



FY 2023

# Annual Comprehensive Financial Report



Talbot County, Maryland

Fiscal Year Ending June 30, 2023



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**TALBOT COUNTY, MARYLAND**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2023**

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**Report Prepared By:**  
**Talbot County, Maryland**  
**Finance Office**

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TALBOT COUNTY, MARYLAND  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED June 30, 2023

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## INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS



**TALBOT COUNTY, MARYLAND**  
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11 N. WASHINGTON STREET, SUITE 9  
EASTON, MARYLAND 21601

FINANCE OFFICE  
PHONE: 410-770-8020

FAX: 410-770-8006  
TTY: 410-822-8735

March 28, 2024

To the County Council and  
Citizens of Talbot County, Maryland

**Formal Transmittal of the Annual Comprehensive Financial Report (ACFR)**

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) for Talbot County, Maryland for the fiscal year ended June 30, 2023 as required by both local and state statutes. These statutes require that Talbot County, Maryland annually issue financial statements presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for these representations, the management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by SB and Company, LLC, Independent Certified Public Accountants. SB and Company, LLC issued an unmodified opinion on the County's financial statements for the year ended June 30, 2023. The goal of the independent audit is to provide reasonable assurance that the financial statements of Talbot County, Maryland for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo a federally mandated annual audit called the "Single Audit" which is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal

requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Talbot County's separately issued Single Audit report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis to accompany the basic financial statements. MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

Talbot County, located on the Eastern Shore of Maryland, was visited by Captain John Smith in 1608 and settled by the English 50 years later. The County was incorporated in 1661. The County has a land area of 269 square miles and more than 600 miles of waterfront. Talbot County is a predominantly rural county with a land area of 171,000 acres, of which approximately 109,000 acres are farmland.

There are five incorporated towns within Talbot County. The Town of Easton is the County seat and is centrally located. Easton is the major residential, commercial, and employment center of the County. St. Michaels is located on the shores of the Miles River. Oxford is located along the Tred Avon River. The Town of Trappe is located in the south-central portion of the County along U.S. Route 50. The Town of Queen Anne straddles the Talbot County and Queen Anne's County border along MD Route 404.

### **Form of Government**

Both the executive and legislative functions of the County are vested in the elected, five-member County Council. Council members are elected on a countywide basis and serve four-year terms. The terms of the current members of the Council run to December 2026. The Council annually elects one Council member to serve as its President and one to serve as its Vice President.

As the result of a referendum held in November 1973, the County has adopted the Charter Home Rule form of government provided in Article XI-A of the Maryland Constitution and Sections 10-101 et. seq. of the Local Government Article of the Annotated Code of Maryland. Under this form of government, the Council has the authority to enact, amend, and repeal legislation relating to the incorporation, organization, and government of the County.

The County Manager, who is appointed by the Council, is the chief administrative officer of the County and is charged with the administration of all agencies of the County government.

The County provides a full range of municipal services including education, libraries, public safety (police, detention center, emergency medical services and volunteer fire services), recreation activities, health and social services, sanitary districts, highways and streets, airport, planning and zoning, and general administrative services.

### **Component Units**

The Talbot County Board of Education and the Talbot County Free Library Association, Inc. are reported as discretely presented component units because they are deemed to be fiscally dependent on the County. These component units are reported separately within the County's financial statements to emphasize that they are legally separate from the County. Additional information on these component units can be found in Note 2 of the Notes to the Financial Statements.

### **Budget Process**

The annual budget serves as the foundation for Talbot County's financial planning and control. The formulation of the County's budget is the responsibility of the County Manager, who is subject to the supervision of the County Council.



All County departments and agencies seeking funding, submit requests for appropriations to the County Manager in February of each year. These requests are reviewed and amended by the County Manager (except for the budget requests of the Legislative Branch and the Board of Appeals), and a preliminary budget is drafted and introduced by the County Council in April. At least two public hearings are held on the proposed budget. The County Council may increase, decrease, or delete any items in the budget except those required by the laws of the State, and any provisions for debt service on outstanding obligations or for any estimated budget deficits from prior years. The Annual Budget and Appropriation Ordinance must be passed by the County Council on or before June 1 of each year, to be effective on the first day of the subsequent fiscal year. The appropriated budget is prepared by fund, department/agency, and general classification of expenditure (personnel, operating, capital outlay, debt service, etc.). Budgetary control for all operating budgets is maintained at the general classification level and at the project level for capital projects. Transfers of appropriations between general classifications of expenditures within the same department may be authorized by the County Manager. Transfers between departments of the county government and within the same fund may be made only during the last quarter of the fiscal year and only on the recommendation of the County Manager and with the approval of the Council. Budget-to-actual comparisons are provided in this report for the individual governmental funds for which an appropriated annual budget has been adopted. The general fund comparison is presented in the Required Supplementary Information, as listed in the table of contents, as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the Other Supplementary Information subsection of this report, as listed in the table of contents.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

**Local Economy** – Like many state and local governments across the country, Talbot County is concerned about the National economy and the far reaching effects it has on Maryland’s and Talbot County’s overall economy. Of greatest concern are the lasting economic impacts of the COVID 19 public health emergency and the potential of reductions in state funding and/or additional costs that may be passed on to local governments. The County’s largest revenue source has historically been property taxes. For FY 2023 actual property tax revenues totaled \$51.5 million or 39% of the total General Fund revenues. Employment levels, business income and income from investments directly affect income tax revenue, the second largest revenue source in the County. Potential fluctuations in business and investment income of our taxpayers can have a significant impact on Income tax revenues. In FY 2023 Income tax revenues accounted for 39.3% of the General Fund revenues. The County received \$51.9 million in Income Tax revenues in FY 2023, \$23.9 million more than budgeted and \$14.1 million more than the amount received in FY 2022. The County’s housing market has cooled as noted by the decrease in Recordation and Transfer tax revenues that were \$6.4 million less than that received in FY 2022 but \$4.4 million more than the amount budgeted for FY 2023. For FY 2024 the County is optimistic that the housing market will remain steady. The County continues to have a healthy mix of service related businesses, agriculture, and light manufacturing. Employment is anticipated to continue to improve in FY 2024.

The County’s 600 miles of shoreline and many historic sites make it a significant tourist destination, drawing visitors from all over the region. Additionally, its abundant waterfront provides many desirable home sites. Development is purposely controlled to protect the County’s beauty and the fragile environment of its shoreline and waters. More intense development is limited to the incorporated municipalities where water and wastewater treatment services are available.

**Long Term Financial Planning** - The economic outlook for the County is favorable. The COVID 19 public health emergency has had a major impact on all of our citizens and our economy. Record unemployment and the slow recovery of some businesses have had an impact on future revenues. However, many years of conservative budgeting and prudent financial management have created a solid foundation for economic stability for the future of County. In addition, Talbot County has the second lowest county real property tax rate and income tax rate in the State. These favorable tax rates along with miles of waterfront continue to attract residents and businesses to the County.

Talbot County has a policy to allot a portion of the General Fund unassigned fund balance equal to 15% of actual General Fund expenditures, before other financing uses, to be used in case of fiscal emergencies. As of June 30, 2023, Talbot County's unassigned fund balance was 65.8% of actual expenditures, before other financing uses.

The FY 2023 General Fund Budget decreased slightly by \$208,217 from the FY 2022 Approved Budget. The FY 2023 budget includes the transfer of \$3 million to the Capital Projects Fund to fund County projects including road upgrades and Talbot County Public Schools capital projects. Excluding the transfer to the Capital Projects Fund, the General Fund Budget for FY 2023 increased by 6.6%. Public Safety expenses rose \$3.04 million from the FY 2022 budget. The FY 2023 Budget includes funding for salary scale adjustments for some public safety positions and additional EMS positions to support call volumes and the expansion of service in the northern area of the county. The Contingency Fund for FY 2023 remains at \$1.5 million. In addition, all proposed equipment purchases (Capital Outlay) of \$2.8 million are included in the County Administration department budget to allow the County the maximum oversight on all equipment purchases during FY 2023.

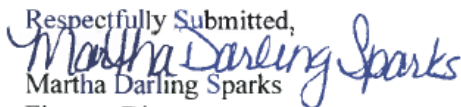
In FY 2023 and beyond, the focus will be on providing adequate Public Safety resources for our citizens and visitors and for various County building and maintenance projects including the infrastructure requirements associated with the construction of a new hospital facility.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Talbot County, Maryland for its annual comprehensive financial report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Talbot County, Maryland has received a Certificate of Achievement for the last twenty (21) consecutive years. We believe that our current annual comprehensive financial report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this annual comprehensive financial report is made possible by the dedicated service of the entire staff of the Talbot County Finance Office. I would like to express my appreciation to all members of the department for their conscientiousness and professionalism throughout the fiscal year and for the contributions made in the preparation of this report.

Respectfully Submitted,  
  
Martha Darling Sparks  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in Financial  
Reporting

Presented to

**Talbot County Maryland**

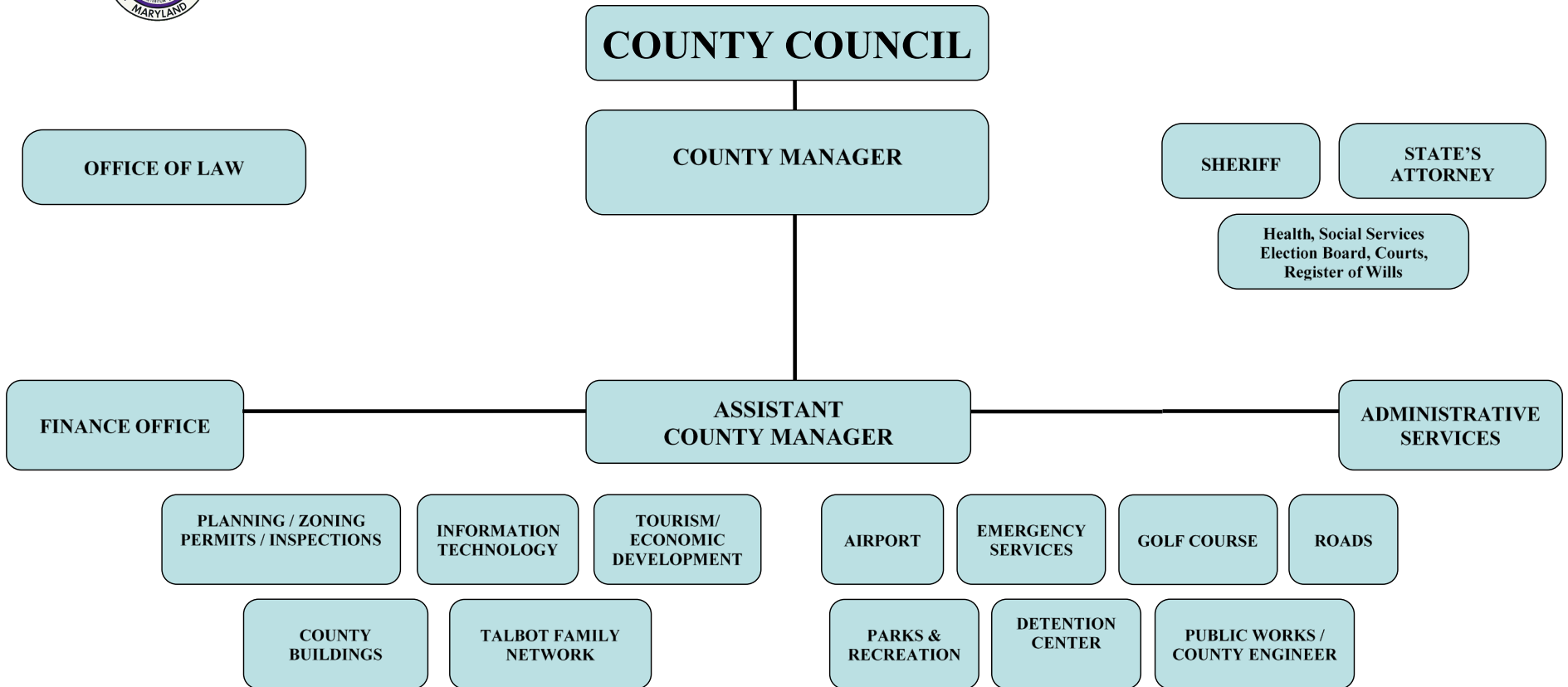
For its Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



# TALBOT COUNTY GOVERNMENT ORGANIZATIONAL CHART



Talbot County, Maryland  
Certain Elected and Other Officials  
June 30, 2023

Elected Officials

County Council

Chuck F. Callahan, President  
Pete Leshner, Vice President  
Keasha Haythe  
Lynn Mielke  
Dave Stepp

Sheriff  
State's Attorney

Joseph J. Gamble  
Joseph Coale

Other Officials

County Manager

Clay B. Stamp

Attorney  
Assistant County Manager for Administration  
Communications Manager  
Human Resources Director  
Airport Manager  
Department of Corrections Director  
Emergency Services Director  
Finance Director  
Golf Course General Manager  
Information Technology Director  
Parks and Recreation Director  
Planning Officer  
Public Works/County Engineer  
Roads and Facilities Superintendent  
Talbot Family Network  
Tourism & Economic Development Director

Patrick Thomas  
Jessica K. Morris  
Sarah Kilmon  
Donna Pardieu  
Micah L. Risher  
Terry Kokolis  
Brian LeCates  
Martha Darling Sparks  
Richard A. Setter  
Tommy Haddaway  
Preston P. Peper  
Brennan Tarleton  
Raymond P. Clarke  
Brian Moore  
Nancy Andrew  
Cassandra M. Vanhooser

Independent Public Accountant  
SB & Company  
Certified Public Accountants  
Owings Mills, Maryland

Bond Counsel  
McKennon, Shelton &  
Henn, LLP  
Baltimore, Maryland

Financial Advisor  
Davenport & Company LLC  
Towson, Maryland

## FINANCIAL SECTION



**SB & COMPANY, LLC**  
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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS**

County Council of Talbot County, Maryland  
Easton, Maryland

### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Maryland, (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Board of Education of Talbot County, Maryland or the Talbot County Free Library Association, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, are based on the reports of the other auditors.

### ***Basis for 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 County 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.

### ***Responsibilities of Management for the Financial Statements***

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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 County's ability to continue as a going concern for a year beyond the date the financial statements are available to be issued, 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 GAAS 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 controls. 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 controls 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 County’s internal controls. 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 County’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 controls–related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedules of revenues, expenditures and changes in fund balances – budget to actual – general fund and grants fund, schedule of changes in net OPEB liability and related ratios, Maryland State Retirement and Pension System- Schedule of the Proportionate Share of the Net Pension Liability, and Maryland State Retirement and Pension Systems-Schedule of Contributions, and notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.





**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our independent public accountant's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland  
March 28, 2024



## MANAGEMENT'S DISCUSSION & ANALYSIS

## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the Annual Comprehensive Financial Report of Talbot County, Maryland (the County) presents a narrative overview and analysis of the financial activities of Talbot County Government for the fiscal year ended June 30, 2023. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

### **FINANCIAL HIGHLIGHTS**

#### **Government-wide**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year, ended June 30, 2023, by \$174 million (total net position), compared to \$145.9 million at June 30, 2022. For fiscal year ended June 30, 2023, the unrestricted portion of net position is a surplus of \$47.0 million and is comprised of \$47.1 million unrestricted net position in the governmental activities and \$.01 million unrestricted net deficit in the business type activities. The unrestricted surplus is relative to the debt the County issues to fund construction projects for the Board of Education of Talbot County, a component unit, and Chesapeake College, a five county regional community college. The school buildings that are constructed through the County's financial support are assets of the Board of Education of Talbot County and Chesapeake College, but the related debt is recorded on the County's books. As of June 30, 2023, the County included \$27.5 million of bonds payable in liabilities for school construction projects and no corresponding capital assets.
- The total net position increased by \$28.1 million or 19.2%.

#### **Fund Level**

- The General Fund had an increase in fund balance of \$22.3 million.
- As of June 30, 2023, the County's governmental funds reported combined fund balances of \$124.9 million, an increase of \$40.8 million from the prior year. Approximately 55.7% of the combined governmental fund balance (\$69.6 million), is available to meet the County's current and future needs (unassigned), 27.4% is assigned, indicating that it is not available for new spending because it has already been assigned for items such as subsequent years expenditures, 16% is committed or restricted for future use and .8% is nonspendable meaning that it is in the form of prepaid items.
- The unassigned fund balance for the General Fund of \$69.6 million is 52.7 percent of general fund revenues, before Other Financing Sources, which is more than the Government Finance Officers Association's Best Practices recommendation that, at minimum, regardless of size, all governments maintain reserves equal to about 16 percent of revenues. The County has a policy of allotting a portion of the unassigned fund balance as a "rainy day fund". The amount allotted at June 30, 2023 for the "rainy day fund" is \$15.9 million (15 percent of the actual general fund expenditures before Other Financing Uses).
- The business-type activities operating revenues fell short of operating expenses resulting in an operating loss of \$255 thousand in these funds before transfers.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Talbot County Government's basic financial statements. The basic financial statements comprise three components:

- Government-wide financial statements (reporting on the County as a whole)
- Fund financial statements (reporting the County's most significant funds)
- Notes to the financial statements

This report contains other required and non-required supplementary information in addition to the basic financial statements themselves.

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

The government-wide financial statements are designed to provide readers with a broad overview of Talbot County Government's finances, in a manner similar to that of a private sector business. The Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting.

The Statement of Net Position presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses for some items reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Of particular interest is the format of this statement. The reader will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is Net (Expense) Revenue. The purpose of this type of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general fund revenues, or if the functions are self-supporting through fees and grants. It is important to note that all taxes are classified as general fund revenue even if restricted for a specific purpose.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health, social services, education, recreation, libraries, and conservation of natural resources, judicial and economic development. The business-type activities of the County include recreation facilities, wastewater and septage treatment services, and an airport facility.

The government-wide financial statements include not only the operations of Talbot County Government itself (known as the primary government), but also the legally separate organizations of the Board of Education of Talbot County, Maryland and the Talbot County Free Library Association, Inc.

The financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 28-29 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Talbot County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Talbot County, Maryland maintains three types of governmental funds: general, capital projects and special revenue. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for all three types of governmental funds.

Talbot County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for all governmental funds in the Required Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 32-35 of this report.

**Proprietary Funds.** Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. Proprietary funds include internal service funds and enterprise funds. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. Talbot County does not maintain any internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its wastewater and septage treatment services, recreation facilities, and an airport facility.

Proprietary fund schedules provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 36-39 of this report.

***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The County has one trust fund which is the Talbot County OPEB Trust.

The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

## **Notes to Financial Statements**

The notes to the financial statements are part of the basic financial statements and provide additional information that is essential to creating a full understanding of the data provided in the government-wide and fund financial statements.

The Notes to the Financial Statements can be found on pages 43-93 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information and disclosures that are not considered part of the basic financial statements. Required supplementary information includes a budgetary comparison for the General Fund and Grants Fund to demonstrate compliance with the annually adopted budget. Other supplementary information includes budgetary comparisons for the Capital Projects, Other Governmental, and Enterprise Funds, and combining statements for Other Governmental Funds. These reports are located immediately following the notes to the financial statements.

## **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial position. In the case of Talbot County, total net position was \$174 million at the close of the most recent fiscal year, as shown in the schedule of net position below. Components for Talbot County's net position is divided into three categories, net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the County's net position reflects its investment in capital assets net of depreciation (e.g., land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that although counties in the State of Maryland issue debt for the construction of schools, school buildings are owned by each County's Public School System. Ownership reverts to the County if the local board determines that a building is no longer needed. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The unrestricted net position in governmental activities of \$47.1 million reflects the surplus of assets without corresponding liabilities.

Restricted net position of \$252 thousand represents 0.14 percent of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. Unrestricted net position of the total government is a surplus of \$47.1 million. See Note 14 for additional information on the County’s unrestricted net position.

Below is a condensed statement of net position with comparative amounts from the previous fiscal year.

### Talbot County Government’s Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$143,892,726	\$ 102,349,713	\$ 1,666,561	\$ 3,076,698	\$145,559,287	\$ 105,426,411
Capital Assets	81,416,811	72,360,855	60,006,250	58,174,032	141,423,061	130,534,887
Total Assets	225,309,537	174,710,568	61,672,811	61,250,730	286,982,348	235,961,298
Deferred Outflow of Resources	8,678,934	12,667,051	8,802	11,736	8,687,736	12,678,787
Non Current Liabilities	83,848,281	55,377,460	14,779,231	14,142,932	98,627,512	69,520,392
Other Liabilities	19,731,656	22,586,195	1,631,180	2,546,171	21,362,836	25,132,366
Total Liabilities	103,579,937	77,963,655	16,410,411	16,689,103	119,990,348	94,652,758
Deferred Inflow of Resources	1,693,830	8,051,915	-	-	1,693,830	8,051,915
Net Position:						
Net Investment in Capital Assets	81,381,854	71,352,834	45,365,882	42,641,511	126,747,736	113,994,345
Restricted	251,494	230,555	-	-	251,494	230,555
Unrestricted	47,081,356	29,778,660	(94,680)	1,931,852	46,986,676	31,710,512
Total Net Position	\$128,714,704	\$ 101,362,049	\$ 45,271,202	\$ 44,573,363	\$173,985,906	\$ 145,935,412

At the end of the current fiscal year, the County is able to report positive balances in the three categories of net position for the government as a whole. Business-type activities show a positive balance in one of the three categories of net position.



