

SHERMAN COUNTY HEALTH DISTRICT
Board of Directors Meeting
October 8, 2026
Meeting Time: 5:30 PM
Meeting Pursuant to ORS 440

AGENDA ITEMS SUBJECT TO CHANGE

Call to order

Visitor's comments on agenda items (Discussion to be regarding agenda items only):

Consent Items:

- A. Approval of the minutes from August 2026 Regular Board Meeting
- B. Financial Report/ Payment of Bills for August and September 2026
- C. Patient Report for August and September 2026

PA & Administration Report

Old Business

- A. Rural Health Transformation Program Direct Award Funding
 - a. Generator
 - b. IT Project – migration and telemedicine equipment
 - c. PCPCH Consultant
 - i. Staff Survey – next week
 - ii. Patient Survey - Spring
- B. Community Healthcare Worker Program
- C. Water Leak

New Business

- A. Sherman Development League Grant
- B. 2025-2026 Audit
- C. Eye Care 4 All
- D. Flu Shot Clinic

Good of the Order

Adjournment

NEXT MEETING DATE THURSDAY, NOVEMBER 12TH, 2026

Send minutes with Agenda

** If necessary, an Executive Session may be held pursuant to ORS 192.660(2): (a) Employment; (c) Medical; (d) Labor Negotiations; (e) Property; (f) Records Exempt by Law from Public Inspection; (h) Legal Rights; (i) Personnel

Link to join meeting via Microsoft Teams:

https://teams.microsoft.com/l/meetup-join/19%3ameeting_YmRhNjMwZGYtYWVhMS00YmE2LTk4ZDUtMmVmNTNiNTdkNzEy%40thread.v2/0?context=%7b%22Tid%22%3a%22305d8b27-224a-478e-813d-0336f923605a%22%2c%22Oid%22%3a%22590ba976-21e2-421b-908c-0f9d352e75dc%22%7d

Sherman County Health District Board of Directors Meeting Minutes

Regular Board Meeting

August 13, 2026
Moro, Oregon

Present:

Board Members: President Bert Perisho (absent), Vice President Mike McArthur, Director Janice Strand (via telephone), Director Linda Cornie (absent), Director Brittany Wood

Staff: Caitlin Blagg, District Administrator

Call to Order: Vice President McArthur called the meeting to order at 5:42 p.m.

Visitor's comments on agenda items (Discussion to be regarding agenda items only):

Consent Items:

- A. REGULAR MEETING MINUTES:** The minutes from June 11th, 2026, Regular Board meeting were reviewed.
- B. FINANCIAL REPORT:** Handed out was a financial report put together by District Administrator Blagg stating the District's cash on hand as of the end of July 2026 was \$663,657.10. Also presented was a Profit & Loss statement for the end of July 2026 and year-to-date budget vs actual report. The check register for June and July 2026 were gone over to explain some of the different costs.
- C. PATIENT REPORT:** The patient report for July 2026 was given to the Board members for review. The average provider patient per day number was 6.89 and the average number of Medical Assistant visits per day was 3.50. These nursing visits were only the visits that were scheduled as a nursing visit; they do not include any 'add on labs' that clinicians might have requested as part of an office visit.

Director Wood made a motion to approve all consent agenda items. Director Strand seconded. Motion carried (unanimous).

PA & Administration Report

District Administrator Blagg stated that she had applied for SDIS Safety and Security Grant. This is a matching grant up to \$2,500. Funding was requested to help fund the generator project.

Old Business

- A. UPDATE ON APARTMENTS:** District Administrator Blagg informed the board that apartment #1 was currently occupied and #2's tenant would be moving in October. The

oven in apartment #1 went out. A new range was ordered from Pioneer Appliances and will be delivered on Tuesday.

B. RURAL HEALTH TRANSFORMATION PROGRAM DIRECT AWARD

FUNDING: District Administrator Blagg informed the Board of the latest updates on this grant. CMS is still reviewing all the budgets and we will hopefully have contracts ready to execute soon.

C. COMMUNITY HEALTHCARE WORKER PROGRAM: This program is also on hold because it is also part of the RHTP funds.

New Business

A. WATER LEAK AND PLAN: Approximately 2 weeks ago a leak was discovered in a pipe between the meter in the sidewalk and the front door of the clinic. A leak detection company came out to locate the leak and 2Dogs Plumbing has been out several times to fix several leaks. The pipe is made of galvanized steel and it is crumbling so the water main will have to be replaced. 2Dogs will be here on Wednesday to start excavation work so the pipe can be replaced. This project will not go out for bid as it falls under emergency status.

B. 2025-2026 Financial Review: This year instead of a full audit, we are only having a review. This process seems like it has been more difficult than the full audits, but we are working through it. The Health District ended the fiscal year with \$706,072.22 cash-on-hand and net income of \$63,422.78. We stayed within budget for the entire fiscal year.

C. EMPLOYEE EDUCATION: Medical Assistant McKenna Bailey is interested in furthering her education and would like to take an on-line organic chemistry course. Part of this course includes 2 weeks on-campus at OSU to complete the lab portion. This is scheduled for August 2027. Conversation was held about how important education is and the board fully supports helping how they can. **Vice President McArthur made a motion to pay the employee their full pay rate for the two weeks they are attending classes on-campus. Director Wood seconded. Motion carried (unanimous).**

D. SEPTEMBER & OCTOBER BOARD MEETINGS: Due to scheduling conflicts the September and October meetings need to be rescheduled. It was decided to hold one meeting on Wednesday, September 23rd at 5:30pm. There will not be an October meeting.

Good of the Order

Adjourn

Director Wood made a motion to adjourn the meeting. Director Strand seconded. The meeting was adjourned at 6:15 p.m.

The next Board Meeting will be on Wednesday, September 23th, 2026, at 5:30 pm, in the Administration Office.

Respectfully submitted,
Caitlin Blagg
District Administrator

Board President
Bert Perisho

Vice-President
Mike McArthur

Director
Janice Strand

Director
Linda Cornie

Director
Brittany Wood

Date

11:24 AM
10/07/26
Cash Basis

Sherman County Medical Clinic
Balance Sheet
As of October 7, 2026

	Oct 7, 26
ASSETS	
Current Assets	
Checking/Savings	
CHECKING	20,017.02
OREGON TREASURY INV. POOL	475,492.04
Total Checking/Savings	495,509.06
Total Current Assets	495,509.06
TOTAL ASSETS	495,509.06
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
PAYROLL LIABILITIES	
Flex 125 - Bailey	700.00
125 Health Insurance - Blagg	-9.64
Flex 125 - Blagg	1,038.77
Flex 125 - Haines	132.81
Flex 125 - Mayfield	-478.67
Flex 125 - Dornbirer	-708.14
Flex 125 - von Borstel	-765.33
Flex 125 - Whitaker	-297.17
IRA - Bailey	200.00
IRA - Blagg	1,306.00
IRA - Haines	1,046.00
IRA - Dornbirer	200.00
IRA - von Borstel	300.00
IRA - Whitaker	200.00
PAYROLL LIABILITIES - Other	5,243.65
Total PAYROLL LIABILITIES	8,108.28
Total Other Current Liabilities	8,108.28
Total Current Liabilities	8,108.28
Total Liabilities	8,108.28
Equity	
Retained Earnings	698,889.60
Net Income	-211,488.82
Total Equity	487,400.78
TOTAL LIABILITIES & EQUITY	495,509.06

11:23 AM
10/07/26
Cash Basis

Sherman County Medical Clinic
Profit & Loss
July through September 2026

	Jul - Sep 26
Ordinary Income/Expense	
Income	
CLINIC INCOME	
IV Therapy	400.00
Capitation2	30.24
EHR Payments	55,568.98
Managed Care Reimbursement-Wraps	1,781.83
Total CLINIC INCOME	57,781.05
COMMUNITY SERVICE FEES	733.94
COUNTY TAXES	6,685.57
INTEREST	5,923.75
PCPCH	16,342.75
OFC/APT RENT	10,717.00
PHARMACY	289.00
RECEIVED GRANTS/LOANS	
Phone Triage Reimbursement	1,243.00
Total RECEIVED GRANTS/LOANS	1,243.00
Total Income	99,716.06
Gross Profit	99,716.06
Expense	
PERSONAL SERVICES	
EMPLOYEE PAYROLL EXPENSES	
Administrator - CB	22,074.03
Physician Assistant - EH	42,139.14
Receptionist - LVD	14,018.03
Billing Clerk - BvB	15,551.50
Referral Coordinator/MA - BW	14,744.08
Medical Assistant - MB	11,469.13
Employee Insurance and Benefits	
Employee Insurance	39,431.60
Flex Fees	225.00
Total Employee Insurance and Benefits	39,656.60
P/R Taxes	10,333.34
Unemployment	474.53
Total EMPLOYEE PAYROLL EXPENSES	170,460.38
Total PERSONAL SERVICES	170,460.38
MATERIALS AND SERVICES	
CONTRACTED HEALTH CARE COST	
Supervising Physician	6,150.00
Total CONTRACTED HEALTH CARE COST	6,150.00

