TILLAMOOK COUNTY

General Fund: FY2025-26 Year in Review

For the fiscal year ended June 30, 2026

This report explains how the County's General Fund performed in the year that ended June 30, 2026, what came in, what it paid for, and what it means for the year ahead. The General Fund is the County's main operating account, roughly 18% of the County's $155 million total budget across all funds. It carries the services the County is required to provide, the Sheriff, the District Attorney, the Clerk and elections, the Assessor and Tax, along with the internal support those functions depend on.

1. The Year at a Glance

General Fund	Amount	vs. original budget
Total revenue received	$25,079,575	4.3% above budget
Total spending	24,345,224	14.4% below budget
Result for the year	**+$734,351**	
Fund balance, July 1, 2025	$11,549,347	
Fund balance, June 30, 2026	**$12,283,698**	
Contingency reserve used	$0 of $1,328,776	fully preserved

KEY POINT - The short version

The General Fund had a strong year, and some of that strength came from sources that will not repeat. Setting those aside, ongoing costs run about $1.1 million above ongoing revenue.

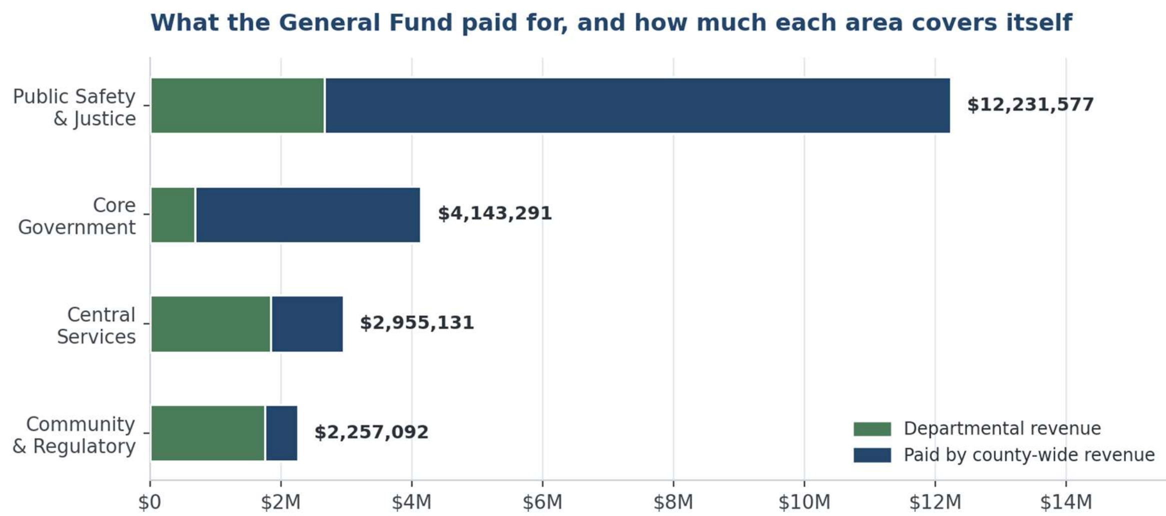
That is a known figure, and the County has been working it down, $2.5 million of budget imbalance resolved over the past two years. This year's favorable result went to reserves rather than into ongoing operations, and every reserve target the Board adopted was met. Progress has been made to close the operating gap and the FY2026-27 County Financial Plan will help map the rest of the way.

The General Fund finished ahead of budget on both sides of the ledger. Fund balance grew by $734,351 to $12.28 million, and the contingency reserve was never needed, a result that reflects careful management across departments.

The year also closed $533,698 above the beginning fund balance assumed in the FY2026-27 budget, largely on a single unanticipated cash receipt in late June.

2. What the General Fund Paid For

Sorting the year's $24.3 million of spending by what it delivers to the community, rather than by accounting category, gives the clearest picture of where County resources go.