## Talbot County Government's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 7,427,191	\$ 3,316,874	\$ 14,878,284	\$ 11,772,992	\$ 22,305,475	\$ 15,089,866
Operating Grants and Contributions	4,099,367	10,009,029	2,590,761	1,889,095	6,690,128	11,898,124
Capital Grants and Contributions	4,490,367	-	-	-	4,490,367	-
<b>General Revenues:</b>						
Property Taxes	51,470,500	47,954,457	-	-	51,470,500	47,954,457
Local Income Tax	51,874,354	37,815,496	-	-	51,874,354	37,815,496
Other Local Taxes	16,456,838	22,958,657	-	-	16,456,838	22,958,657
Investment Income	4,228,144	231,485	111,180	6,862	4,339,324	238,347
Miscellaneous	-	884,237	-	-	-	884,237
<b>Total Revenues</b>	<b>140,046,761</b>	<b>123,170,235</b>	<b>17,580,225</b>	<b>13,668,949</b>	<b>157,626,986</b>	<b>136,839,184</b>
<b>Expenses:</b>						
General Government	16,682,392	17,104,866	-	-	16,682,392	17,104,866
Public Safety	29,484,078	26,504,338	-	-	29,484,078	26,504,338
Public Works	7,115,544	7,800,990	-	-	7,115,544	7,800,990
Health	2,607,800	2,508,300	-	-	2,607,800	2,508,300
Social Services	1,789,068	1,574,103	-	-	1,789,068	1,574,103
Education	51,630,630	51,984,991	-	-	51,630,630	51,984,991
Recreation	2,106,797	1,246,023	-	-	2,106,797	1,246,023
Conservation of Natural Resources	324,905	350,921	-	-	324,905	350,921
Interest Charges	-	-	-	-	-	-
Recreation Facilities	-	-	3,852,300	3,524,777	3,852,300	3,524,777
Sanitary District	-	-	5,504,287	5,487,509	5,504,287	5,487,509
Airport	-	-	7,660,249	7,894,770	7,660,249	7,894,770
Repurposing Center	-	-	818,442	556,981	818,442	556,981
<b>Total Expenses</b>	<b>111,741,214</b>	<b>109,074,532</b>	<b>17,835,278</b>	<b>17,464,037</b>	<b>129,576,492</b>	<b>126,538,569</b>
Increase (Decrease) in Net Position before transfers	<u>28,305,547</u>	<u>14,095,703</u>	<u>(255,053)</u>	<u>(3,795,088)</u>	<u>28,050,494</u>	<u>10,300,615</u>
Transfers In (Out)	(952,892)	(2,356,670)	952,892	2,356,670	-	-
Increase (Decrease) in Net Position	27,352,655	11,739,033	697,839	(1,438,418)	28,050,494	10,300,615
Net Position – Beginning	<u>101,362,049</u>	<u>89,623,016</u>	<u>44,573,363</u>	<u>46,011,781</u>	<u>145,935,412</u>	<u>135,634,797</u>
<b>Net Position - Ending</b>	<b>\$128,714,704</b>	<b>\$ 101,362,049</b>	<b>\$ 45,271,202</b>	<b>\$ 44,573,363</b>	<b>\$173,985,906</b>	<b>\$ 145,935,412</b>

**Governmental Activities.** Governmental Activities increased the County's net position after transfers by \$27.4 million. Key elements of the increase in the net position of governmental activities are as follows:

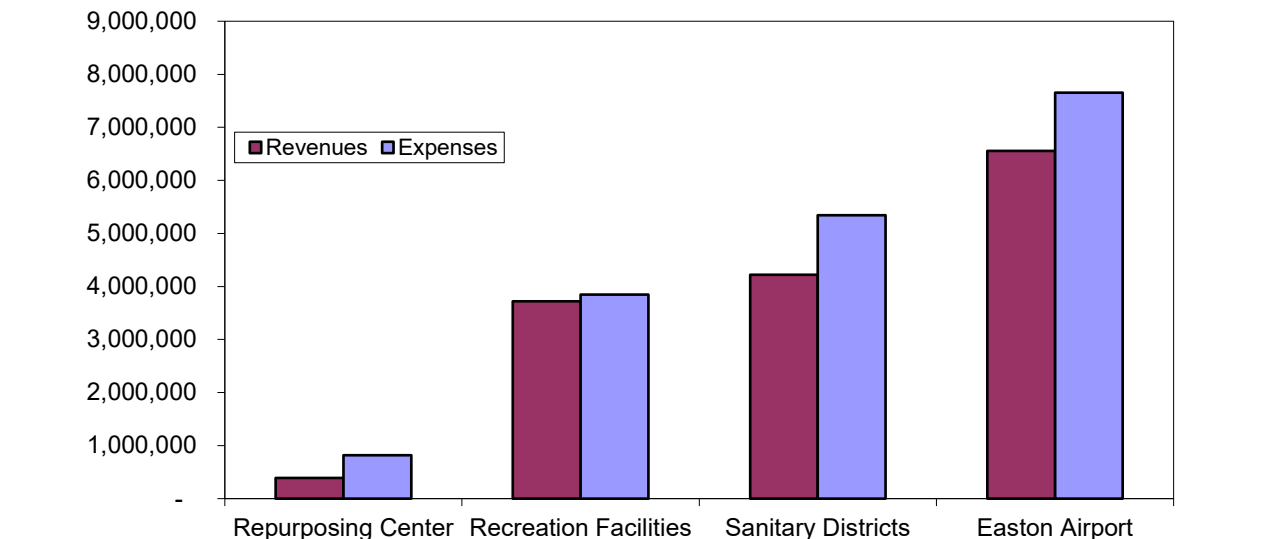
- Local Income Tax revenues increased by \$14.1 million, a 37.2% increase from the prior year actual and \$23.9 million more than projected in the FY23 budget. Local income tax revenues in Talbot County can be volatile as a result of an atypical level of resident high-income earners.
- Recordation tax revenues decreased by \$3.7 million, a 29.3% decrease from the prior year actual but \$3 million more than projected in the FY23 budget.
- Transfer tax revenues decreased by \$2.6 million, a 32.6 % percent decrease from the prior year actual but \$1.3 million more than originally budgeted for FY 2023.

- Recordation and transfer tax revenues fluctuate in relation to the economic health of the County’s real estate market that includes highly valued properties along its 600 miles of waterfront.
- Property tax revenues increased by \$3.5 million, a 7.3 percent increase from the prior fiscal year and were \$957 thousand more than originally budgeted.
- Education expenses increased by \$2.5 million, a 4.8 percent increase from the prior year. Talbot County Schools were funded slightly above the State mandated Maintenance of Effort level.

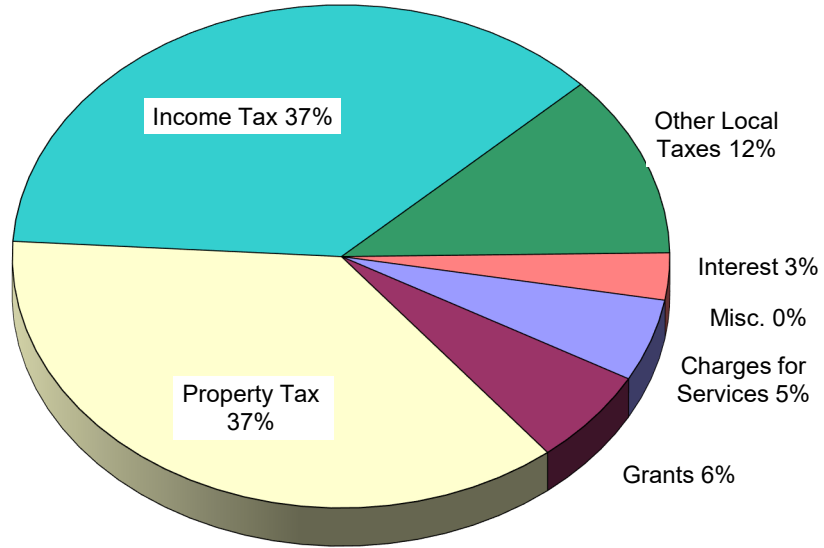
**Business-type Activities.** Business-type activities increased Talbot County’s net position after transfers by \$698 thousand. Increases in grant revenues and charges for services, they were enough to offset the overall increase in cost of operations.

Fiscal year 2023 operating revenues and expenses for both the business-type and governmental activities are summarized in the charts on the following pages.

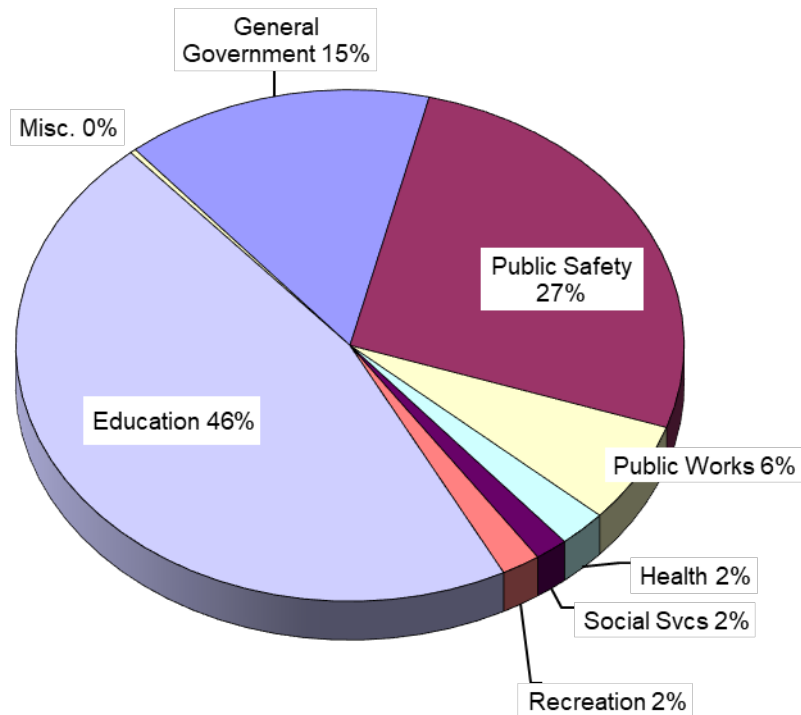
***Expenses and Program Revenues - Business-Type Activities  
For the Year Ended June 30, 2023***



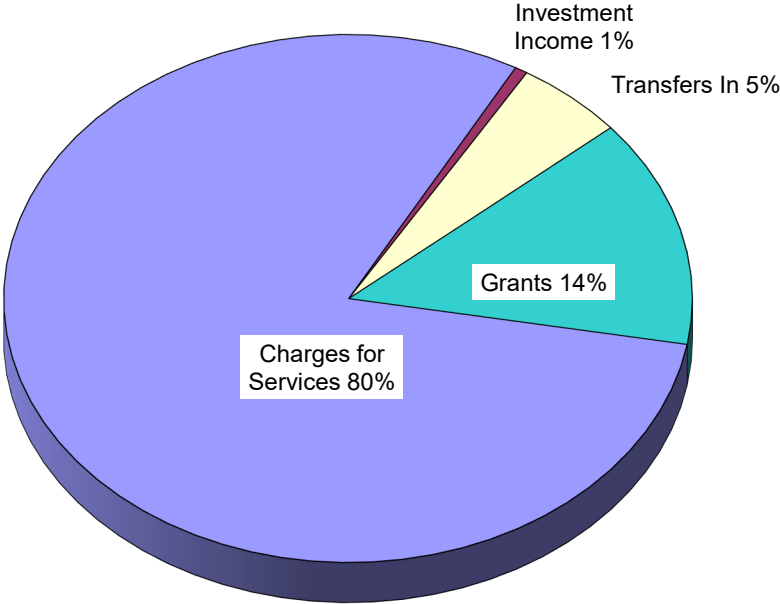
**Revenues by Source - Governmental Activities  
For the Year Ended June 30, 2023**



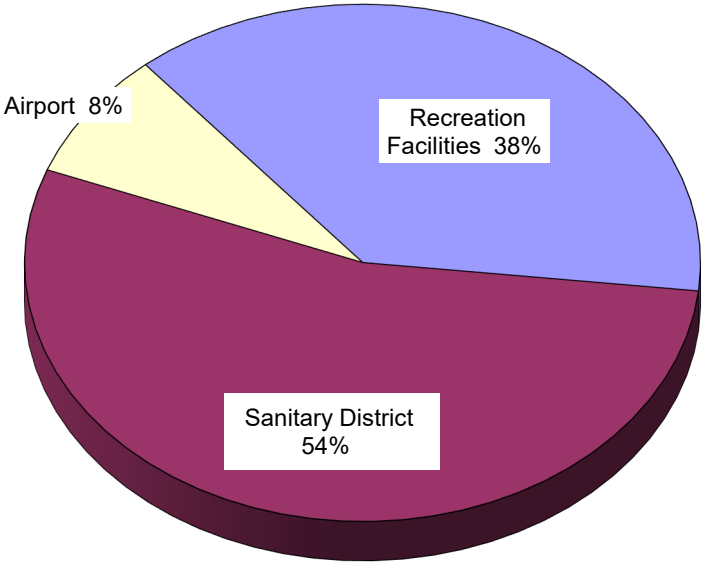
**Expenses - Governmental Activities  
For the Year Ended June 30, 2023**



**Revenues by Source - Business-Type Activities  
For the Year Ended June 30, 2023**



**Expenses - Business-Type Activities  
For the Year Ended June 30, 2023**



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$124.9 million. Approximately 76.8 percent of this total (\$69.6 million) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been classified to fund other purposes. Capital projects account for the majority of committed funds.

The General Fund is the primary operating fund of the Talbot County Government. At the end of the current fiscal year, the total fund balance was \$90.7 million, and the unassigned fund balance was \$69.6 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 65.8 percent of total general fund expenditures before Other Financing Uses, while total fund balance represents 85.7 percent of total general fund expenditures before Other Financing Uses.

The fund balance of Talbot County's General Fund increased by \$22.3 million during FY 2023. This increase is a combination of increases in property tax and local income tax revenues which was offset by decreases in recordation and transfer tax revenues.

The fund balance of the County's Capital Projects Fund increased by \$17.1 million in FY 2023 following a year of heavy investment to finance the purchase and construction of two new facilities, new Talbot County Health Department offices and a new Public Safety Complex.

**Proprietary Funds.** Talbot County's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail. The total net position of the proprietary funds at the end of the year totaled \$44.5 million. There is a balance of \$1.9 million in unrestricted net position.

**Fiduciary Funds.** Talbot County's fiduciary fund statements provide information regarding the County's Other Post- Employment Benefits (OPEB) Trust. Total assets held in trust for the OPEB plan totaled \$15.1 million at June 30, 2023.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final budget and the final actual results for the County totaled \$22.3 million. Revenues received were \$19.5 million more than final budgeted estimates. Expenditures were \$2.8 million less than final budgeted estimates. The major variances can be summarized as follows:

- **Revenues.** Revenues before Other Financing Sources were \$34.9 million more than originally budgeted for the year. As discussed earlier, the major differences between the budgeted amounts and the actual revenues are as follows:

- Property tax revenues increased by \$3.5 million, a 7.3 percent increase from the prior fiscal year and were \$1.2 million more than originally budgeted.
  - Local income tax revenues increased by \$14.1 million, a 37.2 percent increase from the prior fiscal year and were \$23.9 million more than originally budgeted.
  - Other Local Tax revenues decreased by \$6.5 million, a 28.3 percent decrease from the prior fiscal year. This includes recordation taxes (\$3.7 million decrease) and transfer taxes (\$2.6 million decrease). These revenues were \$5.1 million more than originally budgeted.
- **Expenditures.** Expenditures were \$2.8 million less than budgeted for the year. Some County departments experienced higher fringe benefit costs than were originally budgeted.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** Talbot County’s investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals \$141.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the County’s investment in capital assets for the current fiscal year is \$10.9 million or 8.34 percent.

Capital assets are summarized as follows:

### **Talbot County Government’s Capital Assets (net of accumulated depreciation)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2023	2022	2023	2022	2023	2022
Land	\$ 10,056,446	\$ 10,056,446	\$ 3,642,512	\$ 2,956,046	\$ 13,698,958	\$ 13,012,492
Construction in progress	11,137,180	154,204	4,732,006	2,002,328	15,869,186	2,156,532
Buildings and improvements	20,234,239	22,113,807	44,836,772	46,879,522	65,071,011	68,993,329
Non-deprec. infrastructure	24,682,285	24,682,285	-	-	24,682,285	24,682,285
Infrastructure	8,479,293	9,159,931	-	-	8,479,293	9,159,931
Furniture and equipment	6,827,368	6,194,182	6,794,960	6,336,136	13,622,328	12,530,318
<b>Total</b>	<b>\$ 81,416,811</b>	<b>\$ 72,360,855</b>	<b>\$ 60,006,250</b>	<b>\$ 58,174,032</b>	<b>\$141,423,061</b>	<b>\$ 130,534,887</b>

Major capital asset events during the current fiscal year included the following:

- \$ 3.1 million initial investment in a new Talbot County Health Department.
- \$ 6.4 Million initial investment in a new Public Safety Complex.
- Upgrades and renovations to County Wastewater Collection Systems totaling \$600 thousand of the Business Type Activities.

See Note 5 of this report for additional information on Talbot County’s capital assets.

**Long-term Debt.** At the end of the current fiscal year, Talbot County had total long-term debt outstanding of \$71.3 million, an increase of approximately \$20.4 million. The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the bonds. Of this amount, \$14.6 million is considered self-supporting bonds, funded through various charges and assessments related to the enterprise operations of the County.

## Talbot County Government's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds, Notes and Premiums	\$ 56,674,627	\$ 35,366,967	\$ 14,640,368	\$ 15,532,521	\$ 71,314,995	\$ 50,899,488

The County's most recent bond ratings from Moody's Investors Service and Fitch Ratings are Aa1 (Sept 2023) and AAA (Sept 2023), respectively.

See Note 6 of this report for additional information on Talbot County's long-term debt.

The County's Charter limits the amount of general obligation debt the County may issue to no more than 15 percent of the County's assessable property tax base. See Schedule 16 in the Statistical Section of this report for additional information on the computation of the legal debt margin.

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

- The FY 2024 approved budget for the General Fund is \$128,849,000 representing an increase of \$16.2 million from the FY 2023 original approved budget.
- The County's Real Property tax rates and Income tax rate increased from to \$.7434 per \$100 from \$.6820 in FY 2023.
- Real Property tax revenue is expected to generate \$5.39 million more than the FY 2023 actual collections and is \$6.6 million more than the FY 2023 budget.
- Income tax revenue in FY 2024 is budgeted to be \$19.9 million less than the FY 2023 actual collections but is \$3 million more than the FY 2023 budget.
- Fund balance reserves of \$20 million are used to balance the FY 2024 General Fund budget.
- The Operating Appropriation for Talbot County Public Schools increased by \$4.1 million or 8.69% from FY 2023.
- The Contingency Fund for FY 2024 remains the same at the FY 2023 level of \$1.5 million.
- All of these factors were considered in preparing the County's budget for FY 2024. The County is cognizant of potential economic downturns and will continue to carefully monitor expenditures.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Talbot County Government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Talbot County Courthouse, 11 North Washington Street, Suite 9, Easton, Maryland 21601. This report can also be found on the County's website: [www.talbotcountymd.gov](http://www.talbotcountymd.gov).

The County's component units issue their own separately audited financial statements. These statements may be obtained from the component unit. Contact information can be found in Note 2 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



# TALBOT COUNTY, MARYLAND

## Statement of Net Position As of June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Board of Education	Library
<b>ASSETS</b>					
Cash and short-term investments	\$ 127,617,368	\$ 8,248,561	\$ 135,865,929	\$ 15,470,718	\$ 244,656
Investments	-	-	-	-	2,808,851
Receivables:					
Accounts receivable	2,435,455	1,364,254	3,799,709	-	216,951
Other	-	-	-	488,984	-
Intergovernmental:					
State	4,372,831	-	4,372,831	769,229	-
Federal	107,526	-	107,526	2,057,540	-
Local	-	-	-	-	-
Due From Trust and Custodial Fund	-	-	-	-	122,235
Prepaid items	1,025,447	132,809	1,158,256	-	6,291
Internal balances	8,334,099	(8,334,099)	-	-	-
Inventories	-	255,036	255,036	-	-
Nondepreciable capital assets	45,875,911	8,374,517	54,250,428	629,446	102,386
Depreciable capital assets, net	35,540,900	51,631,733	87,172,633	96,772,953	483,742
<b>TOTAL ASSETS</b>	<b>225,309,537</b>	<b>61,672,811</b>	<b>286,982,348</b>	<b>116,188,870</b>	<b>3,985,112</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	3,033,208	-	3,033,208	1,770,653	-
OPEB	5,319,160	-	5,319,160	27,539,864	82,385
Deferred charge on refunding	326,566	8,802	335,368	-	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>8,678,934</b>	<b>8,802</b>	<b>8,687,736</b>	<b>29,310,517</b>	<b>82,385</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	8,711,249	1,532,854	10,244,103	6,456,763	52,523
Other payables	-	-	-	-	122,235
Unearned revenue	11,020,407	98,236	11,118,643	2,435,055	9,228
Long-term liabilities, due within one year:					
Compensated absences	467,115	70,343	537,458	-	-
Bonds and notes payable	3,031,828	1,591,448	4,623,276	151,515	8,792
Obligations under state retirement system	-	-	-	-	-
Long-term liabilities, due in more than one year:					
Compensated absences	948,385	68,610	1,016,995	516,789	-
Bonds and notes payable	53,642,799	13,048,920	66,691,719	434,871	15,958
Obligations under state retirement system	-	-	-	507,134	-
Net pension liability	13,551,175	-	13,551,175	5,020,631	-
Net other post-employment benefit liability	12,206,979	-	12,206,979	70,599,319	1,601,169
<b>TOTAL LIABILITIES</b>	<b>103,579,937</b>	<b>16,410,411</b>	<b>119,990,348</b>	<b>86,122,077</b>	<b>1,809,905</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	1,145,067	-	1,145,067	424,240	-
OPEB	548,763	-	548,763	85,615,749	226,580
<b>TOTAL DEFERRED INFLOWS</b>	<b>1,693,830</b>	<b>-</b>	<b>1,693,830</b>	<b>86,039,989</b>	<b>226,580</b>
<b>NET POSITION</b>					
Net investment in capital assets	81,381,854	45,365,882	126,747,736	96,868,680	561,378
Restricted for:					
Social Services (Talbot Family Network)	251,494	-	251,494	-	-
Food services	-	-	-	1,564,338	-
Programs	-	-	-	-	1,699,837
Unrestricted (deficit)	47,081,356	(94,680)	46,986,676	(125,095,697)	(230,203)
<b>TOTAL NET POSITION</b>	<b>\$ 128,714,704</b>	<b>\$ 45,271,202</b>	<b>\$ 173,985,906</b>	<b>\$ (26,662,679)</b>	<b>\$ 2,031,012</b>

The notes to financial statements are an integral part of this statement.

**TALBOT COUNTY, MARYLAND**

**Statement of Activities  
For the Year Ended June 30, 2023**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Board of Education	Library
General government	\$ 16,682,392	\$ 1,693,558	\$ 425,094	\$ 9,490	\$ (14,554,250)	\$ -	\$ (14,554,250)	\$ -	\$ -
Public safety	29,484,078	4,044,935	411,104	495,587	(24,532,452)	-	(24,532,452)	-	-
Public works	7,115,544	522,998	1,062,027	1,163,906	(4,366,613)	-	(4,366,613)	-	-
Health and hospitals	2,607,800	142,640	-	-	(2,465,160)	-	(2,465,160)	-	-
Social services	1,789,068	-	2,201,142	1,821,097	2,233,171	-	2,233,171	-	-
Education	51,630,630	741,528	-	-	(50,889,102)	-	(50,889,102)	-	-
Recreation	2,106,797	250,708	-	1,000,287	(855,802)	-	(855,802)	-	-
Conservation of natural resources	324,905	30,824	-	-	(294,081)	-	(294,081)	-	-
<b>Total Governmental Activities</b>	<b>111,741,214</b>	<b>7,427,191</b>	<b>4,099,367</b>	<b>4,490,367</b>	<b>(95,724,289)</b>	<b>-</b>	<b>(95,724,289)</b>	<b>-</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES</b>									
Recreation facilities	3,852,300	3,716,856	-	-	-	(135,444)	(135,444)	-	-
Sanitary district	5,504,287	4,218,935	1,254,932	-	-	(30,420)	(30,420)	-	-
Easton airport	7,660,249	6,555,171	1,335,829	-	-	230,751	230,751	-	-
Repurposing Center	818,442	387,322	-	-	-	(431,120)	(431,120)	-	-
<b>Total Business-Type Activities</b>	<b>17,835,278</b>	<b>14,878,284</b>	<b>2,590,761</b>	<b>-</b>	<b>-</b>	<b>(366,233)</b>	<b>(366,233)</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 129,576,492</b>	<b>\$ 22,305,475</b>	<b>\$ 6,690,128</b>	<b>\$ 4,490,367</b>	<b>(95,724,289)</b>	<b>(366,233)</b>	<b>(96,090,522)</b>	<b>-</b>	<b>-</b>
<b>COMPONENT UNITS</b>									
Board of Education	84,232,064	692,121	16,855,183	710,212	-	-	-	(65,974,548)	-
Talbot County Free Library	2,372,082	-	2,456,782	-	-	-	-	-	84,700
<b>Total Component Units</b>	<b>\$ 86,604,146</b>	<b>\$ 692,121</b>	<b>\$ 19,311,965</b>	<b>\$ 710,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(65,974,548)</b>	<b>84,700</b>
<b>General Revenues</b>									
Taxes:									
Property					51,470,500	-	51,470,500	-	-
Local income					51,874,354	-	51,874,354	-	-
Other:									
Admissions and amusements					36,982	-	36,982	-	-
Recordation					9,028,675	-	9,028,675	-	-
Transfer					5,430,466	-	5,430,466	-	-
Public accommodations					1,906,912	-	1,906,912	-	-
Mobile manufactured homes					53,803	-	53,803	-	-
Grants and contributions not restricted to specific programs					-	-	-	64,728,243	-
Interest					4,228,144	111,180	4,339,324	645,218	180,060
Miscellaneous					-	-	-	113,082	-
Total general revenues					124,029,836	111,180	124,141,016	65,486,543	180,060
Transfers					(952,892)	952,892	-	-	-
Total general revenues and transfers					123,076,944	1,064,072	124,141,016	65,486,543	180,060
Change in net position					27,352,655	697,839	28,050,494	(488,005)	264,760
Net position, beginning of year					101,362,049	44,573,363	145,935,412	(26,174,674)	1,766,252
Net position, end of year					\$ 128,714,704	\$ 45,271,202	\$ 173,985,906	\$ (26,662,679)	\$ 2,031,012

The notes to financial statements are an integral part of this statement.

