balances - ending	<u>\$ 8,482</u>	<u>\$ -</u>	<u>\$ 9,150</u>	<u>\$ 23,418</u>	<u>\$ 41,050</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:</b>					
Operating income (loss)	\$ (12,227)	\$ (6,497)	\$ 1,499	\$ (686)	\$ (17,911)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Change in assets and liabilities:					
Receivables, net	-	27,576	(1,360)	-	26,216
Compensated absences	949	(1,433)	(126)	(474)	(1,084)
Deferred Revenue	-	-	-	-	-
Accounts and other payables	13	(24,696)	-	(7)	(24,690)
Net cash provided (used) by operating activities	<u>\$ (11,265)</u>	<u>\$ (5,050)</u>	<u>\$ 13</u>	<u>\$ (1,167)</u>	<u>\$ (17,469)</u>



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**MICRO CDBG Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Operating Revenues</b>			
Interest income	\$ -	\$ -	\$ 15
<b>Operating Expenses</b>			
Salary	-	-	6,292
Employee insurance	-	-	816
Payroll taxes	-	-	432
Travel & meals	-	-	1,778
Advertising	-	-	160
Duplicating	-	-	129
Internet	-	-	15
Phone	-	-	72
Rent	-	-	248
Supplies	-	-	6
Contractual services	-	-	2,279
Total operating expenses	<u>-</u>	<u>-</u>	<u>12,227</u>
Operating income (loss)	-	-	(12,212)
<b>Other Financing Sources (Uses)</b>			
Transfer In (out)	<u>(4,251)</u>	<u>(4,251)</u>	<u>(4,938)</u>
Change in fund balances	(4,251)	(4,251)	(17,150)
Fund balances - beginning	<u>28,350</u>	<u>28,350</u>	<u>24,670</u>
Fund balances - ending	<u>\$ 24,099</u>	<u>\$ 24,099</u>	<u>\$ 7,520</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**Wallowa MICRO CDBG Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Operating Revenues</b>			
Federal Grants	\$ 24,000	\$ 24,000	\$ 1,885
Interest income	-	-	3
Miscellaneous	-	-	50
Total operating revenues	<u>24,000</u>	<u>24,000</u>	<u>1,938</u>
<b>Operating Expenses</b>			
Salary	12,809	12,809	3,102
Employee insurance	2,414	2,414	814
Payroll taxes	1,180	1,180	425
Advertising	200	200	208
Travel & meals	1,000	1,000	1,520
Duplicating	200	200	97
Internet	142	142	26
Phone	285	285	119
Rent	380	380	141
Postage	34	34	-
Supplies	2,200	2,200	130
Indirect expense	7,407	7,407	1,850
Total operating expenses	<u>28,251</u>	<u>28,251</u>	<u>8,432</u>
Operating income (loss)	(4,251)	(4,251)	(6,494)
<b>Other Financing Sources (Uses)</b>			
Transfer In (out)	<u>4,251</u>	<u>4,251</u>	<u>4,938</u>
Change in fund balances	-	-	(1,556)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>1,556</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**AGORA Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Operating Revenues</b>			
Administrative revenue	\$ 15,000	\$ 15,000	\$ 1,679
Interest income	-	-	6
Total operating revenues	<u>15,000</u>	<u>15,000</u>	<u>1,685</u>
<b>Operating Expenses</b>			
Salary	12,014	12,014	13
Employee insurance	2,264	2,264	37
Payroll taxes	1,107	1,107	11
Travel & meals	600	600	-
Insurance	-	-	34
Internet	134	134	1
Phone	267	267	2
Postage	32	32	-
Rent	356	356	2
Indirect expense	6,948	6,948	80
Total operating expenses	<u>23,722</u>	<u>23,722</u>	<u>180</u>
Change in fund balances	(8,722)	(8,722)	1,505
Fund balances - beginning	<u>8,760</u>	<u>8,760</u>	<u>8,993</u>
Fund balances - ending	<u>\$ 38</u>	<u>\$ 38</u>	<u>\$ 10,498</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Revenues, Expenses and Changes**  
**in Fund Balances - Budget and Actual**  
**Local Investing Fund**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Operating Revenue</b>			
Interest income	\$ -	\$ -	\$ 17
<b>Operating Expenses</b>			
Salary	7,045	7,045	6
Employee insurance	1,328	1,328	83
Payroll taxes	649	649	38
Travel & meals	1,000	1,000	-
Dues & subscriptions	60	60	81
Insurance	-	-	146
Internet	78	78	2
Phone	157	157	9
Postage	18	18	-
Seminars/conference training	500	500	-
Rent	209	209	11
Indirect expenses	4,074	4,074	310
Total operating expenses	<u>15,118</u>	<u>15,118</u>	<u>686</u>
Change in fund balances	(15,118)	(15,118)	(669)
Fund balances - beginning	<u>23,625</u>	<u>23,625</u>	<u>24,035</u>
Fund balances - ending	<u><u>\$ 8,507</u></u>	<u><u>\$ 8,507</u></u>	<u><u>\$ 23,366</u></u>