11:23 AM
10/07/26
Cash Basis

Sherman County Medical Clinic
Profit & Loss
July through September 2026

	<u>Jul - Sep 26</u>
ADMINISTRATION AND AUDIT	
Audit	300.00
Bank Service Charges	
Credit Card Fee	300.17
Monthly Maintenance Fee	0.15
	<u>300.32</u>
Total Bank Service Charges	300.32
Miscellaneous	
Advertisement*	1,498.16
Payroll Processing	494.00
	<u>1,992.16</u>
Total Miscellaneous	1,992.16
Office Supplies	2,868.60
Postage and Delivery	381.54
Refunds	
Refund to Ins2	70.43
	<u>70.43</u>
Total Refunds	70.43
Total ADMINISTRATION AND AUDIT	5,913.05
EDUCATION AND TRAINING	
Trainings, Registrations, Dues	1,395.00
Travel/ Meals/ Lodging	
Meals	199.56
	<u>199.56</u>
Total Travel/ Meals/ Lodging	199.56
EDUCATION AND TRAINING - Other	1,444.00
	<u>1,444.00</u>
Total EDUCATION AND TRAINING	3,038.56
UTILITIES	
Rentals	
109 Scott Street	
Garbage 109	237.62
Water/Sewer 109	402.00
	<u>639.62</u>
Total 109 Scott Street	639.62
Apartments	
Water/Sewer	268.00
	<u>268.00</u>
Total Apartments	268.00
Total Rentals	907.62
Electric	1,550.30
Garbage	201.59
Hazardous Waste Disposal	529.35
Shredding/Paper Disposal	191.17
Telephone	
Cell Phone	155.28

Sherman County Medical Clinic
Profit & Loss
July through September 2026

	Jul - Sep 26
Telephone - Other	1,187.66
Total Telephone	1,342.94
Water and Sewer	804.00
Total UTILITIES	5,526.97
MEDICAL SUPPLIES	
IV Therapy Expense	121.75
Phone Triage	1,515.00
Flu/Pneumonia Vaccine	710.31
MEDICAL SUPPLIES - Other	5,183.45
Total MEDICAL SUPPLIES	7,530.51
PHARMACY2	157.17
INSURANCE AND LEGAL FEES	
Clinic Insurance	
Dishonesty Bond	250.00
Malpractice	7,838.00
Workers Comp	2,269.83
Total Clinic Insurance	10,357.83
Total INSURANCE AND LEGAL FEES	10,357.83
BUILDING SUPPLIES/ MAINTENANCE	
Janitorial	405.00
BUILDING SUPPLIES/ MAINTENANCE - Other	1,930.95
Total BUILDING SUPPLIES/ MAINTENANCE	2,335.95
COMPUTER, SOFTWARE, EMR	
Computer Equipment and Software	17,811.97
Total COMPUTER, SOFTWARE, EMR	17,811.97
EHR SYSTEM	
HIPAA Compliance	7,853.00
Billing Clearinghouse	729.26
EHR SYSTEM - Other	5,238.67
Total EHR SYSTEM	13,820.93
Total MATERIALS AND SERVICES	72,642.94
CAPITAL OUTLAY*****	
Building Remodel	40,793.00
Medical Equipment	49.99
Total CAPITAL OUTLAY*****	40,842.99
DEBT SERVICE	
Mortgage-Interest	2,093.19

11:23 AM
10/07/26
Cash Basis

Sherman County Medical Clinic
Profit & Loss
July through September 2026

	Jul - Sep 26
Mortgage Principal	2,106.81
Total DEBT SERVICE	4,200.00
VOID	0.00
Total Expense	288,146.31
Net Ordinary Income	-188,430.25
Net Income	-188,430.25

Sherman County Medical Clinic
August 2026

Date	Num	Name	Memo	Amount	Description
08/03/2026		FedEx	Drug Screen	-11.32	DS Postage
08/03/2026		Evalon	July 2026	-127.92	Credit Card Fee
08/04/2026	90754	City of Moro		-402.00	Water/Sewer
08/04/2026	90755	Bohn's Printing, Inc.	Copier Fees	-46.15	Copier Fees
08/04/2026		Stericycle		-176.45	Hazardous Waste
08/04/2026	Conf1553	Visa		-52.07	Cell Phone
08/04/2026	Conf1554	Inovalon Provider, Inc.		-205.28	Billing Clearinghouse
08/04/2026	Conf1555	Iron Mountain		-191.17	Shredding
08/04/2026	Conf1556	Katrina Wilson	8 hours @ \$15	-120.00	Janitorial
08/04/2026		Merrill Lynch		-3,252.00	IRA Contributions
08/05/2026			Funds Transfer	50,000.00	Transfer
08/06/2026		ASI-Flex	Flex Reimbursement	-601.83	Flex Reimbursement
08/06/2026		Quill	Folders, Batteries	-77.22	Folders and Batteries
08/07/2026	569			-13,599.13	Payroll
08/07/2026		NorthWest Payroll Solutions	#569	-66.50	Payroll Processing
08/07/2026		McKesson Medical Surgical		-215.03	Medical Supplies
08/07/2026	90756	Bank of Eastern Oregon		-1,400.00	Mortgage
08/10/2026		ASI-Flex		-75.00	Flex Fees
08/10/2026		Quill	Bleach, Cleaner, Batteries	-98.17	Bleach, Cleaner, Batteries
08/10/2026		FedEx	Drug Screen	-11.36	DS Postage
08/11/2026		ASI-Flex	Flex Reimbursement	-796.40	Flex Reimbursement
08/11/2026	90757	SDIS		-13,602.65	Employee Insurance
08/11/2026	Conf1560	The Dalles Disposal		-57.77	Garbage Rentals
08/11/2026	Conf1561	The Dalles Disposal		-84.55	Garbage
08/11/2026	Conf1562	FoneMed		-505.00	Phone Triage
08/12/2026		IRS		-4,577.34	Federal Taxes
08/12/2026		Oregon Department of Revenue		-1,115.18	State Taxes
08/13/2026		Pioneer Electric	Range for Apartment #1	-788.00	Range for Apartment 1
08/13/2026	10041	U.S. Postal Service	PO Box 186	-172.00	PO Box Fee
08/13/2026	10042	Erin Haines		-1,444.00	CME
08/13/2026	10043	Betsy von Borstel		-199.56	Staff Meal
08/13/2026	10038	VOID	VOID: Printed Wrong	0.00	Void
08/13/2026	10040	VOID	VOID: Printed wrong	0.00	Void
08/13/2026	10039	VOID	VOID: printed wrong	0.00	Void
08/13/2026		Athena		-1,966.38	EHR System
08/14/2026		ASI-Flex	Flex Reimbursement	-547.60	Flex Reimbursement
08/20/2026		Quill	Annual Membership Fee	-69.99	Annual Membership
08/21/2026	570			-13,599.12	Payroll
08/21/2026		NorthWest Payroll Solutions	#570	-66.50	Payroll Processing
08/25/2026		Quill	Printer for Admin Office	-942.30	Printer
08/26/2026		IRS		-4,577.38	Federal Taxes
08/26/2026		Oregon Department of Revenue		-1,115.18	State Taxes