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## FUND FINANCIAL STATEMENTS

**TALBOT COUNTY, MARYLAND**

**Balance Sheet – Governmental Funds  
June 30, 2023**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and short -term investments	\$ 85,324,654	\$ 30,538,486	\$ 8,721,264	\$ 3,032,964	\$ 127,617,368
Receivables:					
Accounts receivable	539,224	1,143,502	752,160	569	2,435,455
Intergovernmental:					
State	4,372,831	-	-	-	4,372,831
Federal	107,526	-	-	-	107,526
Prepaid items	1,025,447	-	-	-	1,025,447
Due from other funds	8,334,099	-	-	-	8,334,099
<b>TOTAL ASSETS</b>	<u>\$ 99,703,781</u>	<u>\$ 31,681,988</u>	<u>\$ 9,473,424</u>	<u>\$ 3,033,533</u>	<u>\$ 143,892,726</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 6,233,722	\$ 454,650	\$ 1,203,956	\$ 49,433	\$ 7,941,761
Unearned revenue	2,754,223	-	8,266,096	88	11,020,407
<b>TOTAL LIABILITIES</b>	<u>8,987,945</u>	<u>454,650</u>	<u>9,470,052</u>	<u>49,521</u>	<u>18,962,168</u>
<b>FUND BALANCES</b>					
Nonspendable	1,025,447	-	-	-	1,025,447
Restricted for:					
Social Services	-	-	3,372	248,122	251,494
Committed for:					
Capital projects	-	31,227,338	-	2,735,890	33,963,228
Assigned for:					
Future budget	20,061,000	-	-	-	20,061,000
Unassigned	69,629,389	-	-	-	69,629,389
<b>TOTAL FUND BALANCES</b>	<u>90,715,836</u>	<u>31,227,338</u>	<u>3,372</u>	<u>2,984,012</u>	<u>124,930,558</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 99,703,781</u>	<u>\$ 31,681,988</u>	<u>\$ 9,473,424</u>	<u>\$ 3,033,533</u>	<u>\$ 143,892,726</u>

The notes to financial statements are an integral part of this statement.

# TALBOT COUNTY, MARYLAND

## Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total Governmental Funds Balances		\$	124,930,558
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			81,416,811
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds			
Bonds, notes payable and bond premiums	(56,674,627)		
Accrued interest on long-term debt	(769,488)		
Net pension liability	(13,551,175)		
Net OPEB liability	(12,206,979)		
Compensated absences	(1,415,500)		
			<u>(84,617,769)</u>
Deferred outflows - Maryland State Pension			3,033,208
Deferred inflows - Maryland State Pension			(1,145,067)
Deferred outflows - OPEB			5,319,160
Deferred inflows - OPEB			(548,763)
Deferred charge on refunding			<u>326,566</u>
Net Position of Governmental Activities		\$	<u>128,714,704</u>

The notes to financial statements are an integral part of this statement.

**TALBOT COUNTY, MARYLAND**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Capital Projects</b>	<b>Grants</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUE</b>					
Real property taxes	\$ 51,470,500	\$ -	\$ -	\$ -	\$ 51,470,500
Local income taxes	51,874,354	-	-	-	51,874,354
Other local taxes	16,456,840	-	-	-	16,456,840
Licenses and permits	1,104,686	-	-	1,300,899	2,405,585
Intergovernmental:					
Federal	177,035	1,163,772	4,295,836	-	5,636,643
State	2,528,123	-	312,999	626,985	3,468,107
Service charges	4,019,292	-	-	-	4,019,292
Fines and forfeitures	21,923	-	-	-	21,923
Miscellaneous	264,077	-	139,608	61,688	465,373
Interest	4,170,731	2,418	-	54,995	4,228,144
<b>Total Revenue</b>	<b>132,087,561</b>	<b>1,166,190</b>	<b>4,748,443</b>	<b>2,044,567</b>	<b>140,046,761</b>
<b>EXPENDITURES</b>					
Current:					
General government	10,276,391	10,958,177	4,280,444	-	25,515,012
Public safety	26,681,913	455,510	-	33,819	27,171,242
Public works	5,261,153	49,549	-	-	5,310,702
Health and hospitals	2,607,800	-	-	-	2,607,800
Social services	1,162,083	-	-	626,985	1,789,068
Education	53,990,856	69,173	-	-	54,060,029
Recreation	801,570	1,009,927	-	-	1,811,497
Conservation of natural resources	324,905	-	-	-	324,905
Employee benefits	2,045,717	-	-	-	2,045,717
Miscellaneous	244,486	-	-	-	244,486
Intergovernmental	1,475,028	-	-	-	1,475,028
Debt service interest	30,670	-	-	-	30,670
Debt service principal	954,864	-	-	-	954,864
Contingencies	-	-	-	-	-
<b>Total Expenditures</b>	<b>105,857,436</b>	<b>12,542,336</b>	<b>4,280,444</b>	<b>660,804</b>	<b>123,341,020</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>26,230,125</b>	<b>(11,376,146)</b>	<b>467,999</b>	<b>1,383,763</b>	<b>16,705,741</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	3,480,500	-	-	3,480,500
Transfers out	(3,887,892)	-	(480,500)	(65,000)	(4,433,392)
Premium on bonds issued	-	1,214,589	-	-	1,214,589
Bonds issued	-	23,810,000	-	-	23,810,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,887,892)</b>	<b>28,505,089</b>	<b>(480,500)</b>	<b>(65,000)</b>	<b>24,071,697</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>22,342,233</b>	<b>17,128,943</b>	<b>(12,501)</b>	<b>1,318,763</b>	<b>40,777,438</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>68,373,603</b>	<b>14,098,395</b>	<b>15,873</b>	<b>1,665,249</b>	<b>84,153,120</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 90,715,836</b>	<b>\$ 31,227,338</b>	<b>\$ 3,372</b>	<b>\$ 2,984,012</b>	<b>\$ 124,930,558</b>

The notes to financial statements are an integral part of this statement.

**TALBOT COUNTY, MARYLAND**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023**

Net change in fund balances - total Governmental Funds	\$	40,777,438
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlays	14,467,199	
Current year depreciation	<u>(5,388,033)</u>	
Total		9,055,956
<p>Repayment of debt obligations is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.</p>		
Principal payments and retirements of long-term debt		3,384,263
Issuance of debt		(25,024,589)
Accrued interest on long-term debt		(351,060)
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in unamortized bond premium		332,666
Change in deferred debt refunding costs		(108,856)
Change in net other post-employment benefits		(1,108,543)
Change in net pension liability		574,109
Change in compensated absences		<u>(178,729)</u>
Change in net position of Governmental Activities	\$	<u>27,352,655</u>

The notes to financial statements are an integral part of this statement.



# TALBOT COUNTY, MARYLAND

## Statement of Fund Net Position – Business-Type Activities June 30, 2023

	Major Funds				
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	Total
<b>ASSETS</b>					
Current Assets:					
Cash and short-term investments	\$ -	\$ -	\$ 2,539,947	\$ -	\$ 2,539,947
Cash and short-term investments - capital projects	5,708,614	-	-	-	5,708,614
Accounts receivable:					
Accounts receivable, customers	31,501	824,632	508,121	-	1,364,254
Intergovernmental:					
Prepaid items	6,230	94,109	-	32,470	132,809
Inventories	126,698	-	128,338	-	255,036
Total current assets	<u>5,873,043</u>	<u>918,741</u>	<u>3,176,406</u>	<u>32,470</u>	<u>10,000,660</u>
Noncurrent Assets:					
Land	450,000	2,463,800	728,712	-	3,642,512
Construction in progress	1,276,555	1,695,084	1,760,366	-	4,732,005
Buildings and improvements	19,061,588	58,757,530	49,709,380	212,758	127,741,256
Furniture and equipment	4,001,010	5,114,029	2,296,882	1,965,983	13,377,904
Less: accumulated depreciation	(15,732,616)	(31,763,891)	(41,670,187)	(320,733)	(89,487,427)
Total Noncurrent Assets	<u>9,056,537</u>	<u>36,266,552</u>	<u>12,825,153</u>	<u>1,858,008</u>	<u>60,006,250</u>
<b>TOTAL ASSETS</b>	<u>14,929,580</u>	<u>37,185,293</u>	<u>16,001,559</u>	<u>1,890,478</u>	<u>70,006,910</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Loss on refundings	8,802	-	-	-	8,802
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	448,150	787,896	291,176	5,632	1,532,854
Compensated absences	18,821	28,117	12,403	11,002	70,343
Due to other funds	5,338,153	1,720,696	-	1,275,250	8,334,099
Unearned revenue	53,472	-	44,764	-	98,236
Current maturities of long-term debt	339,628	896,496	6,685	348,639	1,591,448
Total current liabilities	<u>6,198,224</u>	<u>3,433,205</u>	<u>355,028</u>	<u>1,640,523</u>	<u>11,626,980</u>
Noncurrent Liabilities:					
Compensated absences	25,877	30,321	12,412	-	68,610
Long-term debt, less current maturities	324,613	11,464,656	207,098	1,052,553	13,048,920
Total noncurrent liabilities	<u>350,490</u>	<u>11,494,977</u>	<u>219,510</u>	<u>1,052,553</u>	<u>13,117,530</u>
<b>TOTAL LIABILITIES</b>	<u>6,548,714</u>	<u>14,928,182</u>	<u>574,538</u>	<u>2,693,076</u>	<u>24,744,510</u>
<b>NET POSITION</b>					
Net investment in capital assets	8,392,296	23,905,400	12,611,370	456,816	45,365,882
Unrestricted (deficit)	(2,628)	(1,648,289)	2,815,651	(1,259,414)	(94,680)
<b>TOTAL NET POSITION</b>	<u>\$ 8,389,668</u>	<u>\$ 22,257,111</u>	<u>\$ 15,427,021</u>	<u>\$ (802,598)</u>	<u>\$ 45,271,202</u>

The notes to financial statements are an integral part of this statement.

# TALBOT COUNTY, MARYLAND

## Statement of Revenue, Expenses and Changes in Fund Net Position – Business-type Activities For the Year Ended June 30, 2023

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
<b>OPERATING REVENUE</b>					
Airport - operations	\$ -	\$ -	\$ 1,554,198	\$ -	\$ 1,554,198
Airport - fuel facility	-	-	4,361,984	-	4,361,984
Airport - hangars	-	-	611,255	-	611,255
Sewer service charges	-	3,779,985	-	-	3,779,985
Sewer connection charges	-	334,092	-	-	334,092
Residential benefit charges	-	16,963	-	-	16,963
Wind/solar renewable energy	-	-	-	-	-
Admissions	268,958	-	-	-	268,958
Room rents	79,442	-	-	-	79,442
Ice revenue	128,324	-	-	-	128,324
Pro shop and concessions	511,339	-	-	-	511,339
Cart rentals	8,315	-	-	-	8,315
Green fees	1,552,020	-	-	-	1,552,020
Other operating	1,168,458	87,895	27,734	387,322	1,671,409
<b>TOTAL OPERATING REVENUE</b>	<b>3,716,856</b>	<b>4,218,935</b>	<b>6,555,171</b>	<b>387,322</b>	<b>14,878,284</b>
<b>OPERATING EXPENSES</b>					
Salaries and related expenses	1,288,431	1,178,349	546,572	269,639	3,282,991
Cost of sales - fuel	-	-	4,027,072	-	4,027,072
Professional fees	19,839	1,702	-	-	21,541
Office	39,665	19,766	40,403	-	99,834
Insurance	(21,831)	29,074	10,513	-	17,756
Contracted services	-	1,131,855	-	-	1,131,855
Repairs and maintenance	336,268	259,845	224,741	148,942	969,796
Utilities	205,181	201,196	259,064	-	665,441
Supplies and equipment	253,186	283,884	3,198	-	540,268
Lessons and programs	95,495	-	-	-	95,495
Concessions	236,876	-	-	-	236,876
Depreciation	1,262,597	2,069,905	2,398,493	213,996	5,944,991
Other operating	131,038	168,005	140,976	185,865	625,884
<b>TOTAL OPERATING EXPENSES</b>	<b>3,846,745</b>	<b>5,343,581</b>	<b>7,651,032</b>	<b>818,442</b>	<b>17,659,800</b>
<b>OPERATING LOSS</b>	<b>(129,889)</b>	<b>(1,124,646)</b>	<b>(1,095,861)</b>	<b>(431,120)</b>	<b>(2,781,516)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	1,254,932	1,335,829	-	2,590,761
Interest income	-	40,845	70,335	-	111,180
Interest expense	(5,555)	(160,706)	(9,217)	-	(175,478)
<b>TOTAL NON -OPERATING REVENUES (EXPENSES)</b>	<b>(5,555)</b>	<b>1,135,071</b>	<b>1,396,947</b>	<b>-</b>	<b>2,526,463</b>
<b>Income (loss) Before Transfers</b>	<b>(135,444)</b>	<b>10,425</b>	<b>301,086</b>	<b>(431,120)</b>	<b>(255,053)</b>
<b>Transfers In</b>	<b>952,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>952,892</b>
<b>Change in Net Position</b>	<b>817,448</b>	<b>10,425</b>	<b>301,086</b>	<b>(431,120)</b>	<b>697,839</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>7,572,220</b>	<b>22,246,686</b>	<b>15,125,935</b>	<b>(371,478)</b>	<b>44,573,363</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 8,389,668</b>	<b>\$ 22,257,111</b>	<b>\$ 15,427,021</b>	<b>\$ (802,598)</b>	<b>\$ 45,271,202</b>

The notes to financial statements are an integral part of this statement.

**TALBOT COUNTY, MARYLAND**

**Statement of Cash Flows – Business-Type Activities  
For the Year Ended June 30, 2023**

	<b>Major Funds</b>				<b>Total</b>
	<b>Recreation Facilities</b>	<b>Sanitary District</b>	<b>Easton Airport</b>	<b>Repurposing Center</b>	
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 3,734,405	\$ 4,028,812	\$ 6,461,936	\$ 387,322	\$ 14,612,475
Cash payments for salaries and related expenses	(1,288,833)	(1,183,931)	(542,345)	(266,206)	(3,281,315)
Cash payments to suppliers	(1,274,149)	(368,827)	(4,563,227)	(440,323)	(6,646,526)
Cash payments for contracted services	-	(1,131,855)	-	-	(1,131,855)
Other receipts	1,188,366	(1,291,154)	-	663,878	561,090
Net Cash (used) provided by operating activities	<u>2,359,789</u>	<u>53,045</u>	<u>1,356,364</u>	<u>344,671</u>	<u>4,113,869</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers from other funds	952,892	-	-	-	952,892
Repayment of advances from other funds	-	-	-	-	-
Intergovernmental revenues	-	1,160,723	1,335,829	-	2,496,552
Net cash provided by noncapital financing activities	<u>952,892</u>	<u>1,160,723</u>	<u>1,335,829</u>	<u>-</u>	<u>3,449,444</u>
<b>Cash flows from capital and related financing activities:</b>					
Principal paid on long-term notes and bonds	(228,830)	(919,575)	(6,411)	(348,639)	(1,503,455)
Interest paid on long-term notes and bonds	(2,621)	(160,705)	(9,217)	-	(172,543)
Proceeds from long-term notes and bonds	-	600,000	-	-	600,000
Acquisition and construction of capital assets	(3,116,496)	(2,171,335)	(2,481,945)	(7,334)	(7,777,110)
Net cash (used) provided by capital and related financing activities	<u>(3,347,947)</u>	<u>(2,651,615)</u>	<u>(2,497,573)</u>	<u>(355,973)</u>	<u>(8,853,108)</u>
<b>Cash flows from investing activities:</b>					
Interest income on investments	-	40,845	70,335	-	111,180
Net cash provided (used) by investing activities	<u>-</u>	<u>40,845</u>	<u>70,335</u>	<u>-</u>	<u>111,180</u>
Increase (Decrease) in Cash and Cash Equivalents	(35,266)	(1,397,002)	264,955	(11,302)	(1,178,615)
Cash and Cash Equivalents at Beginning of Year	5,743,880	1,397,002	2,274,992	-	9,415,874
Cash and Cash Equivalents at End of Year	<u>\$ 5,708,614</u>	<u>\$ -</u>	<u>\$ 2,539,947</u>	<u>\$ (11,302)</u>	<u>\$ 8,237,259</u>

The notes to financial statements are an integral part of this statement.

**TALBOT COUNTY, MARYLAND**

**Statement of Cash Flows – Business-Type Activities  
For the Year Ended June 30, 2023**

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
<b>Reconciliation of operating loss to net cash (used)</b>					
<b>Provided by operating activities:</b>					
Operating loss	\$ (129,889)	\$ (1,124,646)	\$ (1,095,861)	\$ (431,120)	\$ (2,781,516)
Adjustments to reconcile operating loss to net cash (used) provided by operating activities					
Depreciation	1,262,597	2,069,905	2,398,493	213,996	5,944,991
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable, customers	5,039	(190,123)	(86,259)	-	(271,343)
(Increase) decrease in inventories	(44,460)	-	124,752	-	80,292
(Increase) decrease in prepaids	(636)	-	-	(32,470)	(33,106)
Increase (decrease) in accounts payable	66,664	594,645	17,988	(73,046)	606,251
(Decrease) increase in compensated absences	(402)	(5,582)	4,227	3,433	1,676
(Decrease) increase in due to other funds	1,188,366	(1,291,154)	-	663,878	561,090
Increase (Decrease) in unearned revenue	12,510	-	(6,976)	-	5,534
Net cash (used) provided by operating activities	<u>\$ 2,359,789</u>	<u>\$ 53,045</u>	<u>\$ 1,356,364</u>	<u>\$ 344,671</u>	<u>\$ 4,113,869</u>

The notes to financial statements are an integral part of this statement.

**TALBOT COUNTY, MARYLAND**

**Statement of Fiduciary Net Position – Fiduciary Fund  
June 30, 2023**

	<b>Other Post-Employment Benefits Trust Fund</b>
	<u>                    </u>
<b>ASSETS</b>	
Cash and equivalents	\$      976,979
Investments in pooled fund, at fair market value	
Debt securities	4,068,950
Fixed income funds	698,537
Mutual and global funds	7,324,258
International	2,093,828
<b>TOTAL ASSETS</b>	<u>15,162,552</u>
<b>LIABILITIES</b>	
Accrued expenses	<u>22,286</u>
<b>NET POSITION</b>	
Net Position Restricted for OPEB	<u>\$     15,140,266</u>

The notes to financial statements are an integral part of this statement.

# TALBOT COUNTY, MARYLAND

## Statement of Changes in Fiduciary Net Position – Fiduciary Fund For the Year Ended June 30, 2023

	<u>Other Post - Employment Benefits Trust Fund</u>
<b>ADDITIONS:</b>	
Investment earnings	
Interest	\$ 328,168
Net depreciation in the fair value of investments	1,183,758
Less: investment expenses	<u>8,318</u>
Net investment income	<u>1,503,608</u>
<b>Total additions</b>	<u>1,503,608</u>
<b>DEDUCTIONS:</b>	
Administrative expenses	<u>69,485</u>
<b>Total deductions</b>	<u>69,485</u>
<b>Change in net position</b>	1,434,123
<b>Net position restricted for OPEB - beginning of year</b>	<u>13,706,143</u>
<b>Net position restricted for OPEB - end of year</b>	<u>\$ 15,140,266</u>

The notes to financial statements are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 1. REPORTING ENTITY

Talbot County, Maryland (the “County”) is governed by a County Council; its offices are located in Easton, Maryland. The County directly provides all basic local governmental services.

The financial statements of the County are prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative literature. The following is a summary of the significant policies.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Financial Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

The component unit columns contain the financial data of the County’s two discretely presented component units – the Board of Education of Talbot County and the Talbot County Free Library. They are reported in separate columns to emphasize that they are legally separate from the County. Although these organizations are legally separate entities and have separately elected or appointed governing boards, they are included in the financial statements of the County because the County is financially accountable for each organization. Separately issued financial statements can be obtained from the following:

Board of Education of Talbot County  
12 Magnolia Street  
Easton, MD 21601

Talbot County Free Library  
Association, Inc.  
100 W. Dover Street  
Easton, MD 21601

The *Board of Education of Talbot County (BOE)* is a separately elected body that administers the public school system in the County. The BOE is organized as a separate legal entity but does not have the power to levy taxes or issue bonds. The BOE’s budget is subject to approval by the County Council, and the BOE receives a significant portion of its operational and capital project funding from the County.

The *Talbot County Free Library Association, Inc. (TCFL)* is a separately appointed body that administers the public library system in the County. The TCFL is organized as a separate legal entity, but does not have the power to levy taxes or issue bonds. The County owns and/or maintains most of the TCFL facilities and provides a significant portion of its operational funding. The Library’s financial statements include as a component unit the financial data of the Foundation. The Foundation is a separate legal entity from the library.



# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

#### Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Fiduciary funds are not included within the government-wide financial statements.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

#### Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

#### C. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The County maintains three categories of funds: governmental, proprietary and fiduciary.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Fund Accounting (continued)

##### Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund: The General Fund is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Capital Projects Fund: The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by proprietary funds.

Grants Fund: The Grants Fund accounts for the receipt, appropriation, and expenditure of federal, state, local, and private monies designated for a particular purpose or have specific requirements associated with an eligible program cost.

In addition, the County has three non-major governmental funds, the Developmental Impact Fund, Talbot Family Network, and the Narcotics Task Force.

##### Proprietary Fund Types

Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise funds.

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the County's major enterprise funds:

Recreation Facilities Fund: The Recreation Facilities Fund is used to account for the operations of the County owned golf course and community center.

Sanitary District Fund: The Sanitary District Fund is used to account for the operations of the County's wastewater treatment plants, onsite sewage disposal systems, and bio-solids utilization facilities.

Easton Airport Fund: The Easton Airport Fund is used to account for the operations of the County owned airport.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Fund Accounting (continued)

##### Fiduciary Fund Types

Fiduciary funds account for assets held by the County in a trustee capacity for others and therefore are not available to support County programs.

Other Post-Employment Benefits (“OPEB”) Trust Fund: The OPEB Trust Fund is used to account for assets that are required to be held in trust for the members and beneficiaries of the postemployment benefit plan.

#### D. Measurement Focus

##### Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position.

##### Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions – Revenues resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to pay liabilities of the current fiscal year. For the County, available is defined as collected within 30 days of the fiscal year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include primarily grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursable basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis of accounting, the following revenue sources are considered both measurable and available at year end: local and state-shared taxes, special assessments, intergovernmental revenues, interest revenue, and charges for services. Licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Unearned Revenue - Unearned revenues arise when assets are received before the revenue recognition criteria have been satisfied.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus on governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### F. Budgetary Process

The County and Board of Education follow these procedures in establishing the budgetary data:

The County Manager and the Board of Education submit a proposed operating budget for their respective general and capital projects funds annually to the County Council.