Service area	Spending	Share	Departmental revenue	County-wide support
Public Safety & Justice	$12,231,577	50.2%	$2,662,338	$9,569,239
Core Government	4,143,291	17.0%	692,687	3,450,604
Central Services	2,955,131	12.1%	1,845,984	1,109,147
General Fund Support	2,758,134	11.3%	18,125,581	—
Community & Regulatory	2,257,092	9.3%	1,752,984	504,108
Total	**$24,345,224**	**100%**	**$25,079,575**	**$14,633,098**

Public Safety & Justice includes the Sheriff, District Attorney, Juvenile, Justice Court, Emergency Management, Communications and Mental Health. Core Government covers the Commissioners, Clerk, Assessor and Tax. Central Services covers Finance, Human Resources, Information Services, Facilities and Motorpool. Community & Regulatory covers Community Development and the Surveyor. General Fund Support covers General county, Non-departmental and contingency, departments that house the general County revenues, strategic transfers in and out as well as reserves.

Half of every General Fund dollar supports public safety and justice. After the fees, grants and contracts those departments bring in, about $9.6 million of that cost is carried by county-wide revenue, close to the size of the County's entire $9.8 million property tax levy received by the General Fund. Property taxes are not set aside for any single purpose, so this is not a statement about where the levy goes. It is a useful sense of scale, and it helps explain why swings in timber revenue are so impactful.

How much each area covers of its own cost varies a great deal. Community Development and the Surveyor recover about 78% of their costs through permits and fees. Central Services recovers about 63%.

General Fund Support is not a service department. It is General County, (01300) Non-departmental (01400) and Contingency (01410) departments, where county-wide revenue (property taxes, timber receipts, interest) is received before being put to work everywhere else, which is why its revenue is so much larger than its spending.

3. Understanding This Year's Result

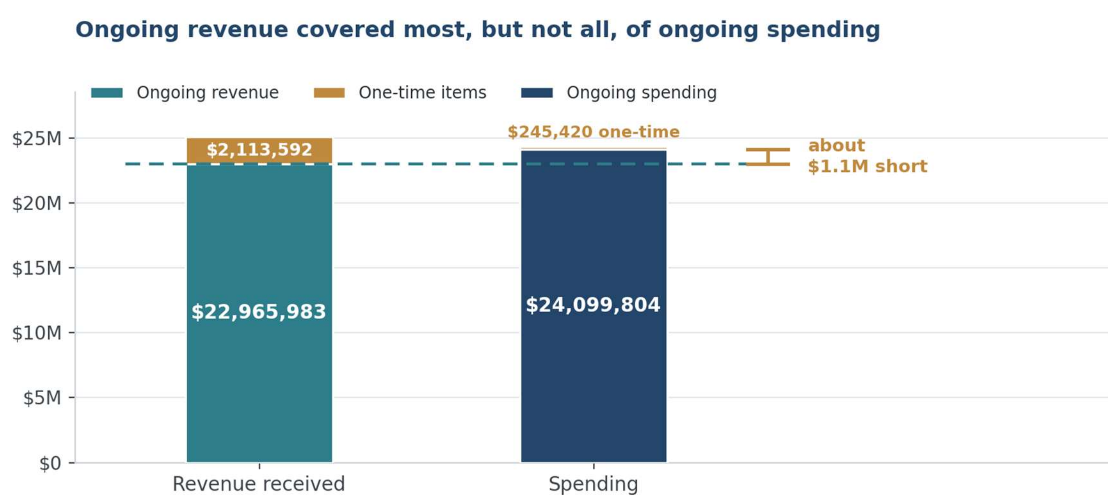
Knowing which dollars are likely to repeat and which are not is what makes planning ahead possible. Three parts of this year's revenue were unusually strong and should not be counted on at the same level next year:

- **Timber revenue** came in about $1.5 million above the level the County plans on for coming years. Harvest timing and market prices move year to year.
- **A federal Payment in Lieu of Taxes** of $413,592 arrived, $363,592 more than budgeted. It followed the non-renewal of Secure Rural Schools (SRS) funding in FY2024-25 and is not expected again, with SRS renewed in FY2025-26.
- **A $250,000 transfer** came in from the Revenue Stabilization Fund. That is savings being drawn on, not revenue earned.

Spending carried a one-time item as well. Transfers of $245,420 to the Opioid Settlement and Parks funds, neither in the original budget, corrected revenues that had been recorded to the wrong fund in prior years. Those will not recur either.