Sherman County Medical Clinic
August 2026

08/26/2026		Merrill Lynch		-1,626.00	IRA Contributions
08/26/2026	10044	Two Dogs Plumbing	Invoice: H2oMain 72826	-4,172.00	Water Main
08/26/2026	90758	DirectLine IT	Tech Support	-2,900.00	Tech Support
08/26/2026	Conf1564	Inovalon Provider, Inc.		-205.28	Billing Clearinghouse
08/26/2026	Conf1565	Pacific Power		-420.77	Electric
08/26/2026	Conf1566	H2Oregon Bottled Water	Water for Coolers	-39.80	Water for Coolers
08/26/2026		Dr. Kristen G. Dillon	July 2026	-2,050.00	Supervising Physician
08/26/2026		Stericycle		-176.45	Hazardous Waste
08/26/2026		U.S. Postal Service	200 Stamps (10 books)	-164.00	Stamps
08/31/2026	90759	Bohn's Printing, Inc.	Copier Fees	-54.99	Copier Fees
08/31/2026	Conf1569	Katrina Wilson	11 hours @ \$15/hr	-165.00	Janitorial
08/31/2026		Old Republic Surety	L. Cornie	-100.00	Dishonesty Bond
				-29,029.79	
				-29,029.79	
		_____ President	_____ Vice President		
		Bert Perisho	Mike McArthur		
		_____ Director	_____ Director		
		Janice Strand	Linda Cornie		
		_____ Director	_____ Date		
		Brittany Wood			

Sherman County Medical Clinic
September 2026

Date	Num	Name	Memo	Amount	Description
09/02/2026			Funds Transfer	50,000.00	Transfer
09/02/2026	90762	SDIS		-13,602.65	Employee Insurance
09/02/2026	90760	City of Moro		-670.00	Water/Sewer
09/02/2026	90761	Bank of Eastern Oregon		-1,400.00	Mortgage
09/02/2026		Evalon		-96.41	Credit Card Fee
09/03/2026	Conf1570	Visa		-51.65	Cell Phone
09/03/2026		Quill	Toilet Paper and Paper Towels	-116.28	Toilet Paper and Paper Towels
09/04/2026	571			-13,600.31	Payroll
09/04/2026		NorthWest Payroll Solutions	#571	-66.50	Payroll Processing
09/09/2026		IRS		-4,577.40	Federal Taxes
09/09/2026		Oregon Department of Revenue		-1,115.18	State Taxes
09/10/2026		ASI-Flex	August 2026	-75.00	Flex Fees
09/14/2026		Compliance Group	for 2025	-4,025.00	HIPAA Compliance
09/14/2026		Blue Mountain Networks LLC		-408.90	Telephone
09/15/2026		Athena		-1,631.43	EHR System
09/18/2026	572			-13,600.00	Payroll
09/18/2026		NorthWest Payroll Solutions	#572	-66.50	Payroll Processing
09/18/2026	Conf1574	The Dalles Disposal		-71.91	Garbage Rentals
09/18/2026	Conf1575	The Dalles Disposal		-59.27	Garbage
09/18/2026	Conf1576	FoneMed		-505.00	Phone Triage
09/18/2026	90763	Blue Mountain Networks LLC		-389.38	Telephone
09/18/2026		Merrill Lynch		-1,626.00	IRA Contributions
09/21/2026		Dr. Kristen G. Dillon	August 2026	-2,050.00	Supervising Physician
09/22/2026		ASI-Flex	Flex Reimbursement	-322.92	Flex Reimbursement
09/22/2026		Amazon.com	Monitor	-849.99	Monitor
09/22/2026		Amazon.com	Monitors x4	-3,399.96	Monitor x4
09/23/2026		IRS		-4,577.40	Federal Taxes
09/23/2026		Oregon Department of Revenue		-1,115.18	State Taxes
09/23/2026		Integrity PRP		-261.57	Medical Supplies
09/24/2026		McKesson Medical Surgical		-1,349.81	Medical Supplies
09/24/2026		Sec. of State-Business Services Division	Audit Filing Fee	-300.00	Audit Filing Fee
09/24/2026		HOME DEPOT	Faucets for Apt 1 & 2	-158.00	Faucets for 1 & 2
09/25/2026	10045	Northwest Grain Growers	Customer: 720294	-9.86	Fly Traps
09/25/2026	10046	SherCo Electric	Invoice: SC1236	-123.50	Plug for Range in Apt #1
09/25/2026	10047	SAIF	Invoice: 1002306056, SAIF Account: A100102827	-567.57	Workers Comp
09/25/2026	10048	PacificSource Community Solutions	Claim: 267F91633401, Patient Acct: 2200V33561	-37.54	Refund to Insurance

Sherman County Medical Clinic
September 2026

09/25/2026	10049	Marsh & McLennan Agency, LLC	Invoice: 444255, Account: SHERCOU-04	-7,838.00	Malpractice
09/25/2026	10050	Compliancy Group	Invoice: CG-2026-14406, Customer ID: SF002168	-3,828.00	HIPAA Compliance
09/25/2026	90764	DirectLine IT	Tech Support	-2,900.00	Tech Support
09/25/2026	Conf1578	Pacific Power		-383.88	Electric
09/25/2026	Conf1579	H2Oregon Bottled Water	Water for Coolers	-47.75	Water for Coolers
09/25/2026	Conf1580	Inovalon Provider, Inc.		-113.42	Billing Clearinghouse
09/26/2026		FedEx	Drug Screen	-11.61	DS Postage
09/28/2026			Funds Transfer	60,000.00	Transfer
09/29/2026	10051	CMS Excavation & Hauling LLC	Invoice: INV-000011	-26,801.00	Water Main
09/29/2026	10052	Two Dogs Plumbing	Water Main Project	-9,190.00	Water Main
09/29/2026		SecurityMetrics Services	PCI Compliance	-1,868.97	PCI Compliance
09/30/2026		Amazon.com	Monitor Riser x2	-67.86	Monitor Riser x2
				-15,928.56	
				-15,928.56	
		_____ President	_____ Vice President		
		Bert Perisho	Mike McArthur		
		_____ Director	_____ Director		
		Janice Strand	Linda Cornie		
		_____ Director	_____ Date		
		Brittany Wood			

Sherman County Medical Clinic
2016-2017 Profit & Loss Budget vs. Actual
July 2026 through June 2027

	Jul '26 - Jun 27	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
CLINIC INCOME				
IV Therapy	400.00			
Capitation2	30.24			
EHR Payments	57,327.05			
Managed Care Reimbursement-Wraps	1,781.83			
CLINIC INCOME - Other	0.00			
	188,251.00		-188,251.00	0.0%
Total CLINIC INCOME	59,539.12	188,251.00	-128,711.88	31.6%
COMMUNITY SERVICE FEES	733.94	23,205.00	-22,471.06	3.2%
COUNTY TAXES	6,685.57	537,708.00	-531,022.43	1.2%
INTEREST	5,923.75	25,106.00	-19,182.25	23.6%
PCPCH	16,342.75	73,218.00	-56,875.25	22.3%
MISCELLANEOUS INCOME	0.00	1,000.00	-1,000.00	0.0%
OFC/APT RENT	10,717.00	29,268.00	-18,551.00	36.6%
PHARMACY	289.00	3,564.00	-3,275.00	8.1%
RECEIVED GRANTS/LOANS				
Phone Triage Reimbursement	1,243.00			
RECEIVED GRANTS/LOANS - Other	0.00	107,924.00	-107,924.00	0.0%
Total RECEIVED GRANTS/LOANS	1,243.00	107,924.00	-106,681.00	1.2%
Total Income	101,474.13	989,244.00	-887,769.87	10.3%
Gross Profit	101,474.13	989,244.00	-887,769.87	10.3%
Expense				
PERSONAL SERVICES				
EMPLOYEE PAYROLL EXPENSES				
Administrator - CB	25,789.23			
Physician Assistant - EH	49,162.33			
Receptionist - LVD	16,364.43			
Billing Clerk - BvB	18,169.10			
Referral Coordinator/MA - BW	17,239.28			
Medical Assistant - MB	13,399.53			
Employee Insurance and Benefits	39,431.60			
Employee Insurance	300.00			
Flex Fees				
Total Employee Insurance and Benefits	39,731.60			
P/R Taxes	11,829.74			
Unemployment	474.53			
EMPLOYEE PAYROLL EXPENSES - Other	0.00	1,006,172.00	-1,006,172.00	0.0%
Total EMPLOYEE PAYROLL EXPENSES	192,159.77	1,006,172.00	-814,012.23	19.1%
Total PERSONAL SERVICES	192,159.77	1,006,172.00	-814,012.23	19.1%
MATERIALS AND SERVICES				
PROPERTY TAX	0.00	1,392.00	-1,392.00	0.0%
CONTRACTED HEALTH CARE COST				
Supervising Physician	6,150.00	31,950.00	-31,950.00	0.0%
CONTRACTED HEALTH CARE COST - Other	0.00			
Total CONTRACTED HEALTH CARE COST	6,150.00	31,950.00	-25,800.00	19.2%
ADMINISTRATION AND AUDIT				
Audit	300.00			
Bank Service Charges				

