

In accordance with the requirements of the Talbot County Charter, the County Council of Talbot County has approved the following County Current Expense Budget and Capital Budget & Program for the fiscal year July 1, 2008 through June 30, 2009 (FY 2009). The Annual Budget and Appropriation Ordinance was introduced by legislative action of the Talbot County Council on April 22, 2008 and passed, with amendments, on May 27, 2008.

The FY 2009 Approved Current Expense Budget totals \$82,000,000. This represents a decrease of 4.9 percent, or \$4,234,000, from the FY 2008 Approved Budget. Priority based increases in public safety and education, among others, are more than offset by reductions in capital projects spending and a reduced obligation in funding for retiree health benefits. Ongoing operating expenses totaling \$71.7 million represent an increase of \$6.2 million or 9.5 percent over FY 2008. The portion of ongoing operating expenses for the Board of Education totals \$37.8 million, or 52.8 percent of the total operating budget. In broad terms, the net reduction in the Approved Expense Budget is comprised of the following:

Public Schools Operating & Debt Service	\$3,451,575	10.0% ↑
Public Safety	1,111,538	11.3% ↑
Public Health	360,661	19.2% ↑
All Other County Operating	1,115,811	5.4% ↑
Retiree Benefits Obligation	(4,739,000)	74.6% ↓
Capital Projects	<u>(5,534,585)</u>	<u>42.2% ↓</u>
Total Change	(\$4,234,000)	4.9% ↓

All operating expenses and debt service requirements are funded from projected operating revenues of \$73.0 million. Most capital projects and other one-time expenses are funded from reserve balances of \$9.0 million. In total, the available funding of \$82.0 million fulfills the County's obligation to approve a balanced budget. The graphs on the next page summarize the distribution of revenues and expenses by major categories.

Property tax revenues are projected to generate \$26.9 million, or 33.0 percent of the total revenue budget. The revenue estimate is based on a real property tax rate of \$.449 per \$100 of assessed valuation for properties located outside of the incorporated limits of the Towns of Easton, Oxford, Queen Anne, St. Michaels and Trappe. This rate is \$.026 less than the current County property tax rate. The County Council is continuing to grant tax differentials to the incorporated towns in FY 2009. The tax rate differential for each town will be as follows: Easton, \$.128; Oxford, \$.112; Queen Anne, \$.056; St. Michaels, \$.122; and Trappe, \$.081. The total estimated County real property base subject to the tax levies is \$6,466,380,385.

The local income tax, based on a rate 2.25% of Maryland Taxable Income, is projected to generate \$24,664,000 in revenues.

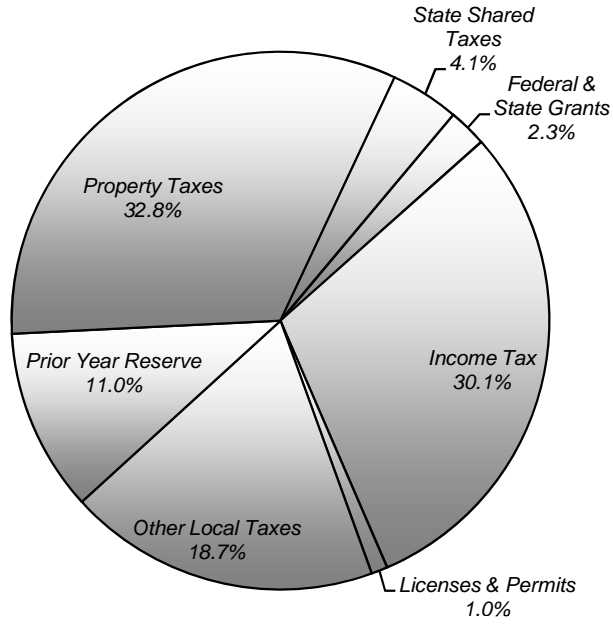
A Statement of Long-Term Debt Outstanding accompanies the Budget, as well as a Statement of Debt Service Requirements for the upcoming year. In FY 2009, annual debt service payments will equal 5.9 percent of projected General Fund revenues.

The Approved Capital Budget for FY 2009 totals \$12.4 million -- \$7.4 million from General Fund reserves, \$3.25 million from Federal and State Grants, \$1.55 million from development impact fees, and \$200,000 from long-term borrowing.