A minimum of two public hearings are conducted to obtain taxpayer comments.

On or before June 1, the County's budget is legally enacted through passage of an ordinance by the County Council. The budget is required to be balanced as to proposed revenues and expenditures.

The County's legal level of budgetary control is at the general classification of expenditure level (personnel, operating, capital outlay, debt service, etc.). The County Manager is authorized to make transfers between general classifications of expenditures within the same department and fund. Transfers between departments can be made only with the approval of the County Council. All unexpended and unencumbered appropriations in the general fund lapse at the end of the fiscal year. However, no appropriation for a capital project may lapse until the purpose for which the appropriation was made is accomplished or abandoned. A capital project is abandoned if three fiscal years elapse without any expenditure.

Formal budgets are employed as a management control device during the year for the general, capital projects, special revenue, and enterprise funds. Annual budgets are legally adopted and presented in the combined statement of revenues and expenditures - budget and actual for the general fund, capital projects fund and special revenue funds of the Primary Government.

Budgets are prepared and adopted on a basis consistent with generally accepted accounting principles.

The general fund, capital projects fund, and special revenue fund budgeted amounts reflect the originally adopted and approved budget and the revised budget by the County Council. The budgeted amounts for the Board of Education and Library are not presented in these financial statements.

There were no supplemental appropriations for the County.

#### G. Cash and Short-Term Investments

For the purpose of the statement of cash flows, overnight investment accounts, stated at cost, and certificates of deposit maturing in three months or less, are considered to be cash equivalents.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### H. Property Tax

Taxes are levied annually on July 1 and are due in full by September 30 for non-owner occupied and non-small business properties. Owner occupied and small business property taxes are due in two equal semi-annual installments on September 30 and December 31, respectively. Property taxes are attached as an enforceable lien and are in arrears on October 1 for non-owner occupied and non-small business properties and January 1 for owner occupied and small business properties. The County bills and collects its own taxes. County property tax revenues are recognized when collected.

#### I. Inventory and Prepaid Items

Inventories, consisting of expendable items held for consumption, are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Inventories of the enterprise funds are stated at the lower of cost or market on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future periods and are recorded by the purchase method as prepaid items in both government-wide and fund financial statements.

#### J. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are reported at acquisition value as of the date received. The County maintains a capitalization threshold of three hundred dollars. Public domain (infrastructure) general governmental capital assets such as roads surface, bridges, streets and sidewalks are capitalized and depreciated. Road base infrastructure is not depreciated. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not.

All reported capital assets except land, road base infrastructure, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over estimated useful asset lives, which are as follows:

- Buildings and infrastructure 7 – 40 years
- Sewer plants, lines, and improvements 10 – 50 years
- Equipment 3 – 15 years

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### K. Compensated Absences

County employees earn annual leave based on length of service. Annual leave accumulates, and any unused portion is paid upon termination. County employees may accumulate a maximum of 30 days of annual leave. Twelve-month employees of the Board of Education earn annual leave at varying rates dependent upon position and length of service. Annual leave generally must be taken by June 30 each year. For support staff, up to ten days may be transferred to the next fiscal year. For administrative staff, up to 20 days may be transferred to the next fiscal year.

Sick leave for all County employees is earned at a rate of ten days per year. Board of Education employees earn sick leave at varying rates depending upon position and utilization. There is no limit on accumulated sick leave. At termination, employees are not paid for accumulated sick leave; however, at retirement, a portion may be used as additional credited service under the retirement plan.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

#### L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full, from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

#### M. Net Position

Net position represents the difference between assets plus deferred inflows of resources and liabilities plus deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### M. Net Position (continued)

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### N. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that period. The County recognizes deferred outflows of resources related to its advance refunding of debt and also recognizes a deferred outflow of resources related to pension and OPEB for changes in assumptions and contributions subsequent to the measurement date. These amounts are deferred and recognized as an outflow from resources in the period that the amounts become available.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The County recognizes a deferred inflow of resources related to pension and OPEB for the net difference between projected and actual investment earnings on pension plan investments. This item is deferred and recognized as an inflow from resources in the period that the amounts become available.

The deferred outflows and inflows of resources represent reconciling items between the governmental fund financial statements and the government-wide financial statements.

#### O. Fund Balance Reserves

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can only be spent for specific purposes because of the County charter or code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes imposed by the County Council. The Council may establish, modify, or rescind a fund balance commitment by voting on a motion made by any Council Member and approved by the majority of the Council Members at a County Council meeting.



# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### O. Fund Balance Reserves (continued)

Assigned – Amounts designated by the County Council to be used for specific purposes, but are neither restricted nor committed. Section 202 of the Talbot County Charter outlines the specific powers delegated to the Council.

Unassigned – Amounts in the General Fund not included in other spendable classifications. Nonspendable fund balances consist of prepaid amounts.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

#### P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for recreational activities, sewer, and airport. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

#### Q. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### R. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances."

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 3. DEPOSITS AND INVESTMENTS

#### A. Deposits

##### Primary Government

Deposits are maintained in a variety of financial institutions. Statutes authorized the County Council to invest unexpended revenues from taxation, bond sales, lawful distributions to it of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purpose, in United States Government bonds or evidence of indebtedness, the Maryland Local Government Investment Pool, or to invest in federally insured banking institutions which pledge United States Treasury bills, notes or other obligations to secure such deposits.

As of June 30, 2023, the County Primary Government had deposits of \$136,833,382 with local banks (carrying value \$135,865,929). Of those deposits, \$250,000 was insured by federal depository insurance (FDIC). As required by law, a depository is required to pledge securities, in addition to FDIC insurance, at least equal to the amount on deposit at all times. At June 30, 2023, all deposits were fully insured or collateralized with securities pledged in the County's name. Petty cash totaled \$18,295 as of June 30, 2023.

##### Board of Education

As of June 30, 2023, the reported amount of the Board's bank deposits (carrying value) was \$16,187,050 and the bank balance was \$16,888,329. These balances include \$716,332 of fiduciary cash and MLGIP of \$10,993,520. The cash in the bank was covered by federal depository insurance or by collateral held by the pledging bank's trust department in the Board's name.

##### Library

As of June 30, 2023, the Library had deposits totaling \$316,096 (carrying value \$244,656), which were fully insured by federal depository insurance issued by the Federal Depository Insurance Corporation (FDIC).

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments

##### Primary Government

The County is a participant in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the State of Maryland a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 §22G of the Annotated Code of Maryland. The MLGIP is managed by PNC Capital Advisors, LLC and custodied by PNC Bank, N.A., which is under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants has been formed to review the activities of the Fund on a semi-annual basis and provide suggestions to enhance the pool. The MLGIP portfolio is managed in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. The MLGIP is rated AAAM by Standard and Poor's. The fair value of the pool is the same as the value of the pool shares. As of June 30, 2023, the County had investments in MLGIP of \$21,083,586, which are recorded at cost, which approximates fair value and is recorded as a short-term investment on the accompanying financial statements.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's exposure to credit risk on deposits is minimal, as all deposits are in the form of cash fully insured by the FDIC or collateralized by securities pledged in the County's name. The County minimizes its exposure to credit risk on investments by limiting its investments to U.S. Treasury obligations and MLGIP.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the County manages its investment time horizons by averaging investment maturities and chooses to disclose its exposure to interest rate changes using the weighted average maturity method. Generally, the County limits its weighted average maturity of its investment portfolio to less than 12 months.

As of June 30, 2023, the County had the following short-term investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (months)</u>
MLGIP	\$ 21,083,586	<2

The Post-Employment Benefits Trust Fund investments are invested in the Maryland Association of Counties Pooled OPEB Trust (MACO Trust). The MACO Trust is administered by Davenport & Company LLC, and is a wholly-owned instrumentality of its members. The following fifteen members who are the active sole contributors to the Trust consist of the following: Allegany, Queen Anne's, Kent and Talbot County, City of Annapolis, College of Southern Maryland, Town of Bel Air, Talbot and Queen Anne's County Boards of Education, St. Mary's County Metropolitan Commission, Harford Community College, Harford and Queen Anne's County Public Libraries, and LaVale Sanitary Commission.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

The assets of the Trust are managed by a Board of Trustees and consist of U.S. Treasury obligations, U.S. government agencies, corporate and foreign bonds, municipal obligations, taxable fixed income securities, mutual funds, global funds, and international equity securities.

Cash and cash equivalents for the MACO Trust include an investment in a money market mutual fund. At June 30, 2023, the weighted average maturity (WAM) for the Trust's money market mutual fund was 26 days. At June 30, 2023, the short-term rating of the money market mutual fund was AAAM by Standard & Poor's.

The main objectives of the Trust's investment policy are the protection of investment principal and maximizing investment income through diversification while assuring financial liquidity. The policy allows for investment in U.S. and Non-U.S. equities, corporate, government, or government agency bonds, non U.S. bonds, real estate and limited partnerships.

The Trust categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transaction.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis. Following is a description of the valuation methodologies used for assets measured at fair value.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Trust has the following recurring fair value measurements as of June 30, 2023, of which Talbot County's portion was approximately 22% of the total:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by fair value level:				
Debt Securities				
U.S. Treasury Obligations	\$ -	\$ 4,007,795	\$ -	\$ 4,007,795
U.S. Governmental Agencies	-	5,416,513	-	5,416,513
Corporate & Foreign Bonds	-	8,955,988	-	8,955,988
Municipal Obligations	-	1,663,794	-	1,663,794
Equity and Mutual Fund Investments				
Taxable Fixed Income Securities	-	3,441,069	-	3,441,069
Mutual Funds	29,745,434	-	-	29,745,434
Global Funds	6,334,654	-	-	6,334,654
International Funds	10,314,422	-	-	10,314,422
Total	<u>\$ 46,394,510</u>	<u>\$ 23,485,159</u>	<u>\$ -</u>	<u>\$ 69,879,669</u>

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust's investment policy states that the duration of the portfolio should be within 6 months of the Barclays Capital Aggregate Bond Index. The Trusts' weighted average years to maturity as of June 30, 2023 was 17.54 years.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Trust's investments by maturity as of June 30, 2023:

	<u>Investment Maturities (in Years)</u>				<u>Total</u>
	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>	
Investments with maturities					
U.S. Treasury Obligations	\$ -	\$ 751,325	\$ 1,077,758	\$ 2,178,712	\$ 4,007,795
U.S. Governmental Agencies	53,881	-	658,947	4,703,685	5,416,513
Corporate & Foreign Bonds	673,235	1,993,047	2,600,937	3,688,769	8,955,988
Municipal Obligations	-	56,086	95,147	1,512,561	1,663,794
Total	<u>\$ 727,116</u>	<u>\$ 2,800,458</u>	<u>\$ 4,432,789</u>	<u>\$ 12,083,727</u>	<u>\$ 20,044,090</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

*Credit Risk.* The Trust is exposed to both market risk, the risk arising from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract. The Trust bears the risk of loss only to the extent of the fair value of the respective investments. At June 30, 2023, the ratings of the underlying investments of the Trust's investments were as follows:

Type	Rating					Total
	Aaa	Aa1/Aa2/Aa3	A1/A2/A3	Baa1/Baa2/Baa3	Not Rated	
U.S. Treasury Obligations	\$ 3,934,696	\$ -	\$ 73,099	\$ -	\$ -	\$ 4,007,795
U.S. Governmental Agencies	53,881	-	-	-	5,362,632	5,416,513
Corporate & Foreign Bonds	175,857	2,089,107	4,079,813	2,202,399	408,812	8,955,988
Municipal Obligations	405,761	1,032,502	86,328	-	139,203	1,663,794
Total	<u>\$ 4,570,195</u>	<u>\$ 3,121,609</u>	<u>\$ 4,239,240</u>	<u>\$ 2,202,399</u>	<u>\$ 5,910,647</u>	<u>\$ 20,044,090</u>

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Trust's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

The Trust has all of its assets on deposit with Wilmington Trust Company in connection with its investing and cash management activities. In the event of a financial institution's insolvency, recovery of Trust assets on deposit may be limited to account insurance or other protection afforded such deposits.

The following summarizes custodial credit risk related to investments held by the custodian as of June 30, 2023, which are uninsured and unregistered:

	<b>Fair Value</b> <b>June 30, 2023</b>
U.S. Treasury Obligations	\$ 4,007,795
U.S. Governmental Agencies	5,416,513
Corporate & Foreign Bonds	8,955,988
Municipal Obligations	1,663,794
Taxable Fixed Income Securities	3,441,069
Mutual Funds	29,745,434
Global Funds	6,334,654
International	10,314,422
Total	<u>\$ 69,879,669</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

*Concentration of credit risk.* The following general asset allocation guidelines have been established through the Trust's investment policy.

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Equities	50%	70%	65%
Fixed Income	30%	50%	35%
Cash and Equivalents	0%	10%	0%

The Trust held the following investments as of June 30, 2023 that exceeded 5% of the total investment balances as of June 30, 2023:

<u>Name</u>	<u>Amount</u>
Vanguard 500 Index CL ADML	\$ 10,924,126
New World Fund-R6	6,334,654
Vanguard Mid Cap Index-ADM	5,359,261
Vanguard Russel 1000 GR-IS	5,280,933
Lazard INTL Strategic Equity FD CL-I	5,202,525
Transamerica TS&W INTL EQ-IS	5,111,897
Fuller & Thaler Behavioral SC GR R6	4,653,901
Cohen & Steers Realty INCM-I	3,527,213

*Foreign Currency Risk* is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The Trust was not exposed to foreign currency risk as of June 30, 2023, as the Trust did not have any investments denominated in foreign currencies.

#### Capital Accounts

The Trust accounts for contributions, allocations and redemptions on a per member capital account basis. The revenues, consulting and management fees, and administrative service fee are allocated pro rata to capital accounts of each member based on committed capital.

#### Board of Education

The Board is also authorized to invest in the MLGIP, where deposits are recorded at cost. Due to the nature of the MLGIP investment it is considered a cash equivalent. MLGIP is not covered by FDIC, but it is collateralized by United States Treasury instruments. The Maryland State Treasurer oversees the MLGIP. As of June 30, 2023, the Board had investments in MLGIP of \$10,993,520.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

##### Library

The library follows the adopted investment policy of the County. The Foundation does not have restrictions placed on the type of investments it owns.

With regard to the Foundation's investments, custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investments are not collateralized and, therefore, are subject to credit and/or custodial risk. Concentration of credit risk is the risk of loss attributed to an investment in a single issuer. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Presented in the chart below are the investment maturities. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value. The investments below include some holdings with foreign currency risk.

As of June 30, 2023, the Foundation's investments consisted of the following:

Investment Type	Fair Value	% of Total	Investment Maturities (in Years)			
			Less than 1	1-5	6-10	Total
Cash and bank sweep	\$ 54,112	2%	\$ 54,112	\$ -	\$ -	\$ 54,112
Money market	37,646	1%	37,646	-	-	37,646
Fixed income:						
US Treasury	154,925	6%	125,794	29,131	-	154,925
Corporate bonds	675,924	24%	29,596	313,587	332,741	675,924
Equities	1,266,975	45%	1,266,975	-	-	1,266,975
Exchange traded funds	531,763	19%	531,763	-	-	531,763
Equity funds	37,296	1%	37,263	-	-	37,263
Other assets	50,210	2%	50,210	-	-	50,210
Total	<u>\$ 2,808,851</u>	<u>100%</u>	<u>\$ 2,133,359</u>	<u>\$ 342,718</u>	<u>\$ 332,741</u>	<u>\$ 2,808,818</u>

Fair Value Measurement – investments are measured at and reported at fair value, and are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.



# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

##### Library (continued)

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

Cash and bank sweep, money market funds, fixed income, and equities are classified as Level 1 of the fair value hierarchy.

### 4. INTERFUND RECEIVABLES AND PAYABLES

As a result of its operations, the County affects a variety of transactions between funds to finance operations, service debt, etc. Accordingly, to the extent that certain interfund transactions have not been paid or received as of June 30, 2023, appropriate due from/to other funds have been established.

Interfund transactions are classified as follows:

- Transfers to support the operations of other funds are recorded as “Transfers in (out) to other funds” and classified as “Other Financing Sources (Uses)” in the fund statements. Transfers between governmental and proprietary funds are netted as part of the reconciliation of the Government-wide financial statements.
- Loans between funds are classified as Interfund loans receivable and payable or as advances to and from other funds in the fund statements.

Loans and advances are netted as part of the reconciliation of the Government-wide financial statements.

During 2023, to support operations, the general fund transferred \$887,892 to the recreation fund and \$3,000,000 to capital projects. In addition, to support operations, the developmental impact fund transferred \$65,000 to the recreation fund.

Due from/to other funds balances as of June 30, 2023 were as follows:

<u>Primary Government</u>	<u>Purpose</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	Transfers	\$ 8,334,099	\$ -
Enterprise Fund - Recreation Facilities	Transfers	-	5,338,153
Enterprise Fund - Sanitary District	Transfers	-	1,720,696
Enterprise Fund - Repurposing Center	Transfers	-	1,275,250
		<u>\$ 8,334,099</u>	<u>\$ 8,334,099</u>

The amounts payable from all Enterprise Funds to the General Fund are to cover temporary cash shortages.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2023 is as follows:

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Transfers and Reductions</b>	<b>Balance June 30, 2023</b>
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 10,056,446	\$ -	\$ -	\$ 10,056,446
Infrastructure - road base	24,682,285	-	-	24,682,285
Construction in progress	154,204	11,005,956	(22,980)	11,137,180
<b>Total Nondepreciable Capital Assets</b>	<b>34,892,935</b>	<b>11,005,956</b>	<b>(22,980)</b>	<b>45,875,911</b>
Depreciable Capital Assets:				
Buildings and improvements	55,559,295	1,029,744	(13,100)	56,575,939
Infrastructure	21,318,731	304,814	-	21,623,545
Furniture and equipment	32,788,710	2,126,685	(9,793,652)	25,121,743
<b>Total capital assets being depreciated</b>	<b>109,666,736</b>	<b>3,461,243</b>	<b>(9,806,752)</b>	<b>103,321,227</b>
Less accumulated depreciation for:				
Buildings and improvements	33,445,488	2,909,312	(13,100)	36,341,700
Infrastructure	12,158,800	985,452	-	13,144,252
Furniture and equipment	26,594,528	1,493,269	(9,793,422)	18,294,375
<b>Total accumulated depreciation</b>	<b>72,198,816</b>	<b>5,388,033</b>	<b>(9,806,522)</b>	<b>67,780,327</b>
<b>Total depreciable Capital Assets, Net</b>	<b>37,467,920</b>	<b>(1,926,790)</b>	<b>(230)</b>	<b>35,540,900</b>
<b>Total Governmental Activities, Net</b>	<b>\$ 72,360,855</b>	<b>\$ 9,079,166</b>	<b>\$ (23,210)</b>	<b>\$ 81,416,811</b>
	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Transfers and Reductions</b>	<b>Balance June 30, 2023</b>
<b>Business-Type Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 2,956,046	\$ 686,466	\$ -	\$ 3,642,512
Construction in progress	2,002,328	3,773,149	(1,043,471)	4,732,006
<b>Total Nondepreciable Capital Assets</b>	<b>4,958,374</b>	<b>4,459,615</b>	<b>(1,043,471)</b>	<b>8,374,518</b>
Depreciable Capital Assets:				
Buildings and improvements	125,211,653	2,833,509	(303,906)	127,741,256
Furniture and equipment	12,492,311	1,527,459	(641,866)	13,377,904
<b>Total capital assets being depreciated</b>	<b>137,703,964</b>	<b>4,360,968</b>	<b>(945,772)</b>	<b>141,119,160</b>
Less accumulated depreciation for:				
Buildings and improvements	78,332,131	4,876,356	(304,003)	82,904,484
Furniture and equipment	6,156,175	1,068,635	(641,866)	6,582,944
<b>Total accumulated depreciation</b>	<b>84,488,306</b>	<b>5,944,991</b>	<b>(945,869)</b>	<b>89,487,428</b>
<b>Total depreciable Capital Assets, Net</b>	<b>53,215,658</b>	<b>(1,584,023)</b>	<b>97</b>	<b>51,631,732</b>
<b>Total Business-Type Activities, Net</b>	<b>\$ 58,174,032</b>	<b>\$ 2,875,592</b>	<b>\$ (1,043,374)</b>	<b>\$ 60,006,250</b>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 975,055
Public Safety	2,312,836
Public Works	1,804,842
Recreation	295,300
Total Depreciation Expense - Governmental Activities	<u>\$ 5,388,033</u>

A summary of changes in capital assets for the component units at June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Transfers and Reductions	Balance June 30, 2023
<b>Component Units</b>				
<b>Board of Education</b>				
Nondepreciable Capital Assets:				
Land	\$ 624,446	\$ -	\$ -	\$ 624,446
Buses Not in Service	606,016	-	(606,016)	-
Construction in progress	3,692,848	5,000	(3,692,848)	5,000
Total Nondepreciable Capital Assets	<u>4,923,310</u>	<u>5,000</u>	<u>(4,298,864)</u>	<u>629,446</u>
Depreciable Capital Assets:				
Buildings and improvements	135,525,289	550,197	3,569,264	139,644,750
Furniture and equipment	31,262,525	2,302,992	(725,453)	32,840,064
Total capital assets being depreciated	<u>166,787,814</u>	<u>2,853,189</u>	<u>2,843,811</u>	<u>172,484,814</u>
Less accumulated depreciation for:				
Buildings and improvements	(46,791,481)	(3,229,424)	-	(50,020,905)
Furniture and equipment	(25,531,282)	(1,758,825)	1,455,053	(25,835,054)
Total accumulated depreciation	<u>(72,322,763)</u>	<u>(4,988,249)</u>	<u>1,455,053</u>	<u>(75,855,959)</u>
Total depreciable Capital Assets, Net	<u>94,465,051</u>	<u>(2,135,060)</u>	<u>4,298,864</u>	<u>96,628,855</u>
Intangible right-to-use assets:				
Leased equipment	422,610	54,182	-	476,792
Less accumulated depreciation	(241,297)	(91,397)	-	(332,694)
Total intangible right-to-use assets, net	<u>181,313</u>	<u>(37,215)</u>	<u>-</u>	<u>144,098</u>
Capital assets, net	<u>\$ 99,569,674</u>	<u>\$ (2,167,275)</u>	<u>\$ -</u>	<u>\$ 97,402,399</u>
	Balance June 30, 2022	Additions	Transfers and Reductions	Balance June 30, 2023
<b>Library</b>				
Nondepreciable Capital Assets:				
Construction in progress	\$ 52,264	\$ 83,472	\$ (33,350)	\$ 102,386
Total Nondepreciable Capital Assets	<u>52,264</u>	<u>83,472</u>	<u>(33,350)</u>	<u>102,386</u>
Depreciable Capital Assets:				
Circulation materials	706,421	110,040	(91,985)	724,476
Buildings and improvements	465,898	-	-	465,898
Furniture and equipment	620,316	84,676	33,350	738,342
Total capital assets being depreciated	<u>1,792,635</u>	<u>194,716</u>	<u>(58,635)</u>	<u>1,928,716</u>
Less accumulated depreciation for:				
Total depreciable Capital Assets, Net	<u>1,390,203</u>	<u>170,791</u>	<u>(91,985)</u>	<u>1,469,009</u>
Total depreciable Capital Assets, Net	<u>402,432</u>	<u>23,925</u>	<u>33,350</u>	<u>459,707</u>
Intangible right-to-use assets:				
Leased equipment	43,702	-	-	43,702
Less accumulated depreciation	(10,926)	(8,741)	-	(19,667)
Total intangible right-to-use assets, net	<u>32,776</u>	<u>(8,741)</u>	<u>-</u>	<u>24,035</u>
Net intangible right-to-use assets:	<u>\$ 32,776</u>	<u>\$ (8,741)</u>	<u>\$ -</u>	<u>\$ 24,035</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 6. LONG-TERM DEBT