Sherman County Medical Clinic
2016-2017 Profit & Loss Budget vs. Actual
July 2026 through June 2027

	Jul '26 - Jun 27	Budget	\$ Over Budget	% of Budget
Credit Card Fee	395.55			
Monthly Maintenance Fee	0.15			
Total Bank Service Charges	395.70			
Miscellaneous				
Advertisement*	1,498.16			
Payroll Processing	655.50			
Total Miscellaneous	2,153.66			
Office Supplies	2,946.63			
Postage and Delivery	381.54			
Refunds				
Refund to Ins2	70.43			
Total Refunds	70.43			
ADMINISTRATION AND AUDIT - Other	0.00	86,085.00	-86,085.00	0.0%
Total ADMINISTRATION AND AUDIT	6,247.96	86,085.00	-79,837.04	7.3%
EDUCATION AND TRAINING	1,395.00			
Trainings, Registrations, Dues				
Travel/ Meals/ Lodging	199.56			
Meals				
Total Travel/ Meals/ Lodging	199.56			
EDUCATION AND TRAINING - Other	1,444.00	20,620.00	-19,176.00	7.0%
Total EDUCATION AND TRAINING	3,038.56	20,620.00	-17,581.44	14.7%
UTILITIES				
Rentals				
109 Scott Street				
Garbage 109	296.89			
Water/Sewer 109	536.00			
Total 109 Scott Street	832.89			
Apartments				
Water/Sewer	402.00			
Total Apartments	402.00			
Total Rentals	1,234.89			
Electric	1,550.30			
Garbage	260.86			
Hazardous Waste Disposal	529.35			
Shredding/Paper Disposal	382.07			
Telephone				
Cell Phone	206.93			
Telephone - Other	1,187.66			
Total Telephone	1,394.59			
Water and Sewer	1,072.00	29,099.00	-29,099.00	0.0%
UTILITIES - Other	0.00			
Total UTILITIES	6,424.06	29,099.00	-22,674.94	22.1%
MEDICAL SUPPLIES				
IV Therapy Expense	121.75			
Phone Triage	1,515.00			

Sherman County Medical Clinic
2016-2017 Profit & Loss Budget vs. Actual
July 2026 through June 2027

	Jul '26 - Jun 27	Budget	\$ Over Budget	% of Budget
Flu/Pneumonia Vaccine	710.31			
MEDICAL SUPPLIES - Other	5,183.45	46,025.00	-40,841.55	11.3%
Total MEDICAL SUPPLIES	7,530.51	46,025.00	-38,494.49	16.4%
PHARMACY2	157.17	3,486.00	-3,328.83	4.5%
INSURANCE AND LEGAL FEES				
Clinic Insurance	250.00			
Dishonesty Bond	7,838.00			
Malpractice	2,269.83			
Workers Comp				
Total Clinic Insurance	10,357.83			
INSURANCE AND LEGAL FEES - Other	0.00	25,650.00	-25,650.00	0.0%
Total INSURANCE AND LEGAL FEES	10,357.83	25,650.00	-15,292.17	40.4%
BUILDING SUPPLIES/ MAINTENANCE				
Janitorial	536.25			
BUILDING SUPPLIES/ MAINTENANCE - Other	1,930.95	13,665.00	-11,734.05	14.1%
Total BUILDING SUPPLIES/ MAINTENANCE	2,467.20	13,665.00	-11,197.80	18.1%
COMPUTER, SOFTWARE, EMR				
Computer Equipment and Software	18,240.97			
COMPUTER, SOFTWARE, EMR - Other	0.00	95,002.00	-95,002.00	0.0%
Total COMPUTER, SOFTWARE, EMR	18,240.97	95,002.00	-76,761.03	19.2%
EHR SYSTEM				
HIPAA Compliance	7,853.00			
Billing Clearinghouse	729.26			
EHR SYSTEM - Other	5,238.67	28,524.00	-23,285.33	18.4%
Total EHR SYSTEM	13,820.93	28,524.00	-14,703.07	48.5%
Total MATERIALS AND SERVICES	74,435.19	381,498.00	-307,062.81	19.5%
CAPITAL OUTLAY*****				
Building Remodel	40,793.00	80,000.00	-39,207.00	51.0%
Medical Equipment	49.99	20,000.00	-19,950.01	0.2%
Office Equipment	0.00	50,000.00	-50,000.00	0.0%
Total CAPITAL OUTLAY*****	40,842.99	150,000.00	-109,157.01	27.2%
DEBT SERVICE				
Mortgage-Interest	2,770.71	8,164.00	-5,393.29	33.9%
Mortgage Principal	2,829.29	8,636.00	-5,806.71	32.8%
Total DEBT SERVICE	5,600.00	16,800.00	-11,200.00	33.3%
OPERATING CONTINGENCY*****				
VOID	0.00	75,103.00	-75,103.00	0.0%
Total Expense	313,037.95	1,629,573.00	-1,316,535.05	19.2%
Net Ordinary Income	-211,563.82	-640,329.00	428,765.18	33.0%
Net Income	-211,563.82	-640,329.00	428,765.18	33.0%

Provider Patient Report

2026-2027	Number of Office Visits	Dr. Dillon Visits	Days Clinic Was Open/Days Provider was in	E Visits	Provider Absent # of Days (Personal Leave)	Clinic Related Leave	Provider Coverage	Reason for Provider Leave or Clinic Closed	Average Patients/ day	Notes
July	125	1	22/18	4					6.89	1 Holiday, No Fridays
August	124	1	21/16	5	1			Personal	7.75	No Fridays
September										
October										
November										
December										
January										
February										
March										
April										
May										
June										
Total:	249	2		9	1	0	0			
								Annual Average number of visits/day:	1.22	
			Number of Visits:							
					2025-2026	1356	7.29			
					2024-2025	1576	8.44	2018-2019	1428	6.78
					2023-2024	1504	8.23	2017-2018	1537	6.60
					2022-2023	1429	7.69	2016-2017	1625	7.19
					2021-2022	1388	7.58	2015-2016	1912	8.22
					2020-2021	1219	6.64	2014-2015	2091	9.63
					2019-2020	1536	8.4	2013-2014	1952	8.85

MA Patient Report

2026-2027	Number of Nursing visits	Number of Days	Average Nursing Visits per day	
July	63	18	3.50	
August	78	16	4.88	
September			#DIV/0!	
October			#DIV/0!	Flu Shot Clinic
November			#DIV/0!	
December			#DIV/0!	
January			#DIV/0!	
February			#DIV/0!	
March			#DIV/0!	
April			#DIV/0!	
May			#DIV/0!	
June			#DIV/0!	
Total:	141	34	4.15	
Previous Years Totals:				
2014-2015	1276	220	5.8	
2015-2016	1084	236.5	4.58	
2016-2017	1150	227.75	5.05	
2017-2018	1131	232.5	4.86	
2018-2019	887	214	4.14	
2019-2020	732	184	3.98	
2020-2021	1830	179.6	10.19	Covid Vaccine
2021-2022	1255	183.75	6.83	
2022-2023	820	186.5	4.4	
2023-2024	830	183	4.54	
2024-2025	981	186.5	5.26	
2025-2026	840	183.5	4.58	