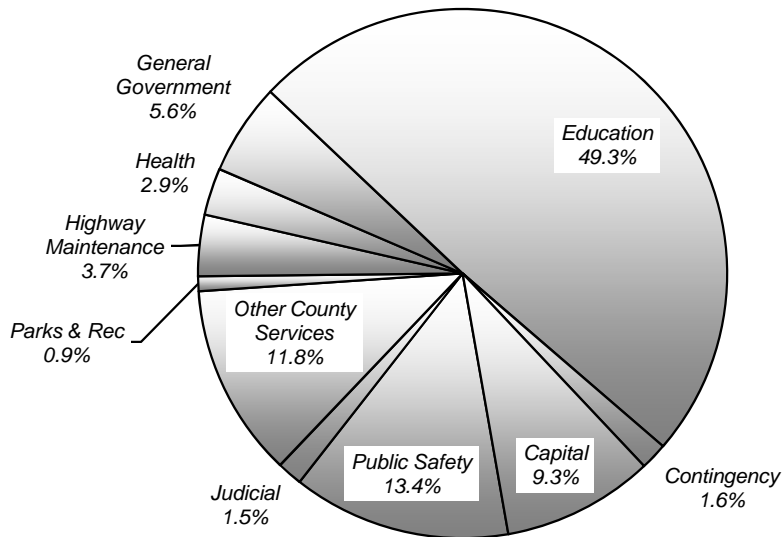
Other FY 2009 Operating and Capital Budgets represented in this document include the Development Impact Fund, Talbot County Community Center, Hog Neck Golf Course, Environmental Operations, Easton Airport, Community Pools, Narcotics Task Force, and the Talbot Family Network.

R. Andrew Hollis, County Manager

GENERAL FUND REVENUE SOURCES



GENERAL FUND EXPENDITURES



TALBOT COUNTY, MARYLAND
REVENUE & APPROPRIATION BUDGET

<u>REVENUES</u>	<u>FY 2008 BUDGET</u>	<u>FY 2009 APPROVED</u>
Property Tax (Rate of \$.449 per \$100 of assessed valuation on properties outside the Towns of Easton, Oxford, Queen Anne, St. Michaels & Trappe. Rate of \$.321 in the Town of Easton. Rate of \$.337 in the Town of Oxford. Rate of \$.393 in the Town of Queen Anne. Rate of \$.327 in the Town of St. Michaels. Rate of \$.368 in the Town of Trappe.)	26,125,000	26,865,000
Income Tax (2.25% of MD Taxable Income)	23,400,000	24,663,600
Other Local Taxes	11,008,000	10,118,000
Federal and State Grants	1,779,372	1,899,776
State Shared Taxes	3,483,324	3,389,292
Licenses, Permits & Fees	720,400	808,060
General Government	2,308,408	2,144,658
Interest Income	1,500,000	1,540,000
Miscellaneous	97,000	132,000
Development Impact Fees	0	1,436,000
Unexpended Funds From Prior Years	15,812,496	9,003,614
	86,234,000	82,000,000
<u>APPROPRIATIONS</u>		
EDUCATION		
Board of Education	31,728,712	34,053,966
Debt Service	2,666,977	3,793,298
Chesapeake College	1,491,027	1,497,418
Other Education	45,005	45,005
COUNTY ROADS MAINTENANCE		
	3,213,703	3,073,187
PUBLIC SAFETY		
Detention Center	2,553,623	2,677,322
Emergency Management	985,394	1,062,569
School Crossing Guards/D.A.R.E.	92,788	97,517
Volunteer Fire Departments	1,163,720	1,288,532
Emergency Medical Services	2,611,439	3,064,341
Hazardous Materials	56,715	80,750
Sheriff (67%)	1,069,146	1,257,794
Highway Safety Program/Hot Spots	61,500	36,000
HEALTH SERVICES		
	1,876,486	2,237,147
JUDICIAL		
Circuit Court	397,819	468,465
State's Attorney	728,777	780,302
Orphan's Court	18,100	18,150
Sheriff (33%)	526,594	619,510
COUNTY SERVICES		
Aging Services	147,566	147,566
Animal Control	348,315	379,715
Economic Development/Tourism	608,353	630,548
Extension Service	169,376	183,296
Library	960,145	1,009,406
Other Social Services	329,943	353,847
Parks & Recreation	376,752	509,031
Planning & Zoning	553,779	619,364
Public Landings	204,651	238,405
Public Works	609,372	632,094
Permits & Inspections	404,029	425,480
Recycling	41,008	42,950
Housing	285,493	271,574
Other Recreation	12,000	12,000
Natural Resources Conservation	28,869	30,069
Weed Control/Mosquito Control	188,827	220,929
Debt Service	421,864	419,526
GENERAL GOVERNMENT		
County Council	118,900	121,500
Board of Appeals	92,010	93,013
County Administration	464,131	499,509
Elections	336,816	350,075
Financial Administration	577,026	589,091
Information Technology	466,534	513,698
Liquor Board	41,752	63,919
County Attorney	239,095	256,918
Facilities Maintenance	757,246	763,706
Capital Outlay	19,340	0
Insurance/Safety	111,450	122,570
Payments to Municipalities	722,500	870,000
Employee Benefits	3,314,500	3,757,500
Other Operating Expenses	53,500	90,500
RESERVE FOR CONTINGENCIES		
	1,187,852	1,349,966
TRANSFER TO CAPITAL FUND		
	7,123,359	7,441,167
TRANSFER TO RECREATION FUND		
	7,077,346	1,034,781
TRANSFER TO POOL FUND		
	152,776	144,014
TRANSFER TO BENEFITS TRUST		
	6,350,000	1,611,000
IMPACT FEE RESERVES		
	50,000	50,000
	86,234,000	82,000,000