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**INDEPENDENT AUDITORS'  
REPORT REQUIRED BY OREGON  
STATE REGULATIONS**

**Independent Auditor's Report on Compliance and Internal  
Control Required by Oregon State Regulations**

Board of Directors  
Northeast Oregon Economic  
Development District  
101 NE First Street, Suite 100  
Enterprise, Oregon 97828

We have audited the basic financial statements of Northeast Oregon Economic Development District as of and for the year ended June 30, 2018, and have issued our report thereon dated November 29, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northeast Oregon Economic Development District'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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

The independent elected officials of NEOEDD do not collect or receive money and are, therefore, not subject to the requirements of OAR 162-10-140.

In connection with our testing nothing came to our attention that caused us to believe Northeast Oregon Economic Development District 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.

**OAR 162-10-0230 Internal Control over Financial Reporting**

In planning and performing our audit, we considered Northeast Oregon Economic Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northeast Oregon Economic Development District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However we identified a certain deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in a separate letter dated November 29, 2018, to be a material weakness.

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. We found no deficiencies that we consider to be a significant deficiency.

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with Government Auditing Standards dated November 29, 2018 is presented on page 64 through 65 of this reporting package.

**Purpose of this Report**

This report is intended solely for the information and use of the board of directors and management of Northeast Oregon Economic Development District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC  
Certified Public Accountants

By Yvonne K. Roberts, CPA  
Yvonne K. Roberts, CPA  
Owner/Member

La Grande, Oregon  
November 29, 2018



**AUDIT DELIVERABLES REQUIRED  
BY THE SINGLE AUDIT ACT OF  
1996**

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

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<u>Federal Grantor/Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Commerce:</b>			
<u>Direct Programs:</u>			
Economic Development Support for Planning Organizations	07-83-07227	11.302	\$ 75,000
Economic Development Cluster: Economic Adjustment Assistance		11.307	<u>647,050</u>
Total U.S. Department of Commerce			<u>722,050</u>
<b>U.S. Department of Housing &amp; Urban Development</b>			
<u>Pass through City of Halfway</u>			
Community Development Block Grant	M14008	14.228	13,019
<u>Pass through City of Wallowa County</u>			
Community Development Block Grant	M15015	14.228	<u>1,885</u>
Total U.S. Department of Housing & Urban Development			<u>14,904</u>
Total expenditures of federal awards			<u>\$ 736,954</u>

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Schedule of Expenditures of Federal Awards**

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**Note A - Purpose of the Schedule:**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) is a supplementary schedule to Northeast Oregon Economic Development District's financial statements and is presented for purposes of additional analysis. Because the SEFA presents only a selected portion of the activities of NEOEDD, it is not intended to and does not present either the financial position, results of operations, or changes in fund balances/equity of the District.