Provider Patient Report

2026-2027	Number of Office Visits	Dr. Dillon Visits	Days Clinic Was Open/Days Provider was in	E Visits	Provider Absent # of Days (Personal Leave)	Clinic Related Leave	Provider Coverage	Reason for Provider Leave or Clinic Closed	Average Patients/ day	Notes
July	125	1	22/18	4					6.89	1 Holiday, No Fridays
August	124	1	21/16	5	1			Personal	7.75	No Fridays
September	102		16/13	4					7.85	1 Holiday, No Fridays, Closed for week - water main
October										
November										
December										
January										
February										
March										
April										
May										
June										
Total:	351	2		13	1	0	0			
								Annual Average number of visits/day:	1.87	
			Number of Visits:							
					2025-2026	1356	7.29			
					2024-2025	1576	8.44	2018-2019	1428	6.78
					2023-2024	1504	8.23	2017-2018	1537	6.60
					2022-2023	1429	7.69	2016-2017	1625	7.19
					2021-2022	1388	7.58	2015-2016	1912	8.22
					2020-2021	1219	6.64	2014-2015	2091	9.63
					2019-2020	1536	8.4	2013-2014	1952	8.85

MA Patient Report

2026-2027	Number of Nursing visits	Number of Days	Average Nursing Visits per day	
July	63	18	3.50	
August	78	16	4.88	
September	88	13	6.77	
October			#DIV/0!	Flu Shot Clinic
November			#DIV/0!	
December			#DIV/0!	
January			#DIV/0!	
February			#DIV/0!	
March			#DIV/0!	
April			#DIV/0!	
May			#DIV/0!	
June			#DIV/0!	
Total:	229	47	4.87	
Previous Years Totals:				
2014-2015	1276	220	5.8	
2015-2016	1084	236.5	4.58	
2016-2017	1150	227.75	5.05	
2017-2018	1131	232.5	4.86	
2018-2019	887	214	4.14	
2019-2020	732	184	3.98	
2020-2021	1830	179.6	10.19	Covid Vaccine
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2023-2024	830	183	4.54	
2024-2025	981	186.5	5.26	
2025-2026	840	183.5	4.58	



Sherman County Health District

Financial Statements and Supplementary Information
For the year ended June 2026



**SHERMAN COUNTY HEALTH DISTRICT
FOR THE YEAR ENDED JUNE 30, 2026
BOARD OF DIRECTORS**

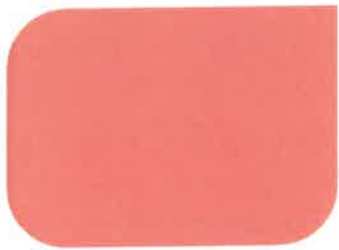
<u>MEMBERS</u>		<u>TERM EXPIRES</u>
Robert Perisho President	P.O. Box 411 Moro, OR 97039	6/30/29
Mike McArthur Vice-President	93350 Foss Lane Wasco, OR 97065	6/30/27
Janice Strand Director	P.O. Box 233 Rufus, OR 97050	6/30/29
Brittany Wood Director	P.O. Box 186 Moro, OR 97039	6/30/29
Linda Cornie Director	P.O. Box 96 Wasco, OR 97065	6/30/27
 <u>ADMINISTRATIVE STAFF</u>		
Caitlin Blagg	PO Box 186 Moro, OR 97039	District Administrator
 <u>ATTORNEY</u>		
Ruben D Cleaveland	VanKoten & Cleaveland LLC 417 Sherman Ave, Suite 7 Hood River, Oregon 97031	

Sherman County Health District
Moro, Oregon

YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sherman County Health District
Moro, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and major fund of Sherman County Health District, Oregon (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and major fund of the District, as of June 30, 2026, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in *Note 1*.

Basis of Opinions

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

Emphasis of Matter - Basis of Accounting

We draw attention to *Note 1* of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in *Note 1*; and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information, as listed in the Table of Contents, are presented for the purposes of additional analysis and is not a required part of the basic financial statements.

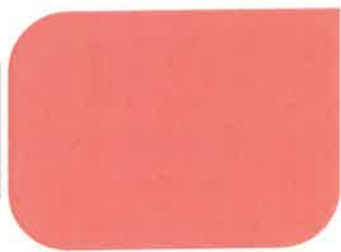
The budgetary comparison information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with Oregon State Regulation, we have also issued our report dated September 3, 2026 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is solely to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Jeny L. Grupe CPA, Partner
Sorren CPAs P.C.
Boise, Idaho
September 3, 2026



FINANCIAL STATEMENTS

**SHERMAN COUNTY HEALTH DISTRICT
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2026**

ASSETS:	
Cash and investments	\$ 706,072
Capital assets	
Nondepreciable, land	49,192
Depreciable, net of accumulated depreciation	<u>668,960</u>
TOTAL ASSETS	<u>1,424,224</u>
LIABILITIES:	
Payroll taxes withheld payable	5,712
Long-term liabilities	
Due within one year	8,680
Due in more than one year	<u>175,599</u>
TOTAL LIABILITIES	<u>189,991</u>
NET POSITION:	
Net Investment in capital assets	533,873
Unrestricted	<u>700,360</u>
TOTAL NET POSITION	<u><u>\$ 1,234,233</u></u>

**SHERMAN COUNTY HEALTH DISTRICT
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2026**

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Health care services	\$ 987,912	\$ 364,850	\$ -	\$ -	\$ (623,062)
Interest on long-term debt	8,535	-	-	-	(8,535)
Total governmental activities	<u>\$ 996,447</u>	<u>\$ 364,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(631,597)</u>
General revenues:					
Property Taxes, Levied for General Purposes					625,815
Community Service Fees/SIP					25,045
Interest and Investment Earnings					27,835
Miscellaneous					<u>4,089</u>
Total general revenues					<u>682,784</u>
CHANGE IN NET POSITION					51,187
NET POSITION - JUNE 30, 2025					<u>1,183,046</u>
NET POSITION - JUNE 30, 2026					<u>\$ 1,234,233</u>

**SHERMAN COUNTY HEALTH DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE ARISING FROM CASH
TRANSACTIONS
GOVERNMENTAL FUNDS JUNE 30, 2026**

	<u>General Fund</u>
ASSETS:	
Cash and investments	\$ 706,072
 TOTAL ASSETS	<u>\$ 706,072</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES:	
Payroll taxes withheld payable	\$ 5,712
 TOTAL LIABILITIES	<u>5,712</u>
FUND BALANCES:	
Unassigned	<u>700,360</u>
 TOTAL FUND BALANCES	<u>700,360</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 706,072</u>

**SHERMAN COUNTY HEALTH DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND
BALANCE ARISING FROM CASH TRANSACTIONS TO THE STATEMENT OF NET POSITION-
MODIFIED CASH BASIS JUNE 30, 2026**

TOTAL FUND BALANCES	\$ 700,360
----------------------------	-------------------

Amounts reported for governmental activities in the Statement of Net Position
- Modified Cash Basis are different because:

Capital assets are not financial resources and therefore are not reported in
the governmental funds:

Cost	\$ 1,003,954	
Accumulated depreciation	<u>(285,802)</u>	718,152

Long-term liabilities not payable in the current year are not reported as
governmental fund liabilities. These liabilities consist of:

Note payable	<u>(184,279)</u>
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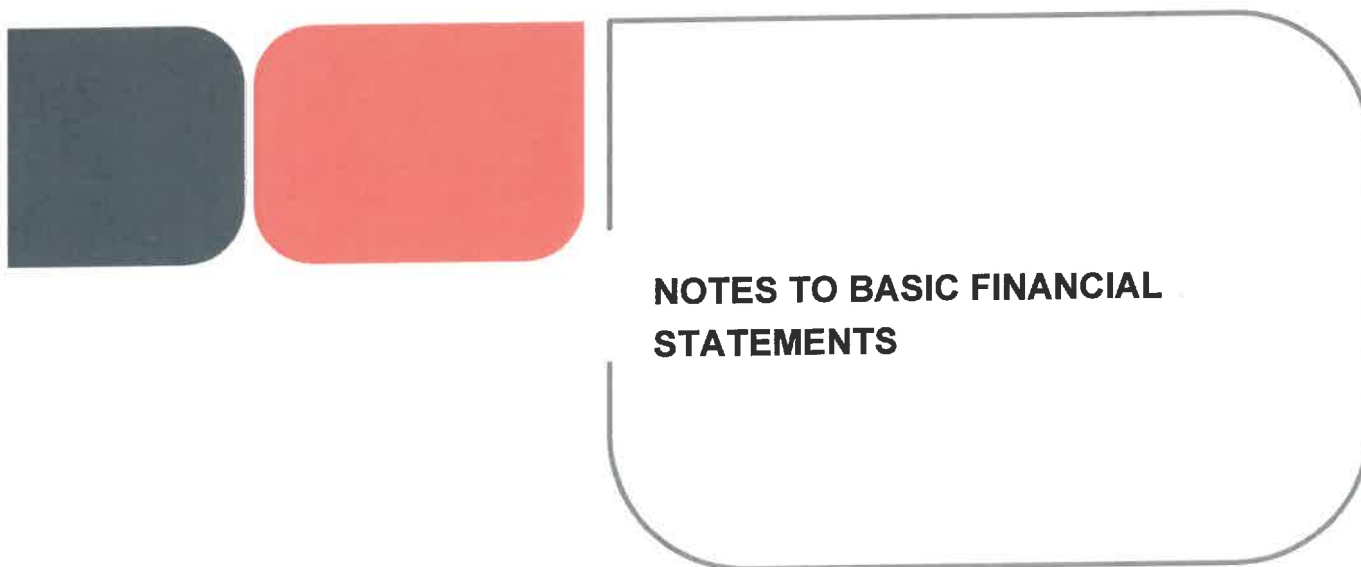
TOTAL NET POSITION	<u>\$ 1,234,233</u>
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**SHERMAN COUNTY HEALTH DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2026**