The following is a summary of long-term debt at June 30, 2023:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due in One Year</u>
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Shore Erosion (Black Walnut Point); total authorized borrowing \$160,000, to be repaid in 15 annual payments of \$9,100, no interest, beginning July 1, 2011.	\$ 36,400	\$ -	\$ 9,100	\$ 27,300	\$ 9,100
Chesapeake College Bond of 2003; original issue \$180,000, a contractual liability payable to Queen Anne's County, the registered owner, payable in annual principal installments from \$5,559 to \$13,434; interest payable annually at rates from 4.83% to 5.4%.	13,435	-	13,435	-	-
Public Improvement Bonds of 2022; original issue \$23,810,000, payable annually in principal payments ranging from \$500,000 to \$1,795,000 through 2043; interest payable semi-annually at rates from 4.25% to 5%.	-	23,810,000	-	23,810,000	500,000
Shore Erosion control Loan (Neavitt Landing); total borrowing of \$82,032, to be repaid in 10 equal annual payments, no interest, beginning in 2015 after completion of the project.	34,476	-	8,619	25,857	8,619
Chesapeake College Bonds of 2014; original issue \$1,760,000, a contractual liability payable to Queen Anne's County, the registered owner; payable in annual principal installments from \$61,313 to \$124,198 through April 1, 2034; interest payable semi-annually.	1,213,292	-	80,965	1,132,327	84,109
Emergency radio system equipment financing agreement; original amount of \$6,716,277, to be repaid in eight annual payments of \$967,815 which include principal and interest at a rate of 3.273% through October 1, 2022.	937,144	-	937,144	-	-
Public Facilities Bonds of 2020; original issue \$21,775,000, payable annually in principal payments ranging from \$690,000 to \$1,440,000 through July 1, 2040; interest payable semiannually at rates from 2.0% to 5.00%.	21,085,000	-	725,000	20,360,000	765,000
Public Improvement Refunding Bonds of 2015; original issue \$15,206,400, payable annually in principal payments ranging from \$150,000 to \$1,645,000 through December 15, 2027; interest payable semi-annually at rates from 2% to 5%.	8,715,000	-	1,610,000	7,105,000	1,665,000
	<u>32,034,747</u>	<u>23,810,000</u>	<u>3,384,263</u>	<u>52,460,484</u>	<u>3,031,828</u>
Unamortized bond premium	3,332,220	1,214,589	332,666	4,214,143	-
Compensated absences	1,236,771	1,336,759	1,158,030	1,415,500	467,115
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 36,603,738</u>	<u>\$ 26,361,348</u>	<u>\$ 4,874,959</u>	<u>\$ 58,090,127</u>	<u>\$ 3,498,943</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 6. LONG-TERM DEBT (continued)

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due in One Year</u>
<b>Business-type Activities:</b>					
<b>Recreation Facilities</b>					
Golf Course Equipment lease of 2019; original issue \$5,387 payable in monthly payments of \$128, which include principal and interest at a rate of 6.05% payable through May 30, 2023.	\$ 1,373	\$ -	\$ 1,373	\$ -	\$ -
Golf Course equipment financed purchase; original issue of \$251,935, payable in monthly payments of \$3,555 which include principal and interest at a rate of 3.5% with one final payment of \$107,500 through August 1, 2020.	240,548	-	60,920	179,628	179,628
Public Improvement and Refunding Bonds of 2010; original issue \$630,945, payable annually in principal payments ranging from \$5,590 to \$72,300 through May 2022; interest payable semi-annually at rates from 2% to 5%.	-	-	-	-	-
Public Improvement Refunding Bonds of 2015; original issue \$1,441,300, payable annually in principal payments ranging from \$90,000 to \$180,000 through December 15, 2025; interest payable semi-annually at rates from 2% to 5%.	605,000	-	155,000	450,000	160,000
Unamortized bond premium	46,150	-	11,537	34,613	-
Total Recreation Facilities	<u>\$ 893,071</u>	<u>\$ -</u>	<u>\$ 228,830</u>	<u>\$ 664,241</u>	<u>\$ 339,628</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 6. LONG-TERM DEBT (continued)

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due in One Year</u>
<b>Business-type Activities (continued):</b>					
<b>Sanitary District</b>					
Water Quality Bonds of 2006; Total authorized borrowing of \$10,212,981; \$9,975,333 borrowed to date, loan to be repaid in level principal and interest payments over 20 years beginning February 2008; interest at 0.4%.	\$ 2,392,543	\$ -	\$ 521,847	\$ 1,870,696	\$ 523,934
Farmers Home Administration Bond; Royal Oak, Newcomb Wastewater System; original issue \$571,000, payable quarterly in payments of \$9,479 through March 2024, including interest at 5.25%.	58,018	-	49,942	8,076	8,076
Farmers Home Administration Bond; Unionville/Tunis Mills/Copperville Wastewater System Bond of 2001; original issue \$186,000, payable quarterly in payments of \$2,833 through May 2030, including interest at 4.5%.	75,760	-	8,055	67,705	8,423
Improvement Bond of 2019; original issue \$1,452,000, payable quarterly in principal payments ranging from \$8,631 to \$16,329 through July 25, 2049; interest payable quarterly at 2.125%.	1,353,896	-	37,155	1,316,741	37,876
Martingham Pump Station and Force Main Consolidated Public Improvement Bonds of 2016; original issue \$2,575,000, payable quarterly in payments of \$26,240 through December 15, 2046, including interest at 1.375%.	2,178,366	-	75,395	2,102,971	76,359
Bio-Solids Facility Consolidated Public Improvement Bonds of 2016; original issue \$5,975,000, payable quarterly in payments of \$60,886 through December 15, 2046, including interest at 1.375%.	5,042,731	-	174,940	4,867,791	177,177
Bio-Solids Facility Consolidated Public Improvement Bonds of 2018; original issue \$1,786,000, payable quarterly in payments of \$80,598 through November 16, 2047, including interest at 1.375% to 2.215%.	1,579,413	-	48,392	1,531,021	49,259
USDA - 2021 Region II Belt Filter Press; original issue \$600,000, payable quarterly in payments of \$6,438 through 2053, including interest at 3.625%	-	600,000	3,849	596,151	15,392
	-	-	-	-	-
<b>Total Sanitary District</b>	<u>\$ 12,680,727</u>	<u>\$ 600,000</u>	<u>\$ 919,575</u>	<u>\$ 12,361,152</u>	<u>\$ 896,496</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 6. LONG-TERM DEBT (continued)

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due in One Year</u>
<b>Business-type Activities (continued):</b>					
<b>Easton Airport</b>					
Consolidated Public Improvement Bonds, Series 2013; original issue \$265,000, payable monthly in principal and interest payments of \$1,304 through December 4, 2042; interest is payable at 4.25% per annum.	\$ 220,194	\$ -	\$ 6,411	\$ 213,783	\$ 6,685
Total Easton Airport	<u>220,194</u>	<u>-</u>	<u>6,411</u>	<u>213,783</u>	<u>6,685</u>
<b>Repurposing Center</b>					
Equipment Financed Purchase of 2022	1,738,529	-	337,337	1,401,192	348,639
Total Repurposing Center	<u>1,738,529</u>	<u>-</u>	<u>337,337</u>	<u>1,401,192</u>	<u>348,639</u>
Compensated absences	137,278	107,602	105,927	138,953	70,343
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 15,669,799</u>	<u>\$ 707,602</u>	<u>\$ 1,598,080</u>	<u>\$ 14,779,321</u>	<u>\$ 1,661,791</u>

The bonds outstanding as of June 30, 2023 for the primary government's governmental activities and business-type activities are general obligation bonds.

On October 14, 2015 the County issued Public Improvement Refunding Bonds of 2015 for \$16,880,000. These bonds carry interest at rates of 2.0 to 5.0 percent and mature serially through 2028. The net proceeds of \$18,183,347 (after receipt of \$1,303,348, a re-offering premium net of underwriter fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunding Bonds of 2006 and for a portion of debt service payments on the Refunding Bonds of 2008. As a result, the 2006 and a portion of the 2008 bonds are considered to be defeased.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 6. LONG-TERM DEBT (continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of old debt of \$1,163,348. The County completed the advance refunding to reduce its total debt service payments over the next thirteen years by \$1,406,816. There was a net present value savings of \$1,249,448 and the current balance as of June 30, 2023 is \$335,368.

The County has entered into leases for the acquisition of various equipment items, which transfer ownership at the end of the lease. Accordingly, the present value of future minimum lease payments and the related assets have been recorded in the appropriate fund.

#### **Funds Used For Debt Service and Liquidation of Compensated Absences**

Payments on bonds and notes payable that pertain to the County's governmental activities are made by the general fund. Payments on bonds and notes payable that pertain to the County's business-type activities are made by the fund in which the liability exists. The compensated absences liability attributable to the governmental activities will be liquidated by the County's general fund. The compensated absences liability attributable to business-type activities will be liquidated by the fund in which the liability exists.

#### **Other Obligations**

As part of the acquisition agreement between the County and the Martingham Utilities Cooperative for the wastewater treatment facility, the County is obligated to collect fees for use of the Martingham facilities from its customers and remit a portion of those proceeds to service debt related to the entire Martingham facility. The debt is in the name of the Martingham Utilities Cooperative and is not reported on the balance sheet of the County.

The County, on behalf of the Edge Creek Waterway Improvement District, entered into a loan agreement with the State of Maryland, Department of Natural Resources for a 20 year interest-free Waterway Improvement Loan in the amount of \$304,699. The proceeds of this loan were used to dredge Edge Creek and pay the expenses associated with the dredging. This loan is payable from the proceeds of a special assessment levied on parcels within the district and is not backed by the County's full faith and credit. This loan does not appear on the balance sheet of the County. The County acts only as a fiduciary in collecting the assessments and servicing the debt. The balance outstanding as of June 30, 2023 is \$91,869.



**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**6. LONG-TERM DEBT (continued)**

**Other Obligations (continued)**

A summary of debt service requirements to maturity (excluding compensated absences and financed purchases payments) by years is approximately as follows:

<u>Primary Government</u>	<u>Bonds/Financed Purchases</u>			<u>Notes from Direct Borrowing and Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental Activities</b>						
Fiscal year Ending June 30,						
2024	\$ 3,031,828	\$ 1,043,139	\$ 4,074,967	\$ 17,719	\$ -	\$ 17,719
2025	3,244,972	950,822	4,195,794	17,719	-	17,719
2026	3,388,510	842,473	4,230,983	17,719	-	17,719
2027	3,523,428	742,856	4,266,284	-	-	-
2028	2,488,258	647,107	3,135,365	-	-	-
2029-2033	11,123,390	2,247,553	13,370,943	-	-	-
2034-2038	13,189,198	1,012,915	14,202,113	-	-	-
2039-2043	12,417,743	233,000	12,650,743	-	-	-
Total Governmental Activities	<u>\$ 52,407,327</u>	<u>\$ 7,719,865</u>	<u>\$ 60,127,192</u>	<u>\$ 53,157</u>	<u>\$ -</u>	<u>\$ 53,157</u>
<b>Enterprise Fund - Recreation Facilities</b>						
Fiscal year Ending June 30,						
2024	\$ 339,628	\$ 17,430	\$ 357,058	\$ -	\$ -	\$ -
2025	145,000	13,304	158,304	-	-	-
2026	145,000	2,175	147,175	-	-	-
Total Recreation Facilities	<u>\$ 629,628</u>	<u>\$ 32,909</u>	<u>\$ 662,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Enterprise Fund - Sanitary District</b>						
Fiscal year Ending June 30,						
2024	\$ -	\$ -	\$ -	\$ 896,496	\$ 174,731	\$ 1,071,227
2025	-	-	-	864,085	174,485	1,038,570
2026	-	-	-	788,876	154,928	943,804
2027	-	-	-	779,230	146,720	925,950
2028	-	-	-	373,410	139,132	512,542
2029-2033	-	-	-	1,926,021	596,974	2,522,995
2034-2038	-	-	-	2,057,763	443,930	2,501,693
2039-2043	-	-	-	2,223,905	281,002	2,504,907
2044-2049	-	-	-	1,828,950	104,720	1,933,670
2050-2055	-	-	-	622,416	4,058	626,474
Total Sanitary District	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,361,152</u>	<u>\$ 2,220,680</u>	<u>\$ 14,581,832</u>

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**6. LONG-TERM DEBT (continued)**

**Other Obligations (continued)**

<u>Primary Government (continued)</u>	<u>Bonds/Financed Purchases</u>			<u>Notes from Direct Borrowing and Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Enterprise Fund - Easton Airport</b>						
Fiscal year Ending June 30,						
2024	\$ 6,685	\$ 8,958	\$ 15,643	\$ -	\$ -	\$ -
2025	6,977	8,668	15,645	-	-	-
2026	7,280	8,366	15,646	-	-	-
2027	7,596	8,050	15,646	-	-	-
2028	7,926	7,721	15,647	-	-	-
2029-2033	45,083	33,145	78,228	-	-	-
2034-2038	55,732	22,492	78,224	-	-	-
2039-2043	68,903	9,322	78,225	-	-	-
2043-2046	7,601	94	7,695	-	-	-
Total Easton Airport	<u>\$ 213,783</u>	<u>\$ 106,816</u>	<u>\$ 320,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Enterprise Fund - Repurposing</b>						
Fiscal year Ending June 30,						
2024	\$ 348,639	\$ 28,943	\$ 377,582	\$ -	\$ -	\$ -
2025	360,694	28,943	389,637	-	-	-
2026	360,693	28,944	389,637	-	-	-
2027	331,166	28,943	360,109	-	-	-
Total Repurposing	<u>\$ 1,401,192</u>	<u>\$ 115,773</u>	<u>\$ 1,516,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Obligations Under State Retirement System</b>						
<b>Component Unit - Board of Education</b>						
State Retirement and Pension System of Maryland						
Payable annually through December 2035.	<u>\$ 559,801</u>					

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 6. LONG-TERM DEBT (continued)

#### Other Obligations (continued)

The remaining deficit reduction payment schedule authorized by House Bill 430 is as follows:

<u>Fiscal Year Ending June 30,</u>	
2024	\$ 52,677
2025	55,310
2026	58,076
2027	60,980
2028	64,029
2029-2033	371,489
2034-2036	<u>270,499</u>
Total principal and interest	933,060
Less amounts representing interest	<u>(373,259)</u>
Liability as of June 30, 2023	<u>\$ 559,801</u>

The Board of Education obligation to the State Retirement System was \$559,801 as of June 30, 2023. There were payments of \$50,168 during fiscal year 2023.

### 7. PENSION PLANS

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15 member Board of Trustees. The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool". The State Pool consists of State agencies, board of education, community colleges, and libraries. The Municipal Pool consists of participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool") share in the liabilities of the Municipal Pool only. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at [www.sra.maryland.gov](http://www.sra.maryland.gov).

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 7. PENSION PLANS (continued)

The System is comprised of the Teachers' Retirement and Pension Systems (Teachers' Systems), Employees' Retirement and Pension Systems (Employees' Systems), State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System (LEOPS).

The following groups of employees participate in:

<u>Employees</u>	<u>Plan</u>
Library	Teachers' Systems
Board of Education - teachers	Teachers' Systems
Board of Education - regular employees	Employees' Systems
Talbot County	Employees' Systems

Both the Employees' Systems and the Teachers' Systems (collectively the System) are cost sharing multiple- employer defined benefit pension plans.

#### **Basis of Accounting**

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

#### **Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems**

##### *General Plan Policies:*

The Teachers' Retirement System of the State of Maryland was established on August 1, 1927 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland for the purpose of providing retirement allowances and other benefits to teachers in the State. In addition, on January 1, 1980, the Teachers' Pension System of the State of Maryland was established. In this regard, teachers hired on or after January 1, 1980 become members of the Teachers' Pension System, unless they elect to join an optional retirement program. Until December 31, 2004, existing members of the Teachers' Retirement System had the option of remaining in the Teachers' Retirement System or transferring to the Teachers' Pension System.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 7. PENSION PLANS (continued)

#### **Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems (continued)**

##### *General Plan Policies: (continued)*

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. Until December 31, 2004, existing members of the Employees' Retirement System had the option of remaining in the Employees' Retirement System or transferring to the Employees' Pension System.

##### *Significant Plan Benefits and Policies:*

The following is a general description of the significant plan benefits and related contribution requirements for the Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems:

#### **Teachers' and Employees' Retirement Systems**

##### *Retirement Benefits:*

A member may retire with full benefits after attaining the age of 60, or after completing 30 years of creditable service regardless of age. The annual retirement allowance is equal to 1/55 of a member's average final compensation (i.e. average of the member's three highest years of annual earnable compensation) multiplied by the number of years and months of accumulated creditable service. A member may retire with reduced benefits after completing 25 years of creditable service regardless of age. Retirement allowances are adjusted each year based on the Consumer Price Index. Cost-of-living adjustments (COLA) are applied to all allowances payable for the year, however, the method by which the COLA is computed depends upon elections made by members and is tied to member contributions.

##### *Vested Allowance:*

A member terminating employment before attaining retirement age but after completing 5 years of creditable service becomes eligible for a vested retirement allowance, provided the member lives to the age of 60 and does not withdraw his or her accumulated contributions. Members terminating employment before attaining retirement age and before completing 5 years of creditable service are refunded their accumulated contributions plus earned interest.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 7. PENSION PLANS (continued)

#### Teachers' and Employees' Retirement Systems (continued)

##### *Vested Allowance: (continued)*

Members of the Teachers' and Employees' Retirement System are required to contribute to the systems a fixed percentage of their regular salaries and wages (e.g. 7% or 5%, depending on the COLA option selected). The contributions are deducted from each member's salary and wage payment and are remitted to the systems on a regular, periodic basis.

##### *Pension Benefits:*

A member may retire with full benefits after completing 30 years of eligibility service regardless of age, or at age 62 or older with specified years of eligibility service. On retirement from service, a member shall receive an annual service pension allowance. The annual pension allowance is equal to 1.2% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued prior to July 1, 1998 and 1.8% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued on or after July 1, 1998. Members are eligible for early service pension allowances upon attaining age 55 with at least 15 years of eligibility service.

##### *Employee Contributions:*

Effective July 1, 2011, members of the Teachers' and Employees' Pension Systems are required to contribute to the systems 7% of their regular salaries and wages up to the social security wage base in the year ending June 30, 2017. The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

For members enrolled on and after July 1, 2011, the employee contribution is 7%; vesting requires ten years of eligible service; service retirement is at age 65 with ten years of eligibility service or based on the Rule of 90 (age and service must equal 90); early service retirement is age 60 with 15 years of eligibility service; average final compensation is a five year average; and the benefit multiplier per year is 1.5%.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 7. PENSION PLANS (continued)

#### Teachers' and Employees' Retirement Systems (continued)

##### *Employer Contributions:*

For the year ended June 30, 2023, total payroll, covered payroll and State on-behalf payments were as follows:

	<b>Total Payroll</b>	<b>Covered Payroll</b>	<b>On-Behalf By State</b>
Talbot County	\$ 20,986,601	\$ 16,664,139	\$ -
Board of Education	43,341,104	42,553,806	3,382,186
Library	1,230,473	1,097,672	160,643

Covered payroll refers to all compensation paid to active employees covered by either the Teachers' Systems or Employees' Systems. State on-behalf payments are recognized as both a revenue and expense.

During fiscal year 2023, the County reported expense of \$2,002,643 and the Board of Education reported expense of \$2,365,702 related to the Employees' Systems in the fund financial statements.

#### **Board of Education – Special Funding**

As a result of a first-time actuarial study of the State Retirement and Pension System of Maryland, the Talbot County Board of Education was identified as one of 23 municipal corporations not having enough assets available to fund the present value of accrued benefits for participants in the retirement system. Under the rules of House Bill 1338, the original deficit amount was determined to be \$925,482 as of June 30, 1996, to be repaid over a period of 40 years. The Board was granted relief of \$210,003 (as of June 30, 1996) by HB1348 enacted in 1997 and further relief of \$210,003 (as of June 30, 1996) by HB430 which was enacted in 1998. The fiscal year 2023 payment was \$50,168. The payments reflect a pattern which increases by 5% per year until maturity. (See also Note 6.)

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 7. PENSION PLANS (continued)

#### Board of Education – Special Funding (continued)

#### **Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

Because the State of Maryland pays the unfunded liability for the Teachers' Systems on behalf of the Board and Library, and the Board pays the normal cost for the Teachers' Systems, the Board and Library are not required to record their share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. The Board is required to record a liability for the Employees' Systems.

As of June 30, 2023, the Board reported a liability for its proportionate share of the net pension liability. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of the net pension liability (Employees' Systems)	\$ 5,020,631
State's proportionate share of the net pension liability associated with the Board (Teachers' System)	<u>31,419,859</u>
Total	<u>\$ 36,440,490</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was calculated as follows by the System(s):

1. Net pension liability for the entire System was calculated. For purposes of funding the System, all calculations are determined on an actuarial basis and are completed through the development of rates based on two separate asset pools, one for employees of the State of Maryland and one for primary government employees.
2. Determined the total contributions to the System by the State and by the primary governments, inclusive of any underfunding of contributions.
3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board contributed and what they would have contributed if they funded at the rate of the other participating governments, is then added to the total contribution to the System, to calculate the System's adjusted contribution.
4. Calculated for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution. As of June 30, 2023, the Board's proportion was approximately .025%.



**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**7. PENSION PLANS (continued)**

**Board of Education – Special Funding (continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)**

As of June 30, 2023, the County reported the following related to pensions:

	<u>Board</u>	<u>Total County</u>
Employer's proportion of the net pension liability	0.025%	0.068%
Employer's proportionate share of the net pension liability	\$ 5,020,631	\$ 13,551,175
Deferred inflows of resources:		
Change in assumptions	50,601	136,577
Net difference between projected and actual investment earnings on pension plan investments	15,205	41,041
Differences between expected and actual results	358,434	967,449
Total deferred inflows of resources	<u>\$ 424,240</u>	<u>\$ 1,145,067</u>
Deferred outflows of resources:		
Change in assumptions	\$ 559,760	\$ 1,510,847
Net difference between projected and actual investment earnings on pension plan investments	596,907	-
Contributions subsequent to the measurement date	613,986	1,522,361
Total deferred outflows of resources	<u>\$ 1,770,653</u>	<u>\$ 3,033,208</u>

<u>Fiscal Year Ending June 30,</u>	<u>Board</u>	<u>Total County</u>
2024	\$ 120,755	\$ 102,253
2025	123,618	102,253
2026	48,300	170,542
2027	445,483	184,222
2028	(5,729)	(193,490)

*Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.* The County's proportionate share of the System net pension liability calculated using the discount rate of 6.80 percent is \$13,551,174. Additionally, the County's proportionate share of the System net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) is \$20,733,296, or 1-percentage-point higher (7.80 percent) is \$7,543,122.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 7. PENSION PLANS (continued)

#### Board of Education – Special Funding (continued)

#### **Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** (continued)

##### Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry age normal
Amortization method	Level percentage of payroll, closed
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%
Discount rate	6.80%
Investment rate of return	6.80%
Mortality	

Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females.