FISCAL YEAR 2008-2009 APPROVED BUDGET

**SUMMARY OF CAPITAL BUDGET
SOURCE OF FUNDS**

FY 08-09 APPROPRIATION

County Facilities	3,481,970	Local Funds	7,441,167
Waterways and Wharves	899,075	Federal and State Grants	3,227,500
Highways and Streets	4,057,000	Long Term Borrowing	195,075
Recreation and Park Facilities	2,050,667	Impact Fees	1,526,970
Public Schools	1,902,000		
TOTAL	12,390,712		12,390,712

SUMMARY OF DEVELOPMENT IMPACT FUND BUDGET

EXPENDITURES

REVENUES

Transfer to General Fund	1,436,000	Impact Fees	
Transfer to Capital Fund	1,526,970	Library	65,000
Transfer to Recreation Fund	18,000	Parks & Rec	130,000
		Public Schools	350,000
		General Government	140,000
		Community College	14,000
		Transportation - East	1,500
		Transportation - West	8,000
		Transportation - Easton	90,000
		Transportation - Trappe	1,500
		Interest	30,000
		Prior Years Reserve	2,150,970
TOTAL	2,980,970		2,980,970

SUMMARY OF RECREATION FACILITIES BUDGET

REVENUES

	Community Center	Hog Neck Golf Course	Total
Operating Income	506,500	1,565,200	
Development Impact Fee	18,000		
County Appropriation	671,890	212,891	
TOTAL	1,196,390	1,778,091	2,974,481

EXPENDITURES

Salaries & Benefits	423,098	856,403	
Operating Expense	552,825	723,950	
Debt Service	189,047	187,038	
Capital Outlay	31,420	10,700	
TOTAL	1,196,390	1,778,091	2,974,481

SUMMARY OF RECREATION FUND CAPITAL BUDGET

CAPITAL BUDGET

SOURCE OF FUNDS

Golf Course - New Irrigation Well	150,000	Transfer from General Fund	150,000
TOTAL	150,000		150,000

SUMMARY OF SANITARY DISTRICTS BUDGET

REVENUES

	District 1 UTMC	District 2 St. Michaels	District 2 RONB	District 5 Tilghman	Septage Receiving	OSDS
Service Charges	105,600	944,240	232,800	227,000	200,000	
Benefit Charges	0	0	0	0		
Ready-To-Serve Charges	0	204,000	72,000	45,000		
Penalties & Interest/Other Income	19,100	1,360	17,273	6,315	55,405	
State Grants						1,519,281
Interest Income	3,653	45,000	7,024	5,000		
TOTAL	128,353	1,194,600	329,097	283,315	255,405	1,519,281

EXPENDITURES

Operating Expenses	83,298	693,450	219,530	225,551	183,048	1,143,000
Administrative Expense	1,425	9,650	2,050	4,650	8,200	91,281
Debt Service	43,630	437,000	102,517	53,114	64,157	0
Repair & Replacement Fund	0	54,500	5,000	0	0	285,000
TOTAL	128,353	1,194,600	329,097	283,315	255,405	1,519,281

SUMMARY OF EASTON AIRPORT BUDGET

REVENUES

	Operations	Fuel Facility	Hangars	Total
Operating Income	1,220,278	2,540,500	500,900	4,261,678

EXPENDITURES

Salaries & Benefits	334,695	0	0	
Operating Expense	145,550	2,404,000	21,000	
Tower Operations/Maintenance	70,000	0	0	
Capital Outlay	376,070	0	0	
Repair & Replacement Fund	0	0	3,801	
Debt Service	206,463	16,038	172,044	
FAA Match	87,500	0	0	
Transfer to Operations	n/a	120,462	304,055	
TOTAL	1,220,278	2,540,500	500,900	4,261,678

SUMMARY OF EASTON AIRPORT CAPITAL BUDGET

CAPITAL BUDGET

SOURCE OF FUNDS

GA Apron Rehabilitation Construction	0	State and Federal Grants	3,607,500
		Cost Sharing	92,500
TOTAL	0		3,700,000

SUMMARY OF COMMUNITY POOLS BUDGET

REVENUES

Operating Income	115,300	EXPENDITURES	
County Appropriation	144,014	Salaries & Benefits	154,644
TOTAL	259,314	Operating Expenses	104,670
		TOTAL	259,314

SUMMARY OF NARCOTICS TASK FORCE BUDGET

REVENUES

Operating Income	20,000	EXPENDITURES	
		Operating Expenses	20,000

SUMMARY OF TALBOT FAMILY NETWORK BUDGET

REVENUES

State and Federal Grants	536,078	EXPENDITURES	
		Administration	224,078
TOTAL	536,078	State & Federal Grants	312,000
		TOTAL	536,078