**Note B - Significant Accounting Policies:**

**Reporting Entity**

The reporting entity is fully described in Note 1 to NEOEDD's statements. The SEFA includes all federal programs administered by the District for the year ended June 30, 2018.

**Basis of Presentation**

The accompanying Schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the sections of the requirements of Title 2. U.D. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and sections of Uniform Guidance applicable to federal awards under \$750,000. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**Federal Financial Assistance**

Pursuant to the Single Audit Act and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between an entity and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**Compliance Program Tested**

We have audited Northeast Oregon Economic Development District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on its Economic Adjustment Assistance program for the year ended June 30, 2018.

**Basis of Accounting**

The receipt and expenditure of federal awards are accounted for under the same basis of accounting as the fund in which they are recorded. Federal awards recorded in proprietary funds are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Federal awards recorded in governmental funds are reported using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are recorded when the related liability is

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.

**Insurance Coverage**

For fiscal year ended June 30, 2018, the District had insurance coverage in effect comparable to other entities of similar size and circumstance.

**Indirect Cost Rate**

The District has not elected to use the 10% de minimis indirect cost rate.

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Notes to Schedule of Expenditures of Federal Awards**

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**Note C - EDA Revolving Loan Fund:**

A summary of changes in EDA Revolving Loan Fund balances are as follows:

Balance, July 1, 2017	\$ 568,882
New loans made from revolved funds	160,000
Subtotal	<u>728,882</u>
Principal payments received 17-18	<u>(127,862)</u>
Balance, June 30, 2018	601,020
Cash balance, June 30, 2018	264,694
Administrative expenses paid	<u>7,027</u>
Total awards expended	872,741
Multiply by Federal Share of RLF (74.14%)	<u>x .7414</u>
Total expenditures per Schedule of Federal Awards	<u><u>\$ 647,050</u></u>

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

**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***

To the Board of Directors  
Northeast Oregon Economic Development District

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, the business-type activities, each major fund, and the aggregate remaining fund information of Northeast Oregon Economic Development District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Northeast Oregon Economic Development District's basic financial statements and have issued our report thereon dated November 29, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northeast Oregon Economic Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Oregon Economic Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Oregon Economic Development District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control we consider to be a material weakness.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We found no deficiencies that we consider to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Oregon Economic Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Northeast Oregon Economic Development District's Response to Finding

Northeast Oregon Economic Development District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeast Oregon Economic Development District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC  
Certified Public Accountants

B, Yvonne K. Roberts, CPA  
Yvonne K. Roberts, CPA  
Owner/Member

La Grande, Oregon  
November 29, 2018

**Independent Auditor's Report on Compliance for a Program and  
Report on Internal Control Over Compliance**

To the Board of Directors  
Northeast Oregon Economic Development District

**Report on Compliance for Economic Adjustment Assistance**

We have audited Northeast Oregon Economic Development District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its Economic Adjustment Assistance for the year ended June 30, 2018.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to Economic Adjustment Assistance.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Northeast Oregon Economic Development District's Economic Adjustment Assistance based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and section of 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) applicable to federal awards under \$750,000.. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Economic Adjustment Assistance occurred. An audit includes examining, on a test basis, evidence about Northeast Oregon Economic Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for Northeast Oregon Economic Development District's Economic Adjustment Assistance. However our audit does not provide a legal determination of Northeast Oregon Economic Development District's compliance.

***Opinion on Compliance for Economic Adjustment Assistance***

In our opinion, Northeast Oregon Economic Development District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Economic Adjustment Assistance for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of Northeast Oregon Economic Development District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeast Oregon Economic Development District's internal control over compliance with the types of requirements that could have a direct and material effect on its Economic Adjustment Assistance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its Economic Adjustment Assistance and to test and report on internal control over compliance in accordance with sections of the Uniform Guidance applicable to federal awards under \$750,000, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Oregon Economic Development District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 sections of the requirements of the Uniform Guidance applicable to federal awards under \$750,000. Accordingly, this report is not suitable for any other purpose.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC  
Certified Public Accountants