##### *Investments:*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	34%	6.00%
Private Equity	16%	8.40%
Rate Sensitive	21%	1.20%
Credit Opportunity	8%	4.90%
Real Assets	15%	5.20%
Absolute Return	6%	3.50%
Total	<u>100%</u>	

## TALBOT COUNTY, MARYLAND

### Notes to Financial Statements

June 30, 2023

#### 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

##### Plan Description and Eligibility

The County provides post-retirement health care benefits under the Talbot County Retiree Health Plan (the “Plan”), a single-employer defined benefit healthcare plan administered by the County, to retirees who meet the Maryland State Retirement System qualifications for full retirement benefits. Current County guidelines state that if the retiree has 16 or more years of state creditable service, the County will pay 90% of the health insurance cost for an individual and 85% of the health insurance cost for family coverage. If the retiree has between 5 and 16 years of state creditable service and retired directly from County service, the County reduces the portion it subsidizes by 1/16 per year. The County has the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available report.

The County also provides life insurance coverage to employees who retire from the County and who are members of the State Retirement and Pension Systems of Maryland. Coverage is limited to one times the employee’s salary when they retire. The benefit is reduced to 65% of the salary at retirement at age 70 and 50% at age 75.

Membership in the plan consisted of 236 active employees, no inactive employees entitled to but not yet receiving benefits, and 77 inactive employees currently receiving benefits.

The Talbot County Public Schools Retiree Health Plan (the “Board of Education Plan”) is a single-employer defined benefit healthcare plan that is administered by the Board of Education and covers retired employees of the Board of Education and their dependents. The Board of Education Plan provides for the payment of a portion or all of the health insurance premiums for eligible retired employees depending on their position that was held and length of service. The Board of Education has the authority to establish and amend benefit provisions of the Board of Education Plan. The Board of Education Plan does not issue a separate, publicly available report.

The Library administers a single-employer defined benefit healthcare plan for its retirees. The plan provides healthcare insurance for eligible retirees and their spouses. Employees are eligible to participate in the plan upon retirement provided they have 10 years of service with the Library and meet the eligibility requirements of the State Retirement and Pension System of Maryland. As of July 1, 2019, the date of the actuarial valuation, 5 retirees were receiving benefits under the plan, and an estimated 18 active employees are eligible or potentially eligible to receive future benefits. Active members eligible to receive healthcare benefits are currently covered under Talbot County, Maryland’s healthcare plan.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2023

### 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

#### Funding Policy

The County pays for the cost of post-retirement health care benefits under the Plan for eligible retirees and their dependents/family members on a pay-as-you-go basis from the general fund. Eligible retirees must pay for 10% of the cost for individual plans and 15% of the cost for family coverage. For fiscal year 2021, the County paid for coverage of 78 eligible retirees and 59 dependents of retirees at a total cost to the County of \$721,763 and eligible retirees contributed \$144,138. The County has the authority to establish and amend the funding policy of the Plan.

Premiums and other contributions for the Board of Education's share of the cost of group programs may be paid, as determined by the Board, from the assets of the Board. Premium payments for some programs may require contributions by the participant as well as the Board. The frequency and amount of such contributions shall be established from time to time by the County. Plan members receiving benefits contribute a percentage of the monthly insurance premium. The Talbot County Public School Retiree Health Plan pays 66% of the individual premium for each insured retiree who has at least 8 years of service. Retirees with less than 8 years of service are allowed access but must pay 100% of the published rates.

The Library pays for the cost of the Plan on a pay-as-you-go basis from the general fund. For fiscal year 2023, the Library contributed \$16,429 to the plan.

#### Net OPEB Liability of the County

The components of the net OPEB liability of the County as of June 30, 2022, were as follows:

Total OPEB liability	\$ 27,347,245
Plan fiduciary net position	<u>15,140,266</u>
County's net OPEB liability	<u>\$ 12,206,979</u>

Plan fiduciary net position as a percentage of the total OPEB liability	55.36%
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#### Annual OPEB Costs

During fiscal year ending June 30, 2023, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of June 30, 2023. The County recognized OPEB expense of \$3,405,044 for the year ended June 30, 2023.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements**

**June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Actuarial Assumptions**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income Investments	35%	5.5%
Equities	65%	7.8%
	<u>100%</u>	

**Rate of Return**

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of expense was 10.92%.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the County’s net OPEB liability if calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher.

	<u>1% Increase</u>	<u>Discount Rate Valuation rate</u>	<u>1% Decrease</u>
County's net OPEB liability	\$ 9,355,810	\$ 12,206,979	\$ 15,596,049

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following table presents the County's net OPEB liability if calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher.

	<u>1% Increase</u>	<u>Valuation rate</u>	<u>1% Decrease</u>
County's net OPEB liability	\$ 16,115,428	\$ 12,206,979	\$ 8,994,193

**Changes in the Net OPEB Liability**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of June 30, 2022	\$ 26,337,185	\$ 13,706,143	\$ 12,631,042
Changes for the year			
Service cost	564,712	-	564,712
Interest	1,796,319	-	1,796,319
Net investment income	-	1,503,608	(1,503,608)
Benefit payments	(1,350,971)	-	(1,350,971)
Administrative expenses	-	(69,485)	69,485
Net changes	<u>1,010,060</u>	<u>1,434,123</u>	<u>(424,063)</u>
Balance as of June 30, 2023	<u>\$ 27,347,245</u>	<u>\$ 15,140,266</u>	<u>\$ 12,206,979</u>

**Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB**

As of June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,545,296	\$ -
Change in assumptions	2,058,783	548,763
Difference between projected and actual earnings	715,081	-
	<u>\$ 5,319,160</u>	<u>\$ 548,763</u>

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB  
(continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

<u>Years Ending</u>		
2024	\$	1,024,088
2025		899,109
2026		1,362,515
2027		573,596
2028		606,166
Thereafter		304,923

**Component Units – Board of Education**

**General Information about the OPEB Plan**

**Plan description** – The Talbot County Public Schools Retiree Health Plan (TCPSRHP) is a single-employer defined benefit healthcare plan that is administered by the Talbot County Public Schools (Board) and covers retired employees of the Board and their dependents. This plan does not include the pension benefits discussed in Note 7. The Plan does not issue a separate, publicly available report.

**Benefits provided** – The Plan provides for the payment of a portion of all of the health insurance premiums for eligible retired employees depending on their position with Talbot County Public Schools and length of service. The Board has the authority to establish and amend benefit provisions of the Plan.

Plan members receiving benefits contribute a percentage of the monthly insurance premium. The Talbot County Public Schools Retiree Health Plan pays 66% of the individual premium for each insured retiree who has at least 8 years of service. Retirees with less than 8 years of service are allowed access but must pay 100% of the published rates.

**Employees covered by benefit terms** – At January 1, 2022, the following employees were covered by the benefit terms:

Active plan members	585
Inactive employees or beneficiaries currently receiving benefit payments	371
Inactive employees or beneficiaries entitled but not yet receiving benefits receiving benefit payments	117
Total	1,073

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Component Units – Board of Education (continued)**

**Contributions** – Premiums and other contributions for the Boards share of the net cost of the group programs may be paid, as determined by the Board, from the assets of the Board. Premium payments for some programs may require contributions by the participant as well as the Board. The frequency and amount of such contributions shall be established from time to time by the County.

**Net OPEB Liability**

The Board’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions** – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	4.13%
Healthcare Cost Trend Rates	Long Run Medical Cost Trend Model
Mortality	PubG.H-2010 Mortality Table - General with Mortality Improvement using Scale MP-2020



**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Component Units – Board of Education (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a combination of building-block methodology and third party consultants to develop the best possible estimate ranges of expected future real rates of return. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Expected returns, net of OPEB plan investment expense and inflation are arithmetically developed for each major asset class corresponding with the long term time horizons, discount rate, and tolerance for risk. The target allocation is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	65%
Fixed income	35%
	<u>100%</u>

**Discount rate** - The discount rate used to measure the total OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that Board contributions will be to fund current contribution levels. Based on those assumptions, the unfunded rate was used. The unfunded rate is determined by using the 20 - year U.S Treasury bond. Any increase in the discount rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Component Units – Board of Education (continued)**

**Changes in the Net OPEB Liability**

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance as of June 30, 2021	\$ 137,863,487	\$ 153,442	\$ 137,710,045
Changes for the Year:			
Service Cost	7,702,222	-	7,702,222
Interest	2,625,762	-	2,625,762
Experience Losses/(Gains)	(42,697,111)	-	(42,697,111)
Employer Trust Contribution	-	2,080,837	(2,080,837)
Net Investment Income	-	365,017	(365,017)
Changes in Assumptions	(32,295,745)	-	(32,295,745)
Benefit Payments	(1,680,837)	(1,680,837)	-
Net Changes	(66,345,709)	765,017	(67,110,726)
<b>Balance as of June 30, 2022</b>	<b>\$ 71,517,778</b>	<b>\$ 918,459</b>	<b>\$ 70,599,319</b>

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates** - The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (0.92%) or 1% higher (2.92%) than the current discount rate:

	<b>1% Decrease 2.69%</b>	<b>Discount Rate 3.69%</b>	<b>1% Increase 4.69%</b>
Discount Rate			
Net OPEB Liability	\$ 83,852,061	\$ 70,599,319	\$ 60,044,686

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates** – The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.0%) or 1% higher (5%) than the current healthcare cost trend rates:

	<b>1% decrease Healthcare Cost Trend Rate 2.94%</b>	<b>Healthcare Cost Trend Rate 3.94%</b>	<b>1% increase Healthcare Cost Trend Rate 4.94%</b>
Ultimate Trend			
Net OPEB Liability	\$ 58,303,316	\$ 70,599,319	\$ 86,762,567

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

#### Component Units – Board of Education (continued)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2023, the Board recognized OPEB expense of \$1,934,933. As of June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 22,564,634	\$ 33,872,607
Net difference between projected and actual earnings	-	282,995
Differences between expected and actual experience	4,475,230	51,460,147
Board's contributions subsequent to measurement date	500,000	-
Total	<u>\$ 27,539,864</u>	<u>\$ 85,615,749</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2024	\$ (8,368,446)
2025	(8,368,787)
2026	(8,370,107)
2027	(8,365,519)
2028	(7,993,198)
Thereafter	(17,109,828)

#### Component Units – Library

The Library's Post-Employment Benefits Plan (the "Plan") is a single-employee defined benefit healthcare plan administered by the Library. The Library has the authority to establish and amend the funding of the Plan. No assets are accumulated in a trust that meet the criteria as defined in GASB No. 75 paragraph 4. The Library pays for the cost of the Plan on a pay-as-you-go basis from general fund. For June 30, 2023, the Library paid \$16,429 to the plan.

Employees are eligible to receive health care benefits upon retirement provided that they have 10 years of service with the Library and meet the eligibility requirements of the State Retirement and Pension System of Maryland.

Retirees obtain health care and the Library reimburses the retiree for 2/3 of the cost of the eligible retiree healthcare premiums.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Component Units – Library (continued)**

The number of covered employees are as follows:

<b>Participants</b>	
Active Employees	20
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees currently receiving benefits	4
<b>TOTAL</b>	<b>24</b>

Significant assumptions and other inputs to measure the total OPEB liability are as follows:

**Health Care Trend Rates**

Initial Health Care Cost Trend Rate	7.00%
Ultimate Health Care Cost Trend Rate	4.50%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2037

**Additional Information**

Valuation date	July 1, 2021
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Normal
Discount rate	4.13%
Inflation rate	3.00%
Salary rate increase	4.00%

Changes since last actuarial valuation

The discount rate was changed per GASB 75 rules.  
Starting per capita costs were updated using most recent premiums.  
The health care trend rates were reset based on recent experience.  
The mortality and termination assumptions were changed.  
The implicit and termination assumptions were changed.

Mortality

PubG.H-2010 Mortality Table - General with Mortality Improvement using Scale MP-2020

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**Component Units – Library (continued)**

The following presents the Plan’s net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

	<b>Discount Rate</b>		
	1% Increase to 5.13%	Discount Rate 4.13%	1% Decrease to 3.13%
Net OPEB liability	\$ 1,419,275	\$ 1,601,169	\$ 1,823,875

The following presents the Plan’s net OPEB liability, calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher:

	<b>Healthcare Trend</b>		
	1% Increase to 8.00%	Discount Rate 7.00%	1% Decrease to 6.00%
Net OPEB liability	\$ 1,838,793	\$ 1,601,169	\$ 1,407,180

Changes in the net OPEB liability are as follows:

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balances as of June 30, 2022	\$ 1,560,727	\$ -	\$ 1,560,727
Changes for the year:			
Service cost	53,282	-	53,282
Interest on total OPEB liability	62,459	-	62,459
Changes of assumptions and other inputs	(8,070)	-	(8,070)
Benefits payments	(67,229)	-	(67,229)
Net changes	40,442	-	40,442
Balances as of June 30, 2023	\$ 1,601,169	\$ -	\$ 1,601,169

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2023**

**9. COMPENSATION**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible County employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments underwritten by Empower Retirement.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the plan participants and are not subject to the claims of the County's general creditors.

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. In accordance with GASB No. 32, adopted by the County in 1998, the plan's assets are not reported on the combined balance sheet of the County.

**10. UNEARNED REVENUES**

Unearned revenue consists of federal and state grants, agricultural taxes collected, and other revenues that have been received by the County, but not earned by June 30, 2023. Unearned revenue as of June 30, 2023 consisted of the following:

	<u>County</u>	<u>Board of Education</u>
Federal and state grants	\$ 11,118,643	\$ 2,435,055

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 11. COMMITMENTS AND CONTINGENCIES

#### Primary Government

##### *Landfills Closure and Post-closure Costs*

The County has a 26.83% financial interest in Mid-Shore Regional Solid Waste Facility, which is owned and operated by Maryland Environmental Service (MES). The Landfills are located on the Eastern Shore of Maryland and are shared by four counties. Under the Waste Disposal Service Agreement between MES and the County, in the event expenditures should exceed revenues, the County is obligated to cover the deficiency in proportion to its financial interest, however, to date additional funding from the County has not been required nor does management anticipate it.

In December 2010, the Mid-Shore I landfill located in Talbot County accepted its last trash and in January 2011, the Mid-Shore II landfill was opened for commercial business. As of June 30, 2023, total closure and post closure care costs were estimated at approximately \$23.0 million, with approximately \$6.2 million attributable to the County. It is expected that these costs will be funded from future revenues. MES has accrued and reported as a long-term liability as of June 30, 2023, a portion of these costs, \$10.1 million, determined by the estimated useful life of the Landfills.

Similar to the post closure costs, each of the participating Counties is contingently liable for the debt related to the new facility, Mid-Shore II. Mid-Shore II was funded with project revenue bonds. As of June 30, 2023, total debt was approximately \$19.3 million, with approximately \$5.1 million attributable to the County in the event of default.

MES has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2023. MES expects to satisfy these requirements as of June 30, 2024 using the same criteria.

Due to inflation and changes in technology, laws, and regulations, estimated closure and post closure care costs may change in the future. Financial Statements of the Landfill can be obtained from MES located at 259 Najoles Road, Millersville, MD 21108.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 11. COMMITMENTS AND CONTINGENCIES (continued)

#### Primary Government (continued)

##### *Legal Actions*

In addition, there are other various claims and suits pending against the County that arise in the normal course of the County's activities. In the opinion of legal counsel and management, the ultimate disposition of these various claims and suits will have no material adverse impact on the financial condition of the County or affect the County's ability to perform its obligations to the holders of its bonds.

### 12. RISK MANAGEMENT

#### Primary Government

##### *General Insurance*

The County's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For general, property, excess and environmental liability coverage, the County is a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement.

Subscribers to coverage by LGIT share in the risk among participants of the pools. As a result, the County's annual premium requirements are affected by the loss experience of the various insurance pools in which it participates. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

The County is fully insured for worker's compensation through commercial insurance, and employees are bonded to limit the loss to the County in the event of employees committing acts of embezzlement or theft. In addition, due to specific exclusions in the County's insurance, the County also has commercial insurance coverage for property liability at the Easton Airport. There has been no significant reduction in insurance coverage from the prior year by major categories of risk, and amounts of settlements have not exceeded insurance coverage for each of the past three fiscal years.



# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2023

### 12. RISK MANAGEMENT

#### **Primary Government** (continued)

##### *Health Insurance*

The County self-insures health insurance coverage for its active employees with Cigna Health and Life Insurance Company providing third party administrative services.

#### **Board of Education**

##### *General Insurance*

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the Maryland Association of Boards of Education Group Insurance and Workers Compensation Pools (MABE), which provides casualty and property insurance, and workers compensation coverage. MABE operates as authorized by Section 482B of Article 84A of the Annotated Code of Maryland. The Board pays an annual premium to MABE for its insurance coverage. The agreement for formation of MABE provides that it will be self-sustaining through member premiums and will reinsure through commercial companies as specified in the agreement.

MABE publishes its own audited financial report based on a June 30 year-end. This report may be obtained from Maryland Association of Boards of Education Group Insurance Pool, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401.

##### *Health Insurance*

The Board participates in the Eastern Shore of Maryland Education Consortium Health Insurance Alliance, a public entity risk pool currently operating as a common risk management and insurance program for health insurance coverage. Currently, six Boards of Education are participating in the alliance for their health insurance coverage.

The agreement for formation of the alliance provides that the pool will be self-sustaining through member premiums. These funds have been invested in the PNC Local Government Investment Pool and with Fidelity Investments.

The pooling agreement allows for the pool, which is administered by Carefirst Blue Cross/Blue Shield of Maryland, to make additional assessments to make the pool self-sustaining. As of the date of this report, no outstanding claims are believed to exist that are in excess of the equity of the trust.

## TALBOT COUNTY, MARYLAND

### Notes to Financial Statements June 30, 2023

#### 13. DEFICITS

As of June 30, 2023, the Recreation Facilities Fund, the Sanitary District Fund and Repurposing Center Fund had a deficit in unrestricted net position of \$2,628, \$1,648,289 and \$1,259,414, respectively. These deficits are expected to be eliminated through normal operations.

#### 14. UNRESTRICTED NET POSITION

The County has issued bonds and notes payable for capital assets for the Board of Education of Talbot County and Chesapeake College. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. As of June 30, 2023, the outstanding balance of these bonds and notes payables was \$28,624,627, and the effect of this non-capital debt has been reflected in the unrestricted net position of the County.

#### 15. NEW ACCOUNTING PRONOUNCEMENTS

The County has implemented Statement No. 91, *Conduit Debt Obligations*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; Statement No. 99, *Omnibus 2022*; Statement No. 100, *Accounting Changes and Error Corrections*. These statements did not have a material effect on the County's financial statements.

The GASB has issued No. 101, *Compensated Absences*, which will require adoption in the future, if applicable. The County will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

#### 16. PRIOR PERIOD RESTATEMENT

##### Board of Education

The Board determined to restate its June 30, 2022 financial statements for cash that would have been more appropriately presented within the general fund rather than within the custodial fund as of June 30, 2022. As a result, beginning net position in the statement of changes in fiduciary net position were decreased by \$344,301 and general fund beginning fund balance in statement of revenues, expenditures and change in fund balance governmental funds and beginning net position in the statement of activities were increased by \$344,301.

REQUIRED SUPPLEMENTARY INFORMATION

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
<b>TAXES - LOCAL</b>				
<b>LOCAL PROPERTY TAXES</b>				
Real property	\$ 48,510,000	\$ 48,510,000	\$ 49,467,381	\$ 957,381
Real property education supplement	780,000	780,000	792,897	12,897
Railroad and public utilities	1,100,000	1,100,000	1,394,209	294,209
Prior Years	-	-	(1,445)	(1,445)
Penalties and interest	150,000	150,000	170,318	20,318
Business incentive tax credits	-	-	(4,699)	(4,699)
Semi annual service charges	3,000	3,000	3,962	962
<b>Total property taxes</b>	<b>50,543,000</b>	<b>50,543,000</b>	<b>51,822,623</b>	<b>1,279,623</b>
Less: Discount allowed on taxes	(310,000)	(310,000)	(352,123)	(42,123)
<b>Net property taxes</b>	<b>50,233,000</b>	<b>50,233,000</b>	<b>51,470,500</b>	<b>1,237,500</b>
<b>LOCAL INCOME TAXES</b>	<b>28,000,000</b>	<b>28,000,000</b>	<b>51,874,354</b>	<b>23,874,354</b>
<b>OTHER LOCAL TAXES</b>				
Admissions and amusements	20,000	20,000	36,982	16,982
Recordation	6,000,000	6,000,000	9,028,675	3,028,675
Transfer	4,100,000	4,100,000	5,430,467	1,330,467
Public accommodations	1,200,000	1,200,000	1,906,912	706,912
Mobile manufactured home	50,000	50,000	53,804	3,804
<b>Total other local taxes</b>	<b>11,370,000</b>	<b>11,370,000</b>	<b>16,456,840</b>	<b>5,086,840</b>
<b>Total local taxes</b>	<b>89,603,000</b>	<b>89,603,000</b>	<b>119,801,694</b>	<b>30,198,694</b>
<b>LICENSES AND PERMITS</b>				
Beer, wine and liquor licenses	150,000	150,000	188,555	38,555
Alcoholic beverages fines	-	-	500	500
Traders licenses	23,000	23,000	45,329	22,329
Animal tags and fines	2,500	2,500	2,784	284
Stormwater permits	12,000	12,000	46,115	34,115
Flood plain permits	2,000	2,000	5,110	3,110
Road construction permit	20,000	20,000	50,550	30,550
Boat ramp permits and violations	137,500	137,500	115,105	(22,395)
Marriage licenses	3,000	3,000	2,860	(140)
Plumbing permits	9,000	9,000	1,870	(7,130)
Gas permits and licenses	9,500	9,500	3,110	(6,390)
Plumbing licenses	5,000	5,000	6,000	1,000
PZ fines	40,000	40,000	47,190	7,190
HVAC inspections and registrations	13,500	13,500	3,120	(10,380)
Electrical inspections and licenses	23,000	23,000	36,335	13,335
Building permits	229,000	229,000	550,153	321,153
<b>Total licenses and permits</b>	<b>679,000</b>	<b>679,000</b>	<b>1,104,686</b>	<b>425,686</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
<b>FROM THE FEDERAL GOVERNMENT</b>				
FEMA	75,000	75,000	122,776	47,776
Emergency management - DHS	45,000	45,000	54,259	9,259
<b>Total Federal revenues</b>	<b>\$ 120,000</b>	<b>\$ 120,000</b>	<b>\$ 177,035</b>	<b>\$ 57,035</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>FROM THE STATE OF MARYLAND</b>				
Police protection	\$ 110,000	\$ 110,000	\$ 161,351	\$ 51,351
Sex offender grant	16,000	16,000	23,096	7,096
School bus safety grant	-	-	360	360
Sheriff grants other	40,000	40,000	143,611	103,611
Fire and rescue	316,000	316,000	318,552	2,552
911 grants and numbers system board	810,785	810,785	523,928	(286,857)
Circuit Court - Family Services	387,588	345,068	227,196	(117,872)
Drug court	192,681	166,863	161,133	(5,730)
Critical areas	9,000	9,000	9,000	-
Program open space	495,000	495,000	-	(495,000)
Highway user revenues	730,000	730,000	775,294	45,294
Recordation	1,000	1,000	-	(1,000)
Public landing grants	155,000	155,000	85,877	(69,123)
Tourism	45,000	45,000	1,500	(43,500)
DSS-Legal fees	50,000	50,000	97,225	47,225
<b>Total State revenues</b>	<b>3,358,054</b>	<b>3,289,716</b>	<b>2,528,123</b>	<b>(761,593)</b>
<b>Total intergovernmental</b>	<b>3,478,054</b>	<b>3,409,716</b>	<b>2,705,158</b>	<b>(704,558)</b>
<b>SERVICES CHARGES</b>				
<b>GENERAL GOVERNMENT CHARGES</b>				
Zoning fees and certificates	30,000	30,000	56,981	26,981
Rezoning applications	500	500	12,500	12,000
Zoning violations	3,000	3,000	500	(2,500)
Subdivision applications	20,000	20,000	23,150	3,150
Administrative variance	4,000	4,000	8,400	4,400
Board of appeals	6,000	6,000	10,700	4,700
Landscape planning	50	50	(4,112)	(4,162)
Site plan reviews	2,500	2,500	13,052	10,552
Forest conservation fees	500	500	3,550	3,050
Critical area preservation	50,000	50,000	71,750	21,750
Bed & breakfast license/home occupation	450	450	600	150
Short term rental fees	25,000	25,000	42,700	17,700
Mobile home fees	375	375	700	325
Roadside vendors and produce stand	500	500	1,500	1,000
Weed and litter enforcement	1,000	1,000	750	(250)
Weed control spraying	50,000	50,000	30,074	(19,926)
ESPP Payments	-	-	493,715	493,715
Economic development/tourism	150,000	150,000	35,166	(114,834)
Election filing and voter lists	450	450	1,265	815
Sheriff's fees	20,000	20,000	32,506	12,506
Emergency medical services	1,650,000	1,650,000	1,706,389	56,389
911 center	400,000	400,000	400,000	-
MIEMSS-EMS communications	125,000	125,000	125,000	-
Produce Stand & Use Fees	4,000	4,000	3,525	(475)
Zoning Ordinances/Maps	-	-	43,800	43,800
<b>Total general government</b>	<b>2,543,325</b>	<b>2,543,325</b>	<b>3,114,161</b>	<b>570,836</b>
<b>PUBLIC SAFETY CHARGES</b>				
Boarding of local prisoners	5,000	5,000	4,185	(815)
Home detention program	-	-	4,530	4,530
Federal prisoner program	254,000	254,000	286,824	32,824
Community service fees	-	-	3,800	3,800
Rents	16,000	16,000	16,250	250
<b>Total public safety charges</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ 315,589</b>	<b>\$ 40,589</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>SERVICES CHARGES (continued)</b>				
<b>HEALTH</b>				
Mosquito control fees	\$ 110,000	\$ 110,000	\$ 142,640	\$ 32,640
<b>RECREATION CHARGES</b>				
Boat slips	105,000	105,000	113,158	8,158
Other recreation	-	-	198,070	198,070
<b>Total recreation</b>	<b>105,000</b>	<b>105,000</b>	<b>311,228</b>	<b>206,228</b>
<b>Total 671 GP Murphy Pool fees</b>	<b>61,000</b>	<b>61,000</b>	<b>67,227</b>	<b>6,227</b>
<b>Total 672 Bay 100 Pool fees</b>	<b>51,000</b>	<b>51,000</b>	<b>68,447</b>	<b>17,447</b>
<b>Total service charges</b>	<b>3,145,325</b>	<b>3,145,325</b>	<b>4,019,292</b>	<b>873,967</b>
<b>FINES AND FORFEITURES</b>	<b>6,000</b>	<b>6,000</b>	<b>21,923</b>	<b>15,923</b>
<b>MISCELLANEOUS</b>				
Rents	18,000	18,000	135,830	117,830
Bay Restoration Fund	3,000	3,000	3,310	310
Miscellaneous revenues	275,000	275,000	124,043	(150,957)
Other- PIA/FOIA and Vending -EA	-	-	894	894
<b>Total miscellaneous</b>	<b>296,000</b>	<b>296,000</b>	<b>264,077</b>	<b>(31,923)</b>
<b>INTEREST</b>	<b>50,000</b>	<b>50,000</b>	<b>4,170,731</b>	<b>4,120,731</b>
<b>TOTAL REVENUES</b>	<b>97,257,379</b>	<b>97,189,041</b>	<b>132,087,561</b>	<b>34,898,520</b>
<b>OTHER FINANCING SOURCES</b>				
Transfer from special revenue fund	1,050,000	1,050,000	-	(1,050,000)
<b>Total other financing sources</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>-</b>	<b>(1,050,000)</b>
Appropriated Fund Balance	14,300,000	14,300,000	-	(14,300,000)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 112,607,379</b>	<b>\$ 112,539,041</b>	<b>\$ 132,087,561</b>	<b>\$ 19,548,520</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

