

In accordance with the requirements of the Talbot County Charter, the County Council of Talbot County is proposing the following County Current Expense Budget and Capital Budget & Program for the fiscal year July 1, 2007 through June 30, 2008 (FY 2008). The Annual Budget and Appropriation Ordinance is to be introduced by legislative action of the Talbot County Council on April 17, 2007 and passed on May 22, 2007.

The FY 2008 Proposed Current Expense Budget totals \$92,400,000. This represents an increase of 32.8 percent, or \$22,800,000 over the FY 2007 Approved Budget. The vast majority of this increase is related to non-operating expenses, including one-time capital projects and funding of the County's long-term obligation related to non-pension, or "other post-employment", benefits (OPEB), as required by GASB 45 (the Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*). Ongoing operating expenses totaling \$66.3 million represent an increase of \$4,100,000 or 6.6 percent over FY 2007. The portion of ongoing operating expenses for the Board of Education totals \$33.9 million, or 51.1 percent of the total operating budget. In broad terms, the total Proposed Expense Budget increase is comprised of the following:

Capital Projects	\$12,350,000
OPEB Obligation	\$6,350,000
Public Schools Operating & Debt Service	\$2,025,000
County Operating (less Public Schools)	<u>\$2,075,000</u>
Total	\$22,800,000

Most capital projects and the OPEB obligation are funded from reserve balances which make up 23.8 percent of the total revenue budget, while increased operating expenses and debt service requirements are funded from projected operating revenues. The graphs on the next page summarize the distribution of revenues and expenses by major categories.

Property tax revenues are projected to generate \$26.1 million, or 28.3 percent of the total revenue budget. The revenue estimate is based on a real property tax rate of \$.475 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 \$.025 less than the current County property tax rate. The County Council is continuing to grant tax differentials to the incorporated towns in FY 2008. The tax rate differential for each town is as follows: Easton, \$.126; Oxford, \$.11; Queen Anne, \$.055; St. Michaels, \$.12; and Trappe, \$.08. The total estimated County real property base subject to the tax levies is \$5,738,007,297.

The local income tax, based on a rate 2.25% of Maryland Taxable Income, is projected to generate \$23,400,000 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 2008, annual debt service payments equal 4.5 percent of projected General Fund revenues.

The Proposed Capital Budget for FY 2008 totals \$32.3 million; \$2.6 million of which is to be funded from Federal and State Grants, \$2.0 million from development impact fees, \$14.9 million from the General Fund, and \$12.8 million from long-term borrowing.

Other FY 2008 Operating and Capital Budgets represented in this document include the Talbot County Community Center, Hog Neck Golf Course, Easton Airport, George P. Murphy and Bay Hundred Community Pools, Narcotics Task Force, Talbot Family Network, Sanitary Districts #1, #2 & #5, Onsite Sewage Disposal, Septage Receiving and the Development Impact Fund.

TALBOT COUNTY, MARYLAND
REVENUE & APPROPRIATION BUDGET

<u>REVENUES</u>	<u>FY 2007 BUDGET</u>	<u>FY 2008 PROPOSED</u>
Property Tax (Rate of \$.475 per \$100 of assessed valuation on properties outside the Towns of Easton, Oxford, Queen Anne, St. Michaels & Trappe. Rate of \$.349 in the Town of Easton. Rate of \$.365 in the Town of Oxford. Rate of \$.42 in the Town of Queen Anne. Rate of \$.355 in the Town of St. Michaels. Rate of \$.395 in the Town of Trappe.)	24,365,000	26,125,000
Income Tax (2.25% of MD Taxable Income)	19,000,000	23,400,000
Other Local Taxes	9,980,000	11,008,000
Federal and State Grants	1,677,634	1,763,972
State Shared Taxes	3,476,945	3,483,324
Licenses, Permits & Fees	694,400	720,400
General Government	1,835,200	2,308,408
Interest Income	1,200,000	1,500,000
Miscellaneous	84,954	97,000
Unexpended Funds From Prior Years	7,285,867	21,993,896
	69,600,000	92,400,000
 <u>APPROPRIATIONS</u>		
EDUCATION		
Board of Education	29,848,888	31,224,712
Debt Service	2,015,742	2,666,977
Chesapeake College	1,442,586	1,491,027
Other Education	45,005	45,005
 COUNTY ROADS MAINTENANCE		
	3,432,575	3,237,906
 PUBLIC SAFETY		
Detention Center	2,418,744	2,542,660
Emergency Management	952,533	979,047
School Crossing Guards/D.A.R.E.	89,078	92,492
Volunteer Fire Departments	1,038,300	1,163,720
Emergency Medical Services	2,341,560	2,644,506
Hazardous Materials	56,715	56,715
Sheriff (67%)	1,028,912	1,062,767
Highway Safety Program/Hot Spots	61,500	61,500
 HEALTH SERVICES		
	1,775,861	1,876,486
 JUDICIAL		
Circuit Court	309,087	397,406
State's Attorney	703,338	727,144
Orphan's Court	17,950	18,100
Sheriff (33%)	506,778	523,452
 COUNTY SERVICES		
Aging Services	146,006	147,566
Animal Control	336,800	348,315
Economic Development/Tourism	535,976	611,572
Extension Service	134,666	137,376
Library	925,145	960,145
Other Social Services	253,895	318,635
Parks & Recreation	416,534	375,675
Planning & Zoning	574,794	549,786
Public Landings	170,157	203,574
Public Works	618,470	604,015
Permits & Inspections	325,469	400,238
Recycling	42,332	41,575
Housing	267,215	287,137
Other Recreation	12,000	12,000
Natural Resources Conservation	15,500	28,869
Weed Control/Mosquito Control	183,697	189,687
Debt Service	420,452	421,864
 GENERAL GOVERNMENT		
County Council	118,900	118,900
Board of Appeals	87,312	91,705
County Administration	447,031	461,462
Elections	375,177	340,040
Financial Administration	564,369	572,685
Information Technology	443,310	464,216
Liquor Board	40,827	41,624
County Attorney	232,770	236,710
Facilities Maintenance	693,596	755,421
Capital Outlay	32,130	19,340
Insurance/Safety	101,225	111,450
Transportation Non-Public	7,500	0
Payments to Municipalities	652,500	722,500
Employee Benefits	2,923,500	3,404,500
Other Operating Expenses	54,500	53,500
 RESERVE FOR CONTINGENCIES		
	1,113,168	1,201,843
 TRANSFER TO CAPITAL FUND		
	6,804,817	13,701,333
 TRANSFER TO RECREATION FUND		
	1,244,148	7,099,774
 TRANSFER TO POOL FUND		
	148,960	153,346
 TRANSFER TO BENEFITS TRUST		
	0	6,350,000
 IMPACT FEE RESERVES		
	50,000	50,000
	69,600,000	92,400,000