Structural Balance Check

Setting all of it aside, ongoing revenue for the year was about $23.0 million against $24.1 million of ongoing spending, a structural imbalance of roughly $1.1 million.



KEY POINT - What that $1.1 million means, and what it does not

It is a planning figure, and a warning flag that we need to continue working towards a structurally balanced budget. It says that at current service levels the County's ongoing revenue does not yet fully cover its ongoing costs, and that one-time resources made up the difference this year.

It is a known number, consistent with the County's own long-range forecast, and it is the center of our multi-year work on budgeting and financial strategy. The reserves described in the next section are exactly what create the room to do that.

A closer look at the moving parts

Timber and the federal payment

Revenue source	FY2024-25 actual	FY2025-26 budget	FY2025-26 actual	25-26 Budget-Actual Variance
Timber & Land Sales	$4,020,135	$3,923,100	$5,539,137	+$1,616,037
Payment in Lieu of Taxes	$68,203	$50,000	$413,592	+$363,592

Timber receipts move with harvest timing and market prices rather than with any lasting change in the revenue base. The past decade averaged roughly $4.5 million a year, but history is not the best guide going forward: updated forest management plans point to lower sustained harvest. This report therefore plans at $4.0 million and counts the $1.5 million above that as one-time. The federal BLM Payment in Lieu of Taxes (PILT) is held at its $50,000 budgeted level rather than removed altogether, counting $363,592 as one-time. Both are deliberately conservative choices, and both make the resulting figure smaller.

The FY2026-27 budget already reflects most of this. Timber strength was directed toward rebuilding the Revenue Stabilization Fund and one-time project costs. The PILT payment is the exception: it arrived on June 24 well above the budgeted level, too late to inform FY2026-27 decisions. That $363,592 above budget accounts for roughly two-thirds of the $533,698 by which the year finished above the beginning fund balance assumed in the FY2026-27 budget.

Staffing and Materials & Services

Spending category	FY2024-25 actual	FY2025-26 budget	FY2025-26 actual	25-26 Budget-Actual Variance
Personnel Services	$16,465,388	$19,461,703	$17,058,095	-$2,403,608
Materials & Services	$5,334,884	$6,402,796	$5,908,553	-$494,243
Combined	**$21,800,271**	**$25,864,499**	**$22,966,648**	**-$2,897,851**

Staffing

Vacancies ended the year at 12.3%, or 16.7 of 135.41 budgeted positions, though staffing averaged just above 10% across the year, in line with what the budget assumes. Personnel costs finished at $17,058,095 against a $19,461,703 budget, $2,403,608 under.

The cost of each filled position tells the real story: $143,708 average actual against $143,896 budgeted. Each position cost almost exactly what was planned. There were simply fewer people doing the work.

Because staffing averaged about where the budget expected, no adjustment for vacancies is made in the figures above. It is worth knowing which way that cuts. If staffing settles nearer the 12.3% year-end level than the 10% average, the yearly difference between ongoing revenue and ongoing costs grows by roughly $478,000. And filling all 135.41 budgeted positions would cost about $3.5 million more than ongoing revenue currently supports. That is the substance of the staffing conversation, and it is why frequent and clear reporting on average staffing will help everyone see the same picture. This is why the decision to move vacancies to contingency was made for FY26-27 budget, so that we can more clearly see our current actuals and any change in that rate more clearly.

Materials & Services

Materials & Services finished at $5,908,553 against $6,402,796 budgeted, $494,243 under. Spending still grew 10.8% over last year's $5,334,884, and has risen 6.5% a year on average across the last five years.

Two forces are behind that. The first is inflation in the ordinary cost of contracts, insurance, utilities and services. The second is not a true increase at all: as ARPA funding reached its expected end, ongoing costs it had been covering began shifting onto the General Fund. That shift added to FY2025-26 spending and continues into FY2026-27.