<u>EXPENDITURES</u>	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT</b>				
<b>LEGISLATIVE</b>				
County Council:				
Salaries and fringe benefits	\$ 141,642	\$ 141,642	\$ 192,149	\$ (50,507)
Other operating	68,100	68,100	63,299	4,801
<b>Total legislative</b>	<b>209,742</b>	<b>209,742</b>	<b>255,448</b>	<b>(45,706)</b>
<b>JUDICIAL</b>				
Circuit Court:				
Salaries and fringe benefits	276,624	276,624	276,038	586
Other operating	37,291	37,291	45,569	(8,278)
Capital outlay	6,500	20,050	19,910	140
Court Stenographer:				
Salaries and fringe benefits	118,623	118,623	118,552	71
Family Services:				
Salaries and fringe benefits	97,111	107,703	114,114	(6,411)
Other operating	215,850	161,738	123,704	38,034
Capital outlay	-	1,000	-	1,000
Problem Solving Court:				
Salaries and fringe benefits	126,018	140,994	135,196	5,798
Other operating	65,500	21,838	20,577	1,261
Orphan's Court:				
Salaries and fringe benefits	51,848	51,848	56,849	(5,001)
Other operating	1,500	1,500	1,659	(159)
State's Attorney:				
Salaries and fringe benefits	1,089,668	1,089,668	1,132,487	(42,819)
Other operating	75,100	161,100	156,129	4,971
Victim Witness Program:				
Salaries and fringe benefits	200,172	200,172	200,697	(525)
Other operating	6,710	6,710	6,027	683
Bar Library:				
Other operating	18,750	18,750	24,916	(6,166)
<b>Total judicial</b>	<b>2,387,265</b>	<b>2,415,609</b>	<b>2,432,424</b>	<b>(16,815)</b>
<b>EXECUTIVE</b>				
County Administration:				
Salaries and fringe benefits	613,776	613,776	565,706	48,070
Other operating	309,500	309,500	265,706	43,794
<b>Total executive</b>	<b>923,276</b>	<b>923,276</b>	<b>831,412</b>	<b>91,864</b>
<b>ELECTIONS</b>				
Board of Supervisors of Elections:				
Salaries and fringe benefits	425,790	425,790	369,408	56,382
Other operating	318,150	318,150	234,440	83,710
Registration and elections:				
Salaries and fringe benefits	163,450	163,450	130,459	32,991
Other operating	7,200	7,200	10,200	(3,000)
<b>Total elections</b>	<b>914,590</b>	<b>914,590</b>	<b>744,507</b>	<b>170,083</b>
<b>FINANCIAL ADMINISTRATION</b>				
Finance Office:				
Salaries and fringe benefits	928,330	928,330	898,244	30,086
Other operating	395,325	556,641	555,346	1,295
Capital outlay	250,000	3,139	-	3,139
MD State Department of Assessments and Taxation:				
Salaries and fringe benefits	200,000	200,000	184,014	15,986
Administrative Services:				
Salaries and fringe benefits	369,596	369,596	331,365	38,231
Other operating	138,726	138,726	46,785	91,941
Liquor License Commissioners:				
Salaries and fringe benefits	15,675	15,675	11,761	3,914
Other operating	2,975	2,975	818	2,157
<b>Total financial administration</b>	<b>\$ 2,300,627</b>	<b>\$ 2,215,082</b>	<b>\$ 2,028,333</b>	<b>\$ 186,749</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT (continued)</b>				
<b>LAW</b>				
County Attorney:				
Salaries and fringe benefits	\$ 82,195	\$ 82,195	\$ 67,362	\$ 14,833
Other operating	193,675	193,675	148,843	44,832
<b>Total law</b>	<b>275,870</b>	<b>275,870</b>	<b>216,205</b>	<b>59,665</b>
<b>PLANNING AND ZONING</b>				
Planning Office:				
Salaries and fringe benefits	911,096	911,096	758,872	152,224
Other operating	120,175	120,175	109,408	10,767
Capital outlay	-	33,080	31,705	1,375
Board of Appeals:				
Salaries and fringe benefits	102,455	102,455	106,680	(4,225)
Other operating	21,075	21,075	30,341	(9,266)
<b>Total planning and zoning</b>	<b>1,154,801</b>	<b>1,187,881</b>	<b>1,037,006</b>	<b>150,875</b>
<b>GENERAL SERVICES</b>				
County Buildings:				
Salaries and fringe benefits	478,039	478,039	512,765	(34,726)
Other operating	361,940	361,940	451,847	(89,907)
Library Maintenance	241,717	241,717	244,178	(2,461)
Information Technology:				
Salaries and fringe benefits	332,877	332,877	371,497	(38,620)
Other operating	204,400	204,400	160,694	43,706
Capital outlay	35,000	35,000	33,981	1,019
Insurance	220,500	220,500	202,298	18,202
<b>Total general services</b>	<b>1,874,473</b>	<b>1,874,473</b>	<b>1,977,260</b>	<b>(102,787)</b>
<b>ECONOMIC DEVELOPMENT</b>				
Office of Economic Development:				
Salaries and fringe benefits	211,421	211,421	101,235	110,186
Other operating	111,450	111,450	117,943	(6,493)
Tourism:				
Salaries and fringe benefits	216,388	216,388	192,118	24,270
Other operating	440,235	440,235	342,500	97,735
Historic Preservation Commission	5,075	5,075	-	5,075
<b>Total economic development</b>	<b>984,569</b>	<b>984,569</b>	<b>753,796</b>	<b>230,773</b>
<b>Total general government</b>	<b>11,025,213</b>	<b>11,001,092</b>	<b>10,276,391</b>	<b>724,701</b>
<b>PUBLIC SAFETY</b>				
<b>SHERIFF</b>				
Salaries and fringe benefits	5,785,601	5,785,601	5,472,425	313,176
Other operating	1,103,042	1,103,042	1,002,460	100,582
Capital outlay	161,847	161,847	286,087	(124,240)
<b>Total sheriff</b>	<b>7,050,490</b>	<b>7,050,490</b>	<b>6,760,972</b>	<b>289,518</b>
<b>MUNICIPAL INSTITUTIONS</b>				
Detention Center:				
Salaries and fringe benefits	3,985,412	3,985,412	3,618,243	367,169
Other operating	1,377,741	1,377,741	1,263,255	114,486
Capital outlay	343,000	569,804	415,781	154,023
<b>Total municipal institutions</b>	<b>\$ 5,706,153</b>	<b>\$ 5,932,957</b>	<b>\$ 5,297,279</b>	<b>\$ 635,678</b>



**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC SAFETY (continued)</b>				
<b>OTHER PUBLIC SAFETY</b>				
School Crossing Guards	\$ 70,700	\$ 70,700	\$ 70,700	\$ -
Animal Control Program:				
Other operating	455,332	455,332	445,050	10,282
Emergency Management:				
Salaries and fringe benefits	2,412,632	2,412,632	2,383,316	29,316
Other operating	1,020,235	1,020,235	1,102,786	(82,551)
Capital outlay	106,050	250,450	423,684	(173,234)
Volunteer Fire Companies:	2,390,543	2,390,543	2,376,770	13,773
Emergency Medical Services:				
Salaries and fringe benefits	5,451,899	5,451,899	5,815,242	(363,343)
Other operating	721,346	721,346	946,444	(225,098)
Capital outlay	490,732	538,167	490,272	47,895
Hazardous Materials:				
Salaries and fringe benefits	1,140	1,140	-	1,140
Other operating	14,990	53,990	43,463	10,527
<b>Total other public safety</b>	<b>13,135,599</b>	<b>13,366,434</b>	<b>14,097,727</b>	<b>(731,293)</b>
<b>PROTECTIVE INSPECTION</b>				
Electrical Inspection:				
Salaries and fringe benefits	6,500	6,500	4,378	2,122
Other operating	1,540	1,540	440	1,100
Building and Plumbing Inspection:				
Salaries and fringe benefits	495,029	495,029	446,260	48,769
Other operating	28,850	28,850	42,653	(13,803)
Capital outlay	-	33,080	32,204	876
<b>Total protective inspection</b>	<b>531,919</b>	<b>564,999</b>	<b>525,935</b>	<b>39,064</b>
<b>Total public safety</b>	<b>26,424,161</b>	<b>26,914,880</b>	<b>26,681,913</b>	<b>232,967</b>
<b>PUBLIC WORKS</b>				
<b>PUBLIC WORKS - GENERAL</b>				
Salaries and fringe benefits	694,897	694,897	542,979	151,918
Other operating	100,290	100,290	83,620	16,670
Capital outlay	-	64,000	62,898	1,102
<b>Total public works - general</b>	<b>795,187</b>	<b>859,187</b>	<b>689,497</b>	<b>169,690</b>
<b>PUBLIC LANDINGS AND WHARVES</b>				
Salaries and fringe benefits	287,469	287,469	253,127	34,342
Other operating	65,900	65,900	53,388	12,512
Capital outlay	185,000	185,000	62,898	122,102
<b>Total public landings and wharves</b>	<b>538,369</b>	<b>538,369</b>	<b>369,413</b>	<b>168,956</b>
<b>SOLID WASTE DISPOSAL</b>				
Salaries and fringe benefits	37,407	37,407	27,700	9,707
Other operating	752,450	752,450	723,660	28,790
Capital outlay	-	35,000	35,915	(915)
<b>Total solid waste disposal</b>	<b>789,857</b>	<b>824,857</b>	<b>787,275</b>	<b>37,582</b>
<b>HIGHWAYS AND STREETS</b>				
Salaries and fringe benefits	1,787,024	1,787,024	1,671,008	116,016
Other operating	1,640,750	1,640,750	1,364,169	276,581
Capital outlay	475,000	580,000	379,791	200,209
<b>Total highways and streets</b>	<b>3,902,774</b>	<b>4,007,774</b>	<b>3,414,968</b>	<b>592,806</b>
<b>Total public works</b>	<b>\$ 6,026,187</b>	<b>\$ 6,230,187</b>	<b>\$ 5,261,153</b>	<b>\$ 969,034</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>HEALTH AND HOSPITALS</b>				
Health department	\$ 2,607,800	\$ 2,607,800	\$ 2,607,800	\$ -
<b>Total health and hospitals</b>	<b>2,607,800</b>	<b>2,607,800</b>	<b>2,607,800</b>	<b>-</b>
<b>SOCIAL SERVICES</b>				
Senior services program	41,000	41,000	41,000	-
Social services legal	50,000	73,718	97,225	(23,507)
Social Services - operating	434,834	436,574	436,574	-
Commission on aging	587,284	587,284	587,284	-
<b>Total social services</b>	<b>1,113,118</b>	<b>1,138,576</b>	<b>1,162,083</b>	<b>(23,507)</b>
<b>EDUCATION</b>				
Board of Education:				
Operating appropriation	46,851,795	46,851,795	46,851,795	-
Debt Service	3,332,000	3,332,000	3,331,625	375
Library:				
Operating appropriation	1,663,052	1,663,052	1,663,052	-
Capital outlay	107,217	174,920	121,021	53,899
Community College:				
Operating appropriation	1,685,140	1,685,140	1,685,140	-
Debt Service	140,914	140,914	140,913	1
Capital outlay	99,450	99,450	99,450	-
Drug Abuse Resistance Education (DARE):				
Salaries and fringe benefits	81,231	81,231	86,443	(5,212)
Other operating	13,620	13,620	11,417	2,203
<b>Total education</b>	<b>53,974,419</b>	<b>54,042,122</b>	<b>53,990,856</b>	<b>51,266</b>
<b>RECREATION</b>				
Parks and Recreation:				
Salaries and fringe benefits	255,737	255,737	256,170	(433)
Other operating	185,169	185,169	218,463	(33,294)
Capital outlay	600,000	600,000	39,995	560,005
Pools:				
Salaries and fringe benefits	68,442	68,442	51,281	17,161
Other operating	245,902	245,902	227,836	18,066
Capital outlay	12,000	12,000	7,825	4,175
<b>Total recreation</b>	<b>\$ 1,367,250</b>	<b>\$ 1,367,250</b>	<b>\$ 801,570</b>	<b>\$ 565,680</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Agricultural Extension Service	\$ 214,990	\$ 214,990	\$ 214,826	\$ 164
Other	15,000	15,000	11,182	3,818
Weed Control:				
Salaries and fringe benefits	78,859	78,859	67,861	10,998
Other operating	35,510	35,510	25,936	9,574
Capital outlay	9,000	9,000	5,100	3,900
<b>Total conservation of natural resources</b>	<b>353,359</b>	<b>353,359</b>	<b>324,905</b>	<b>28,454</b>
<b>INTERGOVERNMENTAL</b>				
Payments to Municipalities:				
Fire, rescue and ambulance fund	18,000	18,000	18,148	(148)
Bank stock	7,535	7,535	7,535	-
Public accommodations tax	1,010,000	1,052,405	1,449,345	(396,940)
<b>Total intergovernmental</b>	<b>1,035,535</b>	<b>1,077,940</b>	<b>1,475,028</b>	<b>(397,088)</b>
<b>EMPLOYEE BENEFITS</b>				
Health insurance, retirees	1,852,771	1,714,908	2,045,717	(330,809)
<b>Total employee benefits</b>	<b>1,852,771</b>	<b>1,714,908</b>	<b>2,045,717</b>	<b>(330,809)</b>
<b>MISCELLANEOUS</b>	<b>434,140</b>	<b>522,008</b>	<b>244,486</b>	<b>277,522</b>
<b>DEBT SERVICE</b>				
Principal on long-term debt	954,864	954,864	954,864	-
Interest on long-term debt	30,670	30,670	30,670	-
<b>Total debt service</b>	<b>985,534</b>	<b>985,534</b>	<b>985,534</b>	<b>-</b>
<b>RESERVE</b>				
Reserve for contingencies	1,500,000	675,493	-	675,493
Small business housing reserve	20,000	20,000	-	20,000
<b>Total reserve</b>	<b>1,520,000</b>	<b>695,493</b>	<b>-</b>	<b>695,493</b>
<b>TOTAL EXPENDITURES</b>	<b>108,719,487</b>	<b>108,651,149</b>	<b>105,857,436</b>	<b>2,793,713</b>
<b>OTHER FINANCING USES</b>				
Transfers:				
Capital projects - Operating appropriation	3,000,000	3,000,000	3,000,000	-
Recreation - Operating appropriation	887,892	887,892	887,892	-
<b>Total other financing uses</b>	<b>3,887,892</b>	<b>3,887,892</b>	<b>3,887,892</b>	<b>-</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>112,607,379</b>	<b>112,539,041</b>	<b>109,745,328</b>	<b>2,793,713</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,342,233</b>	<b>\$ 22,342,233</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GRANTS FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental - Federal	\$ 525,000	\$ 525,000	\$ 4,295,835	\$ 3,770,835
Intergovernmental - State	545,000	545,000	312,999	(232,001)
Miscellaneous	130,306	130,306	139,608	975,993
<b>Total revenues</b>	<b>1,200,306</b>	<b>1,200,306</b>	<b>4,748,442</b>	<b>3,548,136</b>
<b>EXPENDITURES</b>				
General Government	1,200,306	1,200,306	4,280,443	3,080,137
<b>Total expenditures</b>	<b>1,200,306</b>	<b>1,200,306</b>	<b>4,280,443</b>	<b>(3,080,137)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to capital project fund	-	-	(480,500)	(480,500)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,501)</b>	<b>\$ (12,501)</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF CHANGES  
IN NET OPEB LIABILITY AND RELATED RATIOS  
June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>						
Service cost	\$ 564,712	\$ 501,967	\$ 548,155	\$ 502,715	\$ 558,117	\$ 506,402
Interest	1,796,319	1,433,365	1,368,462	1,171,214	1,086,220	1,086,825
Difference between expected and actual experience	-	2,793,117	-	1,091,207	-	-
Benefit payments	(1,350,971)	(1,245,758)	(733,090)	(709,922)	(614,622)	(597,317)
Other changes	-	1,754,969	-	787,799	218,536	226,021
<b>Net changes in total OPEB liability</b>	<u>1,010,060</u>	<u>5,237,660</u>	<u>1,183,527</u>	<u>2,843,013</u>	<u>1,248,251</u>	<u>1,221,931</u>
Total OPEB liability - beginning	26,337,185	21,099,526	19,915,999	17,072,986	15,824,735	14,602,804
Total OPEB liability - ending (a)	<u>\$ 27,347,245</u>	<u>\$ 26,337,186</u>	<u>\$ 21,099,526</u>	<u>\$ 19,915,999</u>	<u>\$ 17,072,986</u>	<u>\$ 15,824,735</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Difference between expected and actual experience	488,594	3,253,714	-	(624,893)	-	-
Net investment income	1,503,608	(2,204,179)	3,422,311	252,448	724,755	790,394
Benefit payments	-	-	-	-	-	-
Administrative expense	(69,485)	(70,447)	(56,843)	(61,805)	(60,695)	(55,961)
Other changes	(488,594)	(3,253,714)	-	625,032	-	-
<b>Net changes in plan fiduciary net position</b>	<u>1,434,123</u>	<u>(2,274,626)</u>	<u>3,365,468</u>	<u>190,782</u>	<u>664,060</u>	<u>734,433</u>
Plan fiduciary net position - beginning	13,706,143	15,980,769	12,615,301	12,424,519	11,760,459	11,026,026
Plan fiduciary net position - ending (b)	<u>\$ 15,140,266</u>	<u>\$ 13,706,143</u>	<u>\$ 15,980,769</u>	<u>\$ 12,615,301</u>	<u>\$ 12,424,519</u>	<u>\$ 11,760,459</u>
<b>County's net OPEB liability - ending (a) - (b)</b>	\$ 12,206,979	\$ 12,631,043	\$ 5,118,757	\$ 7,300,698	\$ 4,648,467	\$ 4,064,276
Plan fiduciary net position as a percentage of total pension liability	55.36%	52.04%	75.74%	63.34%	72.77%	74.32%
Covered payroll	\$ 18,704,875	\$ 17,261,630	\$ 14,339,431	\$ 14,561,185	\$ 13,771,675	\$ 13,058,200
Net liability as a percentage of covered payroll	65.26%	73.17%	35.70%	50.14%	33.75%	31.12%
Annual money-weighted rate of return, net of investment expense	10.92%	-13.79%	27.13%	7.00%	7.70%	6.60%

Notes to schedule:  
This information is not available for FY17 and prior.

**TALBOT COUNTY, MARYLAND**

**MARYLAND STATE RETIREMENT AND PENSION SYSTEMS  
SCHEDULE OF THE PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
Year Ended June 30, 2023**

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>County's Proportion of the NPL (Percentage) A</b>	<b>County's Proportionate Share of the NPL B</b>	<b>County's Covered Payroll C</b>	<b>Proportionate Share as a Percentage of Covered Payroll (B/C)</b>	<b>Plan's Total Fiduciary Net Position D</b>	<b>Plan's Total Pension Liability E</b>	<b>Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D/E)</b>
2015	June 30, 2014	0.04601%	\$ 8,165,742	\$ 11,581,689	70.51%	\$ 45,339,988,000	\$ 63,086,719,000	71.87%
2016	June 30, 2015	0.05197%	10,800,677	11,581,689	93.26%	45,789,840,000	66,571,552,000	68.78%
2017	June 30, 2016	0.05245%	12,374,154	11,975,128	103.33%	45,365,927,000	68,959,954,000	65.79%
2018	June 30, 2017	0.04929%	10,657,934	12,090,510	88.15%	48,987,184,000	70,610,885,000	69.38%
2019	June 30, 2018	0.05546%	11,636,717	13,376,509	86.99%	51,827,233,000	72,808,833,000	71.18%
2020	June 30, 2019	0.05796%	11,954,141	13,771,675	86.80%	53,943,420,000	74,569,030,000	72.34%
2021	June 30, 2020	0.06278%	14,188,998	17,047,994	83.23%	54,586,037,000	77,187,397,000	70.72%
2022	June 30, 2021	0.06742%	10,113,853	15,378,354	65.77%	67,604,500,000	82,606,805,000	81.84%
2023	June 30, 2022	0.06800%	13,551,175	16,664,139	81.32%	64,310,991,000	84,319,523,000	76.27%

This schedule is presented to illustrate the requirements to show information for 10 years.