	General Fund
REVENUES:	
Property taxes	\$ 625,815
Community service fees/SIP	25,045
Clinic income	224,007
Other grants/reimbursements	18,246
PCPCH income	73,847
Pharmacy income	3,282
Rent income	45,468
Interest income	27,835
Miscellaneous	4,089
TOTAL REVENUES	<u>1,047,634</u>
EXPENDITURES:	
Current:	
Health care services	954,442
Debt service	
Principal	8,265
Interest	8,535
Capital outlay	13,050
TOTAL EXPENDITURES	<u>984,292</u>
OPERATING INCOME (LOSS)	<u>63,342</u>
BEGINNING FUND BALANCE - JUNE 30, 2025	<u>637,018</u>
ENDING FUND BALANCE - JUNE 30, 2026	<u><u>\$ 700,360</u></u>

**SHERMAN COUNTY HEALTH DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE ARISING FROM CASH TRANSACTIONS OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2026**

NET CHANGE IN FUND BALANCE	\$ 63,342
Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because: Governmental funds report repayment of debt principal as a disbursement, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis. Similarly, loan forgiveness and accrued interest affect long-term liabilities in the Statement of Net Position - Modified Cash Basis, but have no effect on current financial resources reported in the governmental funds.	
Repayment of debt principal	8,265
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:	
Expenditures for capital assets	13,050
Less current year depreciation	<u>(33,470)</u>
CHANGE IN NET POSITION	<u>\$ 51,187</u>



**NOTES TO BASIC FINANCIAL
STATEMENTS**

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sherman County Health District (the District) have been prepared in accordance with a special-purpose framework other than generally accepted accounting principles (GAAP). The special-purpose framework utilized by the District is the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting standards. The GASB periodically updates its codification of existing Governmental Accounting and Financial Reporting Standards, which along with the subsequent GASB pronouncements (standards and interpretations), are applied by the District to the extent they are applicable to the modified cash basis of accounting.

The more significant of the District's accounting policies are described below.

The Financial Reporting Entity

The District is governed by a five-member Board of Directors who are elected to terms of four years. The financial affairs of the District are handled by the District's Administrator. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. Sherman County Health District has no component units.

The Sherman County Health District was formed on August 2, 1995 for the purpose of supplying the District's inhabitants with facilities for health care. The District operates the Sherman County Medical Clinic.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when and how revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide Financial Statements

The government-wide financial statements (the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all the non-fiduciary governmental activities of the District as a whole. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. *Governmental activities* are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District has no *business-type activities*.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (continued)

In the government-wide statements governmental activities are presented using a modified cash basis of accounting. The modified cash basis of accounting uses elements of both the cash basis and accrual basis of accounting. Under the cash basis, transactions are recognized when there is either incoming cash or outgoing cash; thus, the receipt of cash triggers recordation of revenue, while the payment of cash triggers the recordation of expense. Under the accrual basis, revenue is recorded when earned and expenses when incurred, irrespective of any cash transaction. The modified cash basis records short term items when cash levels change hands (i.e. the cash basis), and records longer-term balance sheet items with accruals. The District makes certain exceptions to short-term assets and liabilities that result from cash transactions. For example, the District accrues a current payroll liability for deductions withheld and the District had yet to payout as of June 30, 2026.

The long-term items recorded by the District include: Capital Assets, and Long-Term Debt.

The modified cash basis is a special-purpose framework other than GAAP. If the District utilized GAAP, the government-wide financial statements would use the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses when incurred, regardless of timing of related cash flows.

Fund Financial Statements

The District uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate funds. Fund financial statements are provided for governmental and proprietary funds. The District's funds are organized into one major category: *governmental*. The District has no proprietary funds.

Governmental Funds

Governmental funds are used to account for the District's general activities, including the collection and disbursement of earmarked monies.

The governmental fund financial statements are presented on the cash basis of accounting with certain exceptions associated with short-term assets and liabilities that result from cash transactions.

The modified cash basis is a special-purpose framework other than GAAP. If the District utilized GAAP, the governmental fund financial statements would use the modified accrual basis of accounting with a current financial resources measurement focus whereby only current assets (deferred outflows) and current liabilities (deferred inflows) are included in the balance sheet. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is provided to explain the differences between the governmental fund statements government-wide presentation. This reconciliation is part of the financial statements.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds (continued)

The following is the District's major governmental fund:

General Fund - The General Fund is the District's primary operating fund and is always classified as a major fund. Currently, this is the District's only fund. This fund type is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The principal revenue source is property taxes. Primary disbursements are for public health services.

Cash and Investments

For the purpose of reporting, "Cash and investments" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

The District's Investments consist of monies invested in the State of Oregon Local Government Investment Pool (LGIP). Investments are carried at cost, which approximates fair value.

Capital Assets

The District's modified cash basis of accounting reports capital assets from cash transactions or events and reports depreciation, when appropriate.

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Replacements, which improve or extend the lives of property, are capitalized. Interest incurred during construction is not capitalized on capital assets. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of more than one year.

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

Equipment	5 to 15 years
Building and Improvements	15 to 40 years

Currently, the District does not own any infrastructure assets.

Long Term Debt

In the government-wide financial statement, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position – modified cash basis.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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 those estimates.

Net Position and Fund Balances

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investments in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

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 fund financial statements, governmental fund equity is classified in the following categories:

Non-spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes amounts that can only be used for the specific purposes determined by a formal action of the District's Board of Directors, which includes resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed previously to commit those amounts.

Assigned – Includes items that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Board of Directors, or their designee as established in the District's Fund Balance Policy.

Unassigned – This is the residual classification used for those balances not included in another category.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balances (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned, as they are needed.

Compensated absences

The District's employees accumulate vacation pay in varying amounts depending on years of continued service. It is the District's policy to permit employees to accumulate earned but unused vacation pay up to 240 hours. However, an employee cannot utilize more than 160 hours of vacation time in a calendar year, without approval by their supervisor. If an employee has at least 80 hours of vacation, the employee can request compensation for vacation hours in excess of 80 hours. All outstanding vacation time is payable upon termination of employment.

Sick Leave accumulates at the rate of 4.00 hours for every pay period for full-time employees and is prorated for part-time employees who work more than 20 hours per week. Sick leave is limited to an accumulation of 240 hours and is not compensable upon termination of employment.

Because the liability for compensated absences does not result from cash basis transactions, no liability for compensated absences has been recorded in the District's financial statements.

Program Revenues

In the Statement of Activities - modified cash basis revenues that are derived directly from each activity are reported as program receipts. The District has the following program receipts in each activity:

Health Care Services

Patient fees, pharmacy sales, building rent, grants and donations

Property Tax Revenues

Property taxes are levied on July 1 pursuant to Oregon Revised Statute 310.030. Taxes are payable in full on November 15 or are payable in installments the last of which is due on May 15 of the year following the year in which payment was imposed. Taxes become delinquent on personal property when any installment is not paid by its due date. Taxes become delinquent on real property if not paid by May 15. On January 1 and July 1 tax liens attach to personal and real property respectively to secure payment of all taxes, penalties and interest ultimately imposed. Personal Property is subject to summary seizure and the responsible taxpayer is subject to warrant service 30 days after delinquency date. Foreclosure proceedings begin on real property after three years from the date taxes become delinquent.