B, Yvonne K. Roberts, CPA  
Yvonne K. Roberts, CPA  
Owner/Member

La Grande, Oregon  
November 29, 2018



**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

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**A. Summary of Audit Results**

	<b>Results</b>
<b>Financial Statements Audit</b>	
1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
Were significant deficiencies disclosed?	Yes
Of the significant deficiencies disclosed were any material weaknesses?	Yes
3. Did the audit disclose any noncompliance material to the financial statements?	No
<b>Compliance Audit</b>	
1. Type of auditor's report issued:	
<u>Audited Program</u>	
U.S. Department of Commerce - Economic Adjustment Assistance	
CFDA Number 11.307	Unmodified
2. Internal control over audited programs:	
Were significant deficiencies disclosed?	No
Of the significant deficiencies disclosed were any material weaknesses?	N/A
3. Were any of the following disclosed in accordance with section of 2 CFR Section 200.516(a) applicable to federal awards under \$750,000)?	
Significant deficiencies in internal control over audited programs?	No
Material Noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to audited programs?	No
Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a audited program?	No
Known questioned costs which are greater than \$25,000 for a federal program which is not audited as a audited program?	No
4. Auditee qualified as a low-risk auditee	No

**B. Findings and Questioned Costs - Financial Statement Audit**

**2018-001**

**Material Weakness:** The District has personnel with the ability to prepare the individual fund financial statements. However, the District relies on us as the auditors to assist them in drafting the cash flow statement and verifying the financial statements, including note disclosures, contain all of the elements required to comply with generally accepted accounting principles. We believe the District has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards outlined under both Government Auditing Standards and AICPA 101-3. However, our assistance in drafting the financial statements described above produces a material weakness in the District's internal control system.

**Questioned Costs**

None Noted

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

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**Criteria:** Auditing standards require us to assess the internal control system of the entity. In addition, the standards clearly state that the auditor cannot be relied upon as part of the entity's control system. Communicating internal control related matters identified in an audit is a requirement of the standards. One aspect of this standard requires us to extend this assessment to controls over financial statement presentation. Proper controls over financial statement presentation require adequate knowledge and involvement to detect errors and omissions in the financial statements.

**Condition:** Although we believe the District has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards outlined under both Government Auditing Standards and AICPA 101-3, our assistance in drafting the financial statements described above produces a material weakness in the District's internal control system.

**Cause:** This condition is caused by the staff's limited experience with generally accepted accounting principles and NEOEDD's reliance upon the auditors to perform these functions.

**Effect:** Since the financial statements and related note disclosures are prepared by independent auditors annually, there is no effect caused by this condition.

**Context:** Although the condition results in a finding, the reader should be aware that it is not unusual for an entity to rely on its auditors to assist them in drafting the financial statements and related note disclosures. This finding is a repeat finding. The 2016 finding number is 2016-001.

**Recommendation:** We do not recommend any change in the preparation of the financial statements, but the board should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit.

**View of Responsible Officials and Planned Corrective Actions:** As recommended above, NEOEDD has not made any change in the preparation of the financial statements. NEOEDD does not feel it is cost effective to hire additional staff or an independent contractor to prepare the financial statements.

**C. Findings and Questioned Costs - Federal Awards**

None noted as a result of our audit procedures.

**NORTHEAST OREGON ECONOMIC DEVELOPMENT DISTRICT**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2018**

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**June 30, 2017:**

**Financial Statement Findings:**

**Material Weakness:** The District relies on us, as the auditors, to assist them in drafting the financial statements and related note disclosures.

**Condition:** Although we believe the District has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards outlined under both Government Auditing Standards and AICPA 101-3, our assistance in drafting the financial statements described above produces a material weakness in the District's internal control system.

**Recommendation:** We do not recommend any change in the preparation of the financial statements, but the board should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit.

**Current Status:** While the District agrees with the finding, as recommended above, the District has not made any change in the preparation of the financial statements. The District does not believe it is cost effective to hire additional staff or an independent contractor to prepare the financial statements.