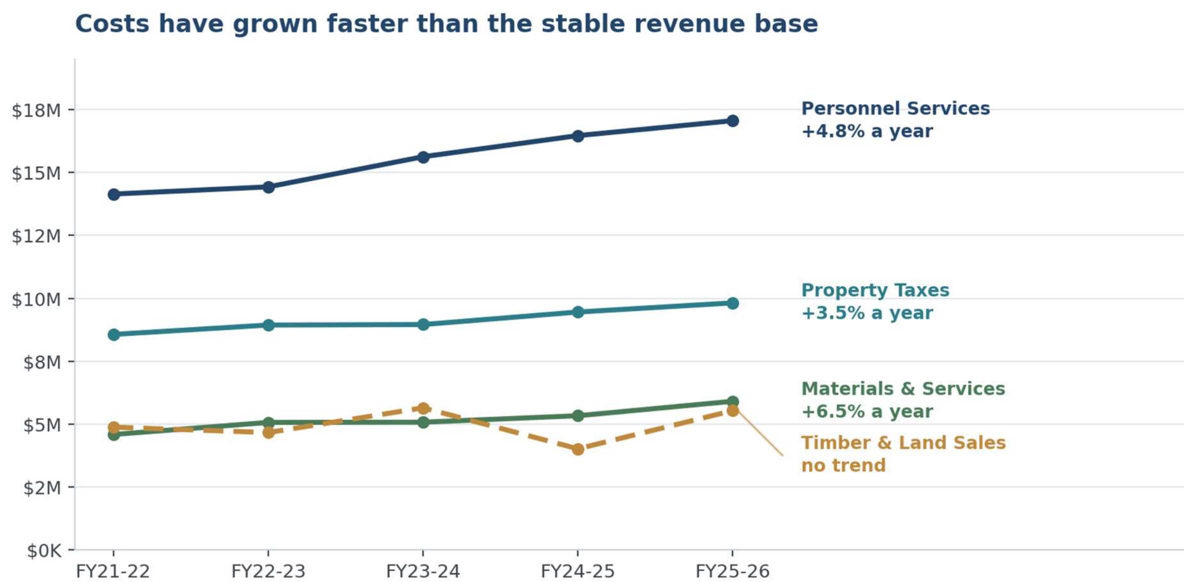
Everything else performed as expected

- **Property taxes** collected at 102% of budget, consistent with the County's long record of stable collections.
- **Licenses, Permits & Fees and Charges for Services** both landed within about 1% of budget.
- **Capital Outlay** finished at $228,997 against $378,795 budgeted, a modest underspend, consistent with the County's historically low level of capital investment through the General Fund.
- **Transfers Out** came in at $1,149,579 against $1,153,020 budgeted, essentially exactly on plan.

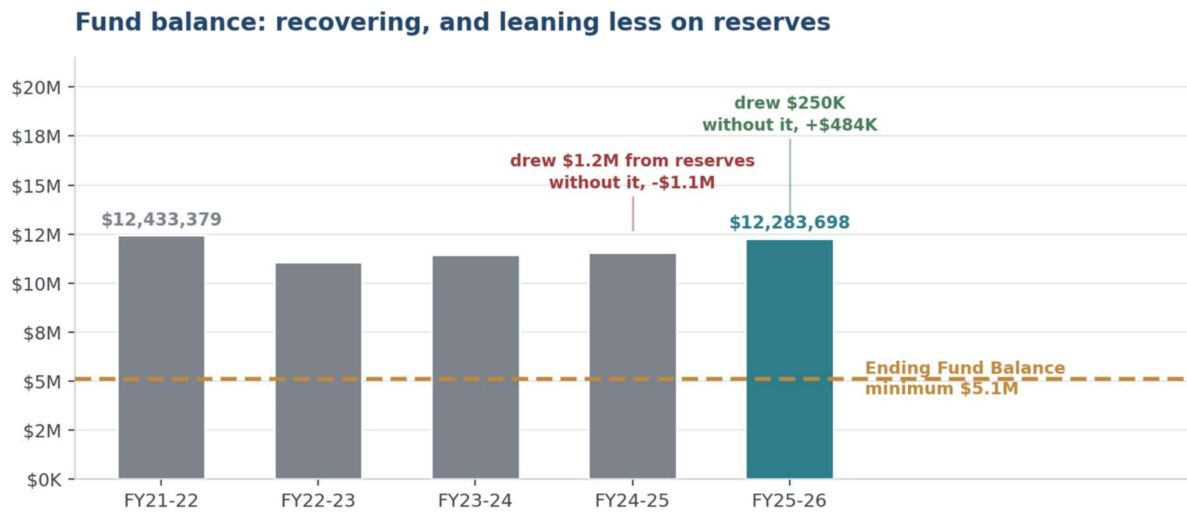
The five-year picture

One year on its own can mislead. Five years of actual results show why the difference between ongoing revenue and ongoing costs exists at all, and it is not because any single year went badly.