Property taxes are collected by the Sherman County Tax Collector and credited to the District's account. Funds are deposited by the Sherman County Tax Collector to the District's checking account and transferred, as necessary, by the District Administrator to the Local Government Investment Pool account.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New GASB Pronouncements

During the year ended June 30, 2026, the District implemented the following GASB Pronouncements:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The implementation of this statement is included in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.

GASB Statement No. 104, *Disclosure of Certain Assets*. This standard requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale. This Statement also addresses certain application issues. There is no effect on the District's financial statements as a result of this statement.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2026:

GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve financial reporting requirements for subsequent events and enhance consistency in their application. The Statement clarifies the period during which subsequent events are evaluated, distinguishes between recognized and nonrecognized subsequent events, and establishes related disclosure requirements. The Statement also requires disclosure of the date through which subsequent events have been evaluated. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

NOTE 2 – APPROPRIATION AND BUDGETARY CONTROLS

Budgetary information

The budget is prepared on the modified cash basis method of accounting for each fiscal year July 1 through June 30. The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the Board enacts the resolutions to adopt the budget, make appropriations, and declare the ad valorem tax levy for all funds.

The District's Board of Directors may, however, approve additional appropriations for unexpected additional resources or necessary expenditures which could not be reasonably estimated at the time the budget was adopted. Additionally, budgets may be modified during the fiscal year by the use of appropriation transfers between legal categories or appropriation transfers from one fund to another. Such transfers must be authorized by official resolution or ordinance of the District's Board of Directors. The resolution or ordinance must state the need for the transfer, the purpose of the authorized expenditures and the amount of the appropriation transferred.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 2 – APPROPRIATION AND BUDGETARY CONTROLS (continued)

Budgetary information (continued)

Transfers of contingency appropriations which in aggregate during a fiscal year exceed 15% of the total appropriations of the fund may only be made after adoption of a supplemental budget prepared for that purpose. A supplemental budget less than 10% of the fund's original budget may be adopted at a regular meeting of the governing body.

A supplemental budget greater than 10% of the fund's original budget requires public hearings, publication in newspapers and approval by the Board of Directors. Budget amounts shown in the financial statements include the original budget, supplemental budgets, and budget transfers. All appropriations terminate on June 30th.

All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes Chapters 294.305 through 394.565 (Oregon Budget Law). Budget amounts are as originally budgeted, or as amended by the Board of Directors. During the year there were no supplemental budget appropriating unanticipated resources. Appropriations lapse at the end of each fiscal year.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2026:

Demand Deposits	\$ 26,504
Investments	<u>679,568</u>
Totals	<u>\$ 706,072</u>

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 participated bank depositories, it does not guarantee that all funds are 100% protected. At June 30, 2026, the District did not have any deposits exposed to custodial credit risk or a formal policy to limit this risk.

Deposits with Financial Institutions

Deposits with financial institutions consist of bank demand deposits with institutions qualified under the Public Funds Collateralization Program (ORS 295). The carrying amount of deposits at June 30, 2026 was \$26,504. The total bank balance per the bank statement was \$25,423, all of which was covered by federal depository insurance.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 3 – CASH AND INVESTMENTS (continued)

Investments

The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2025-2026. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at amortized cost, which approximates fair value.

Credit Risk. 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, banker's 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.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 4 – CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2026, are as follows:

	Balance as of 07/01/2025	Additions	Deletions	Balance as of 06/30/2026
Nondepreciable capital assets				
Land	\$ 49,192	\$ -	\$ -	\$ 49,192
Total capital assets not being depreciated	<u>49,192</u>	<u>-</u>	<u>-</u>	<u>49,192</u>
Depreciable capital assets				
Buildings and improvements	821,488	-	-	821,488
Machinery and equipment	120,224	13,050	-	133,274
Total depreciable capital assets	<u>941,712</u>	<u>13,050</u>	<u>-</u>	<u>954,762</u>
Less accumulated depreciation for:				
Buildings and improvements	(210,128)	(22,297)	-	(232,425)
Machinery and equipment	(42,204)	(11,173)	-	(53,377)
Total accumulated depreciation	<u>(252,332)</u>	<u>(33,470)</u>	<u>-</u>	<u>(285,802)</u>
Total assets net of accumulated depreciation	<u>\$ 738,572</u>	<u>\$ (20,420)</u>	<u>\$ -</u>	<u>\$ 718,152</u>

NOTE 5 – RETIREMENT PLAN

Effective August 1, 2004, the District established a SIMPLE IRA (Savings Incentive Match Plan for Employees, Individual Retirement Account) plan under Section 408 of the Internal Revenue Code. The plan is a defined contribution plan. All employees of the District who are expected to receive at least \$5,000 in compensation during the current plan year and who have received at least \$5,000 of compensation in one prior year are eligible to participate in the plan. For each plan year, the District is required to match each employee's elective deferral contributions, not to exceed the lesser of three percent of the employee's compensation or the employee's elective deferral contributions.

The plan was established by a formal action of the District's Board of Directors and a similar action is required to amend the existing SIMPLE IRA plan or the District's required matching contribution.

The plan is administered by Merrill Lynch. After payment of the contributions, the District has no further involvement with eligible recipients.

For the fiscal year ended June 30, 2026, contributions to the plan totaled \$53,393 of which \$39,443 was employee elective deferrals and \$12,950 was the District's match. This represented 100% of the District's required contribution for the fiscal year.

**SHERMAN COUNTY HEALTH DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

NOTE 6 – LONG TERM DEBT

BEO Loan – On December 15, 2021, the District purchased a new building behind the clinic at 109 Scott St. The total purchase price of the building was \$290,000. The District entered into a loan agreement with Bank of Eastern Oregon for \$219,000 of the purchase price. The loan calls for monthly payments of \$1,385, with an interest rate of 4.5% and balance due in full by December 2041. Future debt payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 8,680	\$ 8,120	\$ 16,800
2028	9,079	7,721	16,800
2029	9,496	7,304	16,800
2030	9,932	6,868	16,800
2031	10,388	6,411	16,799
2032-2036	59,556	24,444	84,000
2037-2041	74,552	9,447	83,999
2042	2,596	14	2,610
	<u>\$ 184,279</u>	<u>\$ 70,329</u>	<u>\$ 254,608</u>

Changes in long-term debt:

	<u>Balance June 30, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2026</u>	<u>Due Within One Year</u>
BEO Loan	\$ 192,542	\$ -	\$ (8,265)	\$ 184,279	\$ 8,680

NOTE 7 – RISK MANAGEMENT

The District purchases commercial insurance policies to insure against most hazards. There have been no significant reductions in the District's insurance coverage, in any risk category, from coverage in the prior year. Settlement amounts have not exceeded insurance coverage in any of the past three years.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The District has elected to self-insure for unemployment tax purposes. The District has not set up a reserve fund to cover any future liability and no tax is paid or disbursement recorded until a claim is made against the District. There were no claims against the District during the fiscal year ended June 30, 2026. Accordingly, there was no need to reimburse the Oregon Department of Employment during the fiscal year.