	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Property taxes	$8,564,903	$8,937,790	$8,957,817	$9,455,288	$9,818,550
Timber & land sales	4,880,728	4,666,245	5,649,342	4,020,135	5,539,137
Personnel services	14,143,154	14,427,419	15,625,891	16,465,388	17,058,095
Materials & services	4,589,765	5,068,660	5,077,292	5,334,884	5,908,553
Ending fund balance	**$12,433,379**	**$11,069,599**	**$11,438,846**	**$11,549,347**	**$12,283,698**



Property taxes, the County's steadiest revenue, have grown about 3.5% a year. Personnel costs have grown 4.8% a year and Materials & Services 6.5%. These growth rates reflect wages, health insurance, and contract prices rising faster than a revenue source capped by Oregon law. Timber, the other major source, moves up and down without a trend: $4.0 million in one year and $5.6 million in another.



One thing stands out. Fund balance rose in both FY2024-25 and FY2025-26, but for different reasons: the earlier year leaned on a $1.2 million draw from the Revenue Stabilization Fund and would otherwise have finished about $1.1 million down, while FY2025-26 drew only $250,000 and gained roughly $484,000 on its own strength. That swing of more than $1.5 million makes FY2025-26 the strongest underlying year of the five.

4. What the County Did With a Favorable Year

Faced with a year that came in better than budgeted, the County put the difference to work strengthening its financial position rather than absorbing it into ongoing operations. Three decisions stand out.

- **Revenue Stabilization Fund.** The budget authorized drawing $1 million from this reserve. The County drew $250,000, leaving $750,000 in place, and a marked change from the prior year's $1.2 million draw. The fund closed at $2.17 million.
- **Building Improvement Fund.** The County transferred in $500,000, more than three times the prior year's $150,000 and twice the annual minimum its reserve policy sets.
- **Contingency.** $1,328,776 was budgeted for the unexpected, and none of it was needed, the sixth consecutive year the contingency has gone untouched.

The County also acquired an administrative annex, financed through the State of Oregon's Infrastructure Finance Authority. The financing was deliberately timed against the retirement of the Justice Facility Enhancement debt, so General Fund debt payments will decrease by roughly $76,000 a year beginning in FY2028-29. One-time funds cover the payment in the single year the two obligations overlap. The additional square footage will help resolve a long-standing shortage of adequate Circuit Court facilities, with the goal of providing space and service efficiencies for both staff and the public.

Reserves – Ending Fund Balance	July 1, 2025	June 30, 2026	Change
General Fund Ending Fund Balance	$11,549,347	$12,283,698	+$734,351
Revenue Stabilization Ending Fund Balance	2,343,718	2,171,036	(172,682)
Building Improvement Ending Fund Balance	1,909,373	2,295,863	+386,490
Total	**$15,802,438**	**$16,750,597**	**+$948,159**

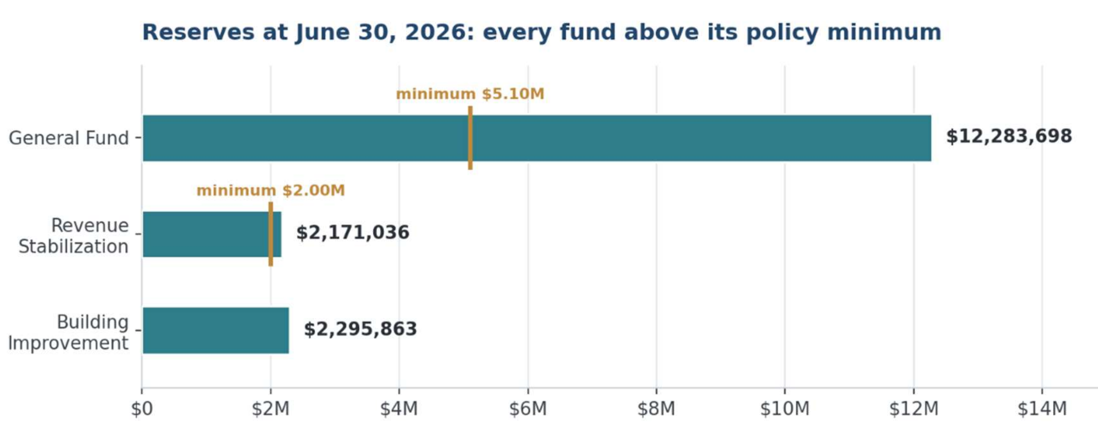
Across all three funds the County ended the year with $948,159 more than it started with, while also moving long-term capital and one-time goals forward.

5. Measuring Against Our Own Standard

In May 2026 the Board adopted a General Fund Reserve Policy (Order #26-023), effective July 1, 2026. It sets specific targets for how much the County should hold in reserve and how surplus should be used. FY2025-26 is the last year before it takes effect, which makes it a useful baseline, and the County meets every target.

Reserve	Policy target	At June 30, 2026
General Fund Ending Fund Balance	$5.10 million, about two months of operating budget	$12.28 million*
General Fund contingency	1% of operating budget	Fully preserved
Revenue Stabilization, interim goal	$2.00 million	$2.17 million
Revenue Stabilization, long-term goal	$5.20 million	Building toward
Building Improvement, annual contribution	$250,000 minimum	$500,000 contributed

*$12.28 million is General Fund Ending Fund Balance, the same balance that rolls into the Beginning fund balance for FYE27. Beginning Fund Balance is utilized for offsetting one-time expenses and covering structural imbalances in our budgeting.



KEY POINT - Two things worth noticing

The decision to limit the Revenue Stabilization draw to $250,000 is what keeps that fund above its $2 million floor. Had the full $1 million been drawn as the budget allowed, the fund would have finished below the minimum the Board had just adopted.

And the way the County used its surplus this year matches the order of priorities the new policy sets, even though the policy was not yet in effect: contingency first, then fund balance, then Revenue Stabilization, then Building Improvement. Leadership funding choices were in alignment with the policy as laid out, and resulted in better financial positioning at the close of FY2025-26.

Measured against the policy's own floor, the General Fund holds about $7.2 million more than its $5.10 million minimum. Against the roughly $1.1 million yearly difference between ongoing revenue and ongoing costs, that is a meaningful cushion, room to make deliberate choices rather than urgent ones.

It should not be read as more than it is. That $1.1 million reflects current staffing, which runs about 10% below what the budget authorizes. Roughly $2.6 million of budgeted position cost is held in contingency for FY2026-27 rather than in department budgets, and as positions are filled that money moves into ongoing operations. At full authorized staffing the annual difference would be roughly three times what it is today. The budget also carries appropriations for costs the County has not seen in recent years, which would have the same effect if they materialize. The $12.28 million ending fund balance for FYE26 is also the Beginning fund balance that we are able to budget from in FYE27, until a structurally balanced budget is met, the difference in recurring revenue and expenditures must be available in the beginning fund balance to budget from in the following year.

How far the cushion stretches therefore depends on decisions not yet made, alongside timber, capital needs, and the pace of the work already under way. The Financial Plan will map them together.

6. The Year Ahead

FY2026-27 is about using that flexibility well. The County is not starting from a standing position on this. Work to close the gap has been under way for two years.

KEY POINT - The path back to balance

Over the past two fiscal years the County has resolved roughly **$2.5 million** of budget imbalance through revenue restructuring. About $1.4 million remains in FY2026-27, as costs continue to grow faster than revenue.

That track record matters for two reasons. It shows the gap is workable: what has already been solved is nearly twice what is left. And it means the question for FY2026-27 is not whether the County can close a gap, but which combination of choices closes this one at the lowest cost to community services.

> That is the work now under way. The County has engaged **Tiberius Solutions** to build a County Financial Plan during FY2026-27 that maps the path forward, modeling revenue and expenditure options across a multi-year horizon so the Board can choose deliberately rather than react to a deadline.