**SHERMAN COUNTY HEALTH DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
General Fund
YEAR ENDED JUNE 30, 2026**

	Budget		Variance with Original Budget over (under) Final Budget	Actual	Variance with Final Budget over (under) Actual Amounts
	Original	Final			
REVENUES					
Property Taxes	\$ 372,900	\$ 372,900	\$ -	\$ 625,815	\$ 252,915
Community Service Fees/SIP	23,205	23,205	-	25,045	1,840
Clinic Income	200,936	200,936	-	224,007	23,071
Pharmacy Income	5,404	5,404	-	3,282	(2,122)
Interest Income	20,168	20,168	-	27,835	7,667
Other Grants/Reimbursements	4,200	4,200	-	18,246	14,046
PCPCH Income	90,736	90,736	-	73,847	(16,889)
Rental Income	48,000	48,000	-	45,468	(2,532)
Miscellaneous	1,200	1,200	-	4,089	2,889
TOTAL REVENUE	<u>766,749</u>	<u>766,749</u>	<u>-</u>	<u>1,047,634</u>	<u>280,885</u>
EXPENDITURES					
Health Services:					
Personnel Services	995,520	995,520	-	719,613	275,907
Materials and Services	271,206	271,206	-	234,829	36,377
Capital Outlay	55,000	55,000	-	13,050	41,950
TOTAL HEALTH SERVICES	<u>1,321,726</u>	<u>1,321,726</u>	<u>* -</u>	<u>967,492</u>	<u>354,234</u>
DEBT SERVICE:					
Principal	8,264	8,264	-	8,265	(1)
Interest	8,536	8,536	-	8,535	1
TOTAL DEBT SERVICE	<u>16,800</u>	<u>16,800</u>	<u>* -</u>	<u>16,800</u>	<u>-</u>
CONTINGENCY	<u>40,064</u>	<u>40,064</u>	<u>* -</u>	<u>-</u>	<u>40,064</u>
TOTAL EXPENDITURES	<u>1,378,590</u>	<u>1,378,590</u>	<u>-</u>	<u>984,292</u>	<u>394,298</u>
Excess of Revenues Over (Under) Expenditures	<u>(611,841)</u>	<u>(611,841)</u>	<u>-</u>	<u>63,342</u>	<u>675,183</u>
Net Change in Fund Balance	<u>(611,841)</u>	<u>(611,841)</u>	<u>-</u>	<u>63,342</u>	<u>675,183</u>
FUND BALANCE - BEGINNING OF YEAR	<u>611,841</u>	<u>611,841</u>		<u>637,018</u>	<u>25,177</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,360</u>	<u>\$ 700,360</u>

* - Appropriation level

**SHERMAN COUNTY HEALTH DISTRICT
SUPPLEMENTARY INFORMATION
NOTES TO BUDGET AND ACTUAL SCHEDULES**

Note A - Actual Budget Results

**General Fund
over(under)**

BUDGETARY REVENUES

Differences - final budget to actual

The District experienced an increase in revenue for taxes from budgeted amounts primarily due to higher-than-anticipated tax distributions from Sherman County, which may include distributions related to Oregon's Heavy Equipment Rental Tax.

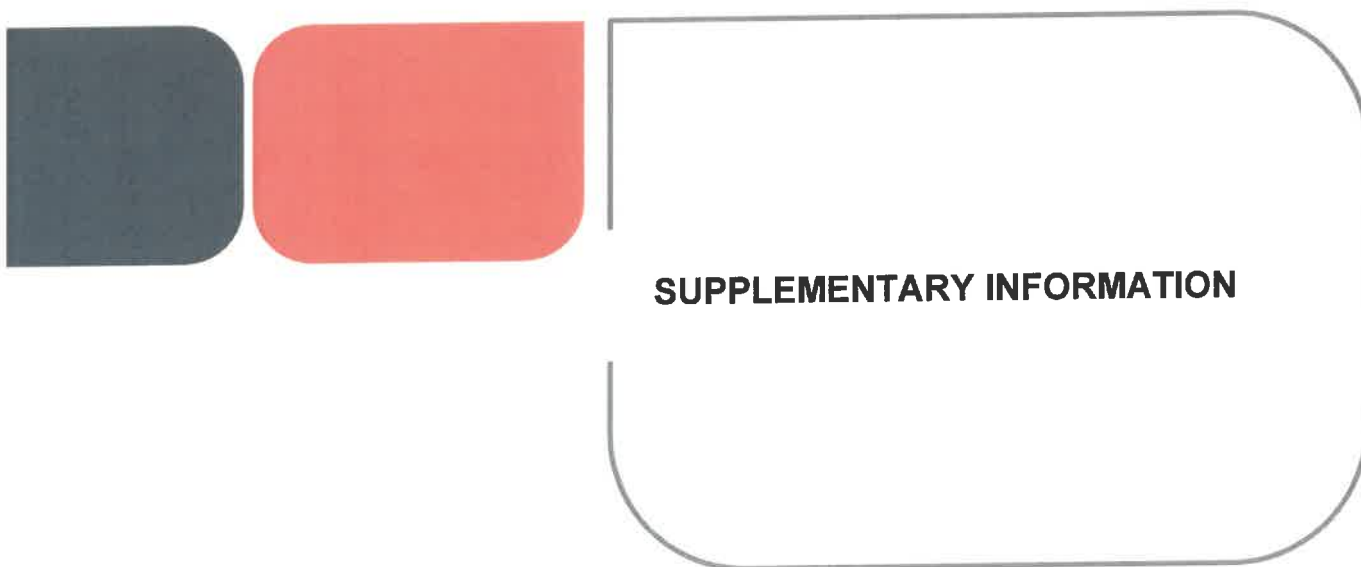
\$ 252,915

BUDGETARY EXPENDITURES

Differences - final budget to actual

Health services were less than budgeted primarily due to insurance benefit costs being lower than anticipated. The District budgets insurance allowances based on anticipated benefit levels for eligible employees; however, actual costs vary based on employee participation and benefit elections. Actual insurance costs were lower than the amounts budgeted for the year, resulting in a favorable variance in personnel expenditures.

\$ (275,907)



SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Sherman County Health District
Moro, Oregon

We have audited the basic financial statements of the Sherman County Health District, Oregon (the District) as of and for the year ended June 30, 2026, and have issued our report thereon dated September 3, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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 162-010-0000 through 162-010-0330 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 the 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 but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.

In connection with our audit, nothing came to our attention that caused us to believe the 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 Administration Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-010-0330 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 the District's internal control over financial reporting.

Restrictions on Use

This report is intended solely for the information and use of the Board of Directors and management of the District and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is fluid and cursive, with the first name "Jeny" and last name "Grupe" clearly distinguishable.

Jeny L. Grupe CPA, Partner
Sorren CPAs P.C.
Boise, Idaho
September 3, 2026

A. Municipal corporation information

Municipality name
SHERMAN COUNTY HEALTH DISTRICT

Municipal customer number
001102MUNI

Report period start date
7/1/2025

Report period end date
6/30/2026

Municipality address
PO BOX 186, MORO, Oregon 97039

Is this a new address?
No

Report type
Audit

Opinion issued
Unmodified

Basis of accounting
Modified cash

B. Financial statement audit -Reported deficiencies

1A. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported?
0

C. Summary of revenues and expenditures

Revenues and/or receipts

a. Revenues from government-wide statement of activities:
\$1,047,634.00

b. Fiduciary fund additions:
\$0.00

c. Gross revenues subtotal (a + b):
\$1,047,634.00

d. Revenues of component units:
\$0.00

e. Taxes, assessments and other collections to be distributed to other governments:
\$0.00

f. Exempt revenue subtotal (d + e):
\$0.00

g. Net revenues (c - f):
\$1,047,634.00

Expenditures and/or disbursements

a. Expenditures from government-wide statement of activities:
\$996,447.00

b. Fiduciary fund deductions:
\$0.00

c. Gross expenditures subtotal (a + b)
\$996,447.00

d. Component unit expenditures reported with primary government:
\$0.00

e. Turnovers to other municipal corporations:
\$0.00

f. Exempt expenditures subtotal (d + e):
\$0.00

g. Net expenditures (c - f):
\$996,447.00

D. Filing Fee

Filing fee:
\$300.00

ORS 297.485(1): Net expenditures and/or disbursements

The filing fee is determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, except that expenditures for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the total expenditures upon which the amount of the fee is based.

E. Submitted by

Licensed Municipal Auditor name:
JENY GRUPE

Municipal license number:
1615

Email
JGRUPE@SORREN.COM

Firm name:
SORREN CPAS P.C.

Date:
9/3/2026

Municipal contact name, title:
DISTRICT ADMINISTRATOR CAITLIN BLAGG

Municipal phone
(541) 565-0536

Municipal contact email
admin@shermancountymedicalclinic.net

Attach file (optional)
Sherman County Health District FY26 AFS.pdf

Comment or additional information (optional)

This form (Summary of Revenues and Expenditures) is due within 30 days of delivering the audit report to the municipal corporation. If deficiencies are communicated in a separate letter or in a report issued in accordance with Government Auditing Standards, a copy of that communication must also be filed. ([OAR 162-010-0230](#))