Alongside that work, three priorities follow directly from this year's results.

1. **Plan revenue realistically.** Timber and the federal payment will not repeat at this year's levels, and the FY2026-27 budget already reflects that. Whether the County pursues additional ongoing revenue or plans deliberately around a smaller base is one of the central questions the Financial Plan will frame for the Board. Because much of what the General Fund supports is required, planning around a smaller base means changing how those services are delivered, not whether they are delivered.
2. **Give staffing a clearer picture.** The County budgets 135.41 positions and has been running about 10% below that. Reporting average staffing by department across the year would show the Board, departments and the public the capacity actually delivering services, a more realistic and useful conversation than year-end vacancy counts, and a good check that vacancy budgeting reflects the real pattern.
3. **Keep measuring.** A reserve policy is only as useful as the habit of reporting against it. This report is intended to become that annual habit, in plain language, for everyone who has a stake in how the County manages its money.

> **FY2025-26 was a well-managed year. The County knows the size of its longer-term challenge, has already resolved $2.5 million of it over two years, holds reserves to finish the work deliberately, strengthened three reserve funds while acquiring needed infrastructure, and now has adopted policy guiding how reserves are held and used. That is a solid foundation to be working from.**

Appendix: General Fund Budget to Actual by Appropriation

General Fund spending against the original adopted appropriation for FY2025-26, presented in the categories the Board adopted in Exhibit A. Appropriation categories are the level at which Oregon Local Budget Law measures compliance, so this is the meaningful unit for comparing budget to actual.

Appropriation	Original budget	Actual	Under / (over)	%
Board of Commissioners	1,491,274	1,484,532	6,742	0.5%
County Clerk	693,684	618,426	75,258	10.8%
Assessor	2,000,100	1,779,906	220,194	11.0%
Tax Department	253,997	260,425	(6,428)	(2.5%)
Surveyor	472,483	456,458	16,025	3.4%
Community Development	1,859,857	1,800,634	59,223	3.2%
County Forest Lands & Land Sales	23,100	26,829	(3,729)	(16.1%)
Treasurer	695,972	602,609	93,363	13.4%
Human Resources	738,926	642,216	96,710	13.1%
Information Services	1,610,120	1,241,445	368,675	22.9%
Facilities	721,181	468,860	252,321	35.0%
Motorpool	500	0	500	100.0%
General County Government	1,306,300	1,287,456	18,844	1.4%
Non-Departmental	297,560	294,269	3,291	1.1%
Justice Court	625,062	610,701	14,361	2.3%
Juvenile Department	827,010	777,168	49,842	6.0%
District Attorney	1,551,160	1,615,794	(64,634)	(4.2%)
Sheriff	10,485,545	8,663,753	1,821,792	17.4%
Emergency Management	284,903	376,872	(91,969)	(32.3%)
Communications	259,807	185,164	74,643	28.7%
Mental Health	5,000	2,125	2,875	57.5%
Transfer to Health Services	300,000	300,000	0	0.0%
Transfer to Computer Reserve	50,000	50,000	0	0.0%
Transfer to Vehicle Reserve	57,600	54,159	3,441	6.0%

Appropriation	Original budget	Actual	Under / (over)	%
Transfer to Building Improvement	500,000	500,000	0	0.0%
Other transfers adopted by supplemental	0	245,420	(245,420)	—
Contingency	1,328,776	0	1,328,776	100.0%
Total General Fund appropriation	**28,439,917**	**24,345,224**	**4,094,693**	**14.4%**

A positive figure means the category finished under its original appropriation. Categories showing over original budget were covered by supplemental budgets or appropriation transfers adopted by the Board during the year. The $245,420 of transfers adopted by supplemental corrected revenues recorded to the wrong fund in prior years and are one-time in nature.

Prepared by the Office of the Director of Financial Services · Tillamook County

Sources: Statement of Revenues and Expenditures by Period, FY2021-22 through FY2025-26; departmental budget-to-actual report; fund statements for the Revenue Stabilization and Building Improvement Funds; Balance Sheet by Fund. General Fund figures are presented on the basis used for the annual financial report and reconcile across all three source reports. Figures are pre-close and will be finalized with the year-end close and audit.