However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

**TALBOT COUNTY, MARYLAND**

**MARYLAND STATE RETIREMENT AND PENSION SYSTEMS  
SCHEDULE OF CONTRIBUTIONS  
Year Ended June 30, 2023**

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Actually Determined Contribution A</b>	<b>Actual Contribution B</b>	<b>Contribution Deficiency (Excess) (A-B)</b>	<b>Employer's Covered Payroll C</b>	<b>Actual Contribution as a Percentage of Covered Payroll (B/C)</b>
2015	June 30, 2014	\$ 1,095,431	\$ 1,095,431	\$ -	\$ 11,581,689	9.46%
2016	June 30, 2015	1,021,694	1,021,694	-	11,975,128	8.53%
2017	June 30, 2016	1,003,183	1,003,183	-	12,090,510	8.30%
2018	June 30, 2017	1,105,945	1,105,945	-	13,376,509	8.27%
2019	June 30, 2018	1,190,162	1,190,162	-	13,771,675	8.64%
2020	June 30, 2019	1,346,030	1,346,030	-	14,239,334	9.45%
2021	June 30, 2020	1,460,440	1,460,440	-	17,047,994	8.57%
2022	June 30, 2021	1,571,374	1,571,374	-	15,378,354	10.22%
2023	June 30, 2022	1,522,361	1,522,361	-	16,664,139	9.14%

This schedule is presented to illustrate the requirements to show information for 10 years.

However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

**TALBOT COUNTY, MARYLAND**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2023**

**Note 1. Budgetary Basis**

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered part of the basic financial statements. Such information includes budgetary comparison schedules for the general fund and the schedule of funding progress for other post-employment benefits. The budgetary information is prepared and adopted on a basis that is consistent with generally accepted accounting principles.

**Note 2. Required Fund Disclosures**

The General Fund had an excess of budgeted expenditures over actual expenditures of \$1,257,696 for the year ended June 30, 2022. There was an excess of actual revenues over budgeted revenues of \$3,803,558 for the year ended June 30, 2022.

**Note 3. Schedule of Funding Progress - Other Post-Employment Benefits**

Effective January 2009, the County increased its contribution percentage for post-employment benefits from 66.66% to 90% for eligible individual plans and 85% for family coverage. The information in this schedule is intended to help users assess the County's OPEB Plan's status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.

**Note 4. Pensions**

**Change in Benefit Terms**

There were no benefit changes during the year.

**Changes in Assumptions**

The changes in assumptions during the year were as follows:

- Salary increases assumption changed to 2.75% - 11.25% from 2.75% - 9.25%.



**TALBOT COUNTY, MARYLAND**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2023**

Method and Assumptions used in Calculations of Actuarially Determined Contributions.

Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%, including inflation
Investment rate of return	6.80%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale

## OTHER SUPPLEMENTARY INFORMATION

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental - Federal and State	\$ 1,598,086	\$ 7,750,000	\$ 1,163,772	\$ (6,586,228)
Contributions and cost sharing	750,000	-	-	-
Interest	(2,926)	-	2,418	2,418
<b>Total revenues</b>	<b>2,345,160</b>	<b>7,750,000</b>	<b>1,166,190</b>	<b>(6,583,810)</b>
<b>EXPENDITURES</b>				
General government	11,350,007	22,932,430	10,958,177	11,974,253
Public Safety	2,353,502	7,116,147	455,510	-
Public Works	249,550	-	49,549	-
Education	(148,226)	505,000	69,173	435,827
Recreation	-	-	1,009,927	(1,009,927)
<b>Total expenditures</b>	<b>13,804,833</b>	<b>30,553,577</b>	<b>12,542,336</b>	<b>18,011,241</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from general fund	1,903,577	4,903,577	3,000,000	(1,903,577)
Transfer from grants fund	-	-	480,500	480,500
Proceeds from debt	5,000,000	17,900,000	25,024,589	7,124,589
<b>Total other financing sources (uses)</b>	<b>6,903,577</b>	<b>22,803,577</b>	<b>28,505,089</b>	<b>5,701,512</b>
<b>Net Change in Fund Balance</b>	<b>\$ (4,556,096)</b>	<b>\$ -</b>	<b>\$ 17,128,943</b>	<b>\$ 17,128,943</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
DEVELOPMENTAL IMPACT FUND  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Licenses and permits:				
Impact fees:				
General government	\$ 95,000	\$ 95,000	\$ 202,213	\$ 107,213
Public works	214,000	214,000	233,218	19,218
Education:				
Public schools	150,000	150,000	602,459	452,459
Library	25,000	25,000	113,776	88,776
Community College	7,500	7,500	25,293	17,793
Recreation	30,000	30,000	123,941	93,941
Appropriated Fund Balance	90,500	90,500	-	(90,500)
Interest	3,000	3,000	49,424	46,424
<b>Total revenues</b>	<b>615,000</b>	<b>615,000</b>	<b>1,350,323</b>	<b>735,323</b>
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
General fund	(550,000)	(550,000)	-	(550,000)
Recreation fund	(65,000)	(65,000)	(65,000)	-
<b>Total other financing sources (uses)</b>	<b>(615,000)</b>	<b>(615,000)</b>	<b>(65,000)</b>	<b>(550,000)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,285,323</b>	<b>\$ 1,285,323</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
TALBOT FAMILY NETWORK  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental - Federal and State	\$ 587,801	\$ 587,801	\$ 626,985	\$ 39,184
Interest	-	-	5,571	5,571
<b>Total revenues</b>	<b>587,801</b>	<b>587,801</b>	<b>632,556</b>	<b>44,755</b>
<b>EXPENDITURES</b>				
Social Services	587,801	587,801	626,985	(39,184)
<b>Total expenditures</b>	<b>587,801</b>	<b>587,801</b>	<b>626,985</b>	<b>(39,184)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,571</b>	<b>\$ 5,571</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
NARCOTICS TASK FORCE  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 12,372	\$ 12,372
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>12,372</b>	<b>12,372</b>
<b>EXPENDITURES</b>				
Public safety	20,150	20,150	10,267	(9,883)
<b>Net Change in Fund Balance</b>	<b>\$ (20,150)</b>	<b>\$ (20,150)</b>	<b>\$ 2,105</b>	<b>\$ 22,255</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – RECREATION FACILITIES  
For the Year Ended June 30, 2023**

	Hog Neck Golf Course			Talbot Community Center			Combined Totals		
	Revised		Variance with	Revised		Variance with	Revised		Variance with
	Final Budget	Actual	Final Budget	Final Budget	Actual	Final Budget	Final Budget	Actual	Final Budget
<b>OPERATING REVENUES</b>									
Program fees and revenues	\$ -	\$ -	\$ -	\$ 230,000	\$ 268,958	\$ 38,958	\$ 230,000	\$ 268,958	\$ 38,958
Rents	8,000	700	(7,300)	65,000	78,742	13,742	73,000	79,442	6,442
Ice revenues	-	-	-	330,435	128,324	(202,111)	330,435	128,324	(202,111)
Pro shop and concessions	415,000	511,339	96,339	-	-	-	415,000	511,339	96,339
Cart rentals	52,000	8,315	(43,685)	-	-	-	52,000	8,315	(43,685)
Green fees	1,300,000	1,552,020	252,020	-	-	-	1,300,000	1,552,020	252,020
Other operating	19,500	78,301	58,801	55,750	1,090,157	1,034,407	75,250	1,168,458	1,093,208
<b>Total operating revenues</b>	<b>1,794,500</b>	<b>2,150,675</b>	<b>356,175</b>	<b>681,185</b>	<b>1,566,181</b>	<b>884,996</b>	<b>2,475,685</b>	<b>3,716,856</b>	<b>1,241,171</b>
<b>OPERATING EXPENSES</b>									
Salaries and related expenses	997,101	941,109	55,992	413,452	347,322	66,130	1,410,553	1,288,431	122,122
Professional fees	10,000	11,313	(1,313)	12,500	8,526	3,974	22,500	19,839	2,661
Office	-	-	-	2,000	39,665	(37,665)	2,000	39,665	(37,665)
Insurance	-	-	-	14,500	(21,831)	36,331	14,500	(21,831)	36,331
Repairs and maintenance	108,000	159,198	(51,198)	155,200	177,070	(21,870)	263,200	336,268	(73,068)
Utilities	59,000	75,465	(16,465)	152,000	129,716	22,284	211,000	205,181	5,819
Supplies and equipment	94,000	198,792	(104,792)	55,000	54,394	606	149,000	253,186	(104,186)
Lessons and programs	20,000	26,230	(6,230)	90,000	69,265	20,735	110,000	95,495	14,505
Pro shop and concessions	130,000	236,823	(106,823)	20,000	53	19,947	150,000	236,876	(86,876)
Other operating	270,904	131,038	139,866	-	-	-	270,904	131,038	139,866
<b>Total operating expenses</b>	<b>1,689,005</b>	<b>1,779,968</b>	<b>(90,963)</b>	<b>914,652</b>	<b>804,180</b>	<b>110,472</b>	<b>2,603,657</b>	<b>2,584,148</b>	<b>19,509</b>
Operating income (loss) before depreciation	105,495	370,707	265,212	(233,467)	762,001	995,468	(127,972)	1,132,708	1,221,662
Depreciation	-	396,438	(396,438)	-	866,159	(866,159)	-	1,262,597	(1,262,597)
<b>Net operating income (loss)</b>	<b>105,495</b>	<b>(25,731)</b>	<b>661,650</b>	<b>(233,467)</b>	<b>(104,158)</b>	<b>1,861,627</b>	<b>(127,972)</b>	<b>(129,889)</b>	<b>2,484,259</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Transfers from general fund	485,300	485,300	-	402,592	402,592	-	887,892	887,892	-
Transfers from special revenue fund	-	-	-	65,000	65,000	-	65,000	65,000	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-
<b>Net non-operating revenues (expenses)</b>	<b>485,300</b>	<b>485,300</b>	<b>-</b>	<b>467,592</b>	<b>467,592</b>	<b>-</b>	<b>952,892</b>	<b>952,892</b>	<b>-</b>
<b>Change in net position</b>	<b>590,795</b>	<b>459,569</b>	<b>(131,226)</b>	<b>234,125</b>	<b>363,434</b>	<b>129,309</b>	<b>824,920</b>	<b>823,003</b>	<b>(1,917)</b>
<b>OTHER BUDGETED EXPENSE</b>									
Debt service	148,195	-	148,195	172,625	5,555	167,070	320,820	5,555	(315,265)
Capital outlay	442,600	11,340	431,260	61,500	6,201	55,299	504,100	-	(504,100)
<b>Total other budgeted expenses</b>	<b>590,795</b>	<b>11,340</b>	<b>579,455</b>	<b>234,125</b>	<b>11,756</b>	<b>222,369</b>	<b>824,920</b>	<b>5,555</b>	<b>(819,365)</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>\$ 448,229</b>	<b>\$ 448,229</b>	<b>\$ -</b>	<b>\$ 351,678</b>	<b>\$ 351,678</b>	<b>\$ -</b>	<b>\$ 817,448</b>	<b>\$ 817,448</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2023**

	St. Michaels District			Royal Oak District			Tilghman District		
	Revised		Variance with	Revised		Variance with	Revised		Variance with
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
<b>OPERATING REVENUES</b>									
Sewer service charges	\$ 1,682,051	\$ 1,699,430	\$ 17,379	\$ 441,725	\$ 433,860	\$ (7,865)	\$ 461,833	\$ 467,419	\$ 5,586
Sewer connection charges	120,000	144,287	24,287	120,000	97,020	(22,980)	27,424	80,785	53,361
Residential benefit charges	-	-	-	-	-	-	-	4,968	4,968
Miscellaneous	1,150	23,153	22,003	-	9,553	9,553	9	3,380	3,371
<b>Total operating revenues</b>	<b>1,803,201</b>	<b>1,866,870</b>	<b>63,669</b>	<b>561,725</b>	<b>540,433</b>	<b>(21,292)</b>	<b>489,266</b>	<b>556,552</b>	<b>67,286</b>
<b>OPERATING EXPENSES</b>									
Salaries and related expenses	580,546	518,283	62,263	140,900	120,390	20,510	203,109	167,314	35,795
Professional fees	500	1,702	(1,202)	500	-	500	-	-	-
Office	3,800	7,573	(3,773)	750	2,534	(1,784)	1,000	3,291	(2,291)
Insurance	13,000	12,170	830	2,400	1,076	1,324	2,300	1,896	404
Contracted services	136,848	116,762	20,086	45,000	45,116	(116)	64,500	111,430	(46,930)
Repairs and maintenance	45,000	35,415	9,585	45,000	58,778	(13,778)	50,000	56,504	(6,504)
Utilities	126,000	124,038	1,962	21,700	24,464	(2,764)	-	-	-
Supplies and equipment	90,000	95,954	(5,954)	25,000	31,363	(6,363)	45,000	56,241	(11,241)
Other operating	110,200	80,043	30,157	285,518	18,783	266,735	63,689	783	62,906
<b>Total operating expenses</b>	<b>1,105,894</b>	<b>991,940</b>	<b>113,954</b>	<b>519,368</b>	<b>242,650</b>	<b>264,263</b>	<b>429,598</b>	<b>397,459</b>	<b>32,139</b>
Operating income (loss) before depreciation	697,307	874,930	177,623	42,357	297,783	255,426	59,668	159,094	99,426
Depreciation	172,296	997,411	(825,115)	-	152,620	(152,620)	-	163,075	(163,075)
<b>Net operating income (loss)</b>	<b>525,011</b>	<b>(122,481)</b>	<b>(647,492)</b>	<b>42,357</b>	<b>145,163</b>	<b>102,806</b>	<b>59,668</b>	<b>(3,981)</b>	<b>(63,649)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Intergovernmental revenues	42,921	281,300	238,379	-	-	-	-	-	-
Interest income	-	-	-	100	20,740	20,640	100	13,561	13,461
Interest expense	(65,174)	(39,940)	(25,234)	(42,457)	11,334	(53,791)	-	-	-
<b>Net non-operating revenues (expenses)</b>	<b>(22,253)</b>	<b>241,360</b>	<b>213,145</b>	<b>(42,357)</b>	<b>32,074</b>	<b>(33,151)</b>	<b>100</b>	<b>13,561</b>	<b>13,461</b>
<b>Change in net position</b>	<b>502,758</b>	<b>118,879</b>	<b>(383,879)</b>	<b>-</b>	<b>177,237</b>	<b>177,237</b>	<b>59,768</b>	<b>9,580</b>	<b>(50,188)</b>
<b>OTHER BUDGETED EXPENSE</b>									
Debt service	492,758	-	(492,758)	129,008	-	(129,008)	-	-	-
Capital outlay	10,000	100	(9,900)	32,244	-	(32,244)	59,768	-	(59,768)
<b>Total other budgeted expenses</b>	<b>502,758</b>	<b>100</b>	<b>(502,658)</b>	<b>161,252</b>	<b>-</b>	<b>(161,252)</b>	<b>59,768</b>	<b>-</b>	<b>(59,768)</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>\$ 118,779</b>	<b>\$ 118,779</b>	<b>\$ (161,252)</b>	<b>\$ 177,237</b>	<b>\$ 338,489</b>	<b>\$ -</b>	<b>\$ 9,580</b>	<b>\$ 9,580</b>



**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2023  
(continued)**

	Unionville District			Bio-solids Utilization Facility			Onsite Sewage Disposal		
	Revised Final Budget	Actual	Variance with Final Budget	Revised Final Budget	Actual	Variance with Final Budget	Revised Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>									
Sewer service charges	\$ 200,850	\$ 208,587	\$ 7,737	\$ 550,000	\$ 550,086	\$ 86	\$ -	\$ -	\$ -
Sewer connection charges	120,000	12,000	(108,000)	360,000	-	(360,000)	-	-	-
Residential benefit charges	-	12,000	12,000	22,599	-	(22,599)	-	-	-
Miscellaneous	3	2,310	2,307	5,000	4,731	(269)	-	-	-
<b>Total operating revenues</b>	<b>320,853</b>	<b>234,897</b>	<b>(85,956)</b>	<b>937,599</b>	<b>554,817</b>	<b>(382,782)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING EXPENSES</b>									
Salaries and related expenses	64,602	54,723	9,879	180,143	190,748	(10,605)	45,056	46,966	(1,910)
Professional fees	300	-	300	-	-	-	200	-	200
Office	500	1,991	(1,491)	600	1,679	(1,079)	-	32	(32)
Insurance	1,000	425	575	12,000	13,170	(1,170)	-	-	-
Contracted services	22,200	26,723	(4,523)	25,900	51,252	(25,352)	650,000	797,507	(147,507)
Repairs and maintenance	45,000	37,199	7,801	11,500	23,189	(11,689)	-	-	-
Utilities	8,600	12,228	(3,628)	10,050	15,858	(5,808)	-	-	-
Supplies and equipment	10,000	17,341	(7,341)	35,000	44,133	(9,133)	-	-	-
Other operating	48,462	7,238	41,224	339,956	15,095	324,861	112,744	38,097	74,647
<b>Total operating expenses</b>	<b>200,664</b>	<b>157,868</b>	<b>42,796</b>	<b>615,149</b>	<b>355,123</b>	<b>260,026</b>	<b>808,000</b>	<b>882,602</b>	<b>(74,602)</b>
Operating income (loss) before depreciation	120,189	77,030	(43,160)	322,450	199,694	(122,756)	(808,000)	(882,602)	(74,602)
Depreciation	-	154,945	(154,945)	-	487,361	(487,361)	-	-	-
<b>Net operating income (loss)</b>	<b>120,189</b>	<b>(77,916)</b>	<b>(198,105)</b>	<b>322,450</b>	<b>(287,667)</b>	<b>(610,117)</b>	<b>(808,000)</b>	<b>(882,602)</b>	<b>(74,602)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Intergovernmental revenues	-	-	-	-	-	-	808,000	973,632	165,632
Interest income	2,000	-	(2,000)	-	-	-	-	-	-
Interest expense	(21,176)	(3,739)	17,437	(102,400)	(98,840)	3,560	-	-	-
<b>Net non-operating revenues (expenses)</b>	<b>(19,176)</b>	<b>(3,739)</b>	<b>15,437</b>	<b>(102,400)</b>	<b>(98,840)</b>	<b>3,560</b>	<b>808,000</b>	<b>973,632</b>	<b>165,632</b>
<b>Change in net position</b>	<b>101,013</b>	<b>(81,655)</b>	<b>(182,668)</b>	<b>220,050</b>	<b>(386,507)</b>	<b>(606,557)</b>	<b>-</b>	<b>91,029</b>	<b>91,029</b>
<b>OTHER BUDGETED EXPENSE</b>									
Debt service	67,839	-	(67,839)	220,050	-	(220,050)	-	-	-
Capital outlay	40,374	-	(40,374)	-	-	-	-	-	-
<b>Total other budgeted expenses</b>	<b>108,213</b>	<b>-</b>	<b>(108,213)</b>	<b>220,050</b>	<b>-</b>	<b>(220,050)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Budgeted net income (loss)</b>	<b>\$ (7,200)</b>	<b>\$ (81,655)</b>	<b>\$ (74,455)</b>	<b>\$ -</b>	<b>\$ (386,507)</b>	<b>\$ (386,507)</b>	<b>\$ -</b>	<b>\$ 91,029</b>	<b>\$ 91,029</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2023  
(continued)**

	<u>Martingham District</u>			<u>Combined Totals</u>		
	<u>Revised Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Revised Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>						
Sewer service charges	\$ 490,065	\$ 420,603	\$ (69,462)	\$ 3,826,524	\$ 3,779,985	\$ (46,539)
Sewer connection charges	-	-	-	747,424	334,092	(413,332)
Residential benefit charges	-	-	-	22,599	16,968	(5,631)
Miscellaneous	10	44,763	44,753	6,172	87,890	81,718
Total operating revenues	490,075	465,366	(24,709)	4,602,719	4,218,935	(383,784)
<b>OPERATING EXPENSES</b>						
Salaries and related expenses	98,751	79,925	18,826	1,313,107	1,178,349	134,758
Professional fees	-	-	-	1,500	1,702	(202)
Office	250	2,666	(2,416)	6,900	19,766	(12,866)
Insurance	1,400	337	1,063	32,100	29,074	3,026
Contracted services	140,661	(16,935)	157,596	1,085,109	1,131,855	(46,746)
Repairs and maintenance	8,500	48,760	(40,260)	205,000	259,845	(54,845)
Utilities	20,440	24,608	(4,168)	186,790	201,196	(14,406)
Supplies and equipment	13,000	38,852	(25,852)	218,000	283,884	(65,884)
Other operating	79,972	7,965	72,007	1,040,541	168,004	872,537
Total operating expenses	362,974	186,178	176,796	4,089,047	3,273,675	815,372
Operating income (loss) before depreciation	127,101	279,187	152,086	513,672	945,260	431,588
Depreciation	-	114,393	(114,393)	172,296	2,069,805	(1,897,509)
Net operating income (loss)	127,101	164,794	37,693	341,376	(1,124,545)	(1,465,921)
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues	-	-	-	850,921	1,254,931	404,010
Interest income	-	6,544	6,544	2,200	40,845	38,645
Interest expense	(50,208)	(29,521)	(20,687)	(281,415)	(160,706)	(78,715)
Net non-operating revenues (expenses)	(50,208)	(22,977)	(14,143)	571,706	1,135,070	363,940
Change in net position	76,893	141,817	64,924	913,082	10,525	(902,557)
<b>OTHER BUDGETED EXPENSE</b>						
Debt service	76,893	-	(76,893)	986,548	-	(986,548)
Capital outlay	-	-	-	142,386	100	(142,286)
Total other budgeted expenses	76,893	-	(76,893)	1,128,934	100	(1,128,834)
Budgeted net income (loss)	\$ -	\$ 141,817	\$ 141,817	\$ (215,852)	\$ 10,425	\$ 226,277

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – EASTON AIRPORT  
For the Year Ended June 30, 2023**

	<u>Revised Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>			
Charges - operations	\$ 1,557,671	\$ 1,554,198	\$ (3,473)
Charges - fuel facility	2,873,000	4,361,984	1,488,984
Charges - hangars	675,102	611,255	(63,847)
Other operating	25,000	27,734	-
<b>Total operating revenues</b>	<b>5,130,773</b>	<b>6,555,171</b>	<b>1,421,664</b>
<b>OPERATING EXPENSES</b>			
Salaries and related expenses	484,720	546,572	61,852
Cost of sales - fuel	2,553,000	4,027,072	1,474,072
Office	45,200	40,403	(4,797)
Insurance	25,000	10,513	(14,487)
Repairs and maintenance	273,000	224,741	(48,259)
Utilities	238,000	259,064	21,064
Supplies and equipment	2,400	3,198	798
Other operating	1,732,969	140,976	(1,591,993)
<b>Total operating expenses</b>	<b>5,354,289</b>	<b>5,252,539</b>	<b>(101,750)</b>
Operating income (loss) before depreciation	(223,516)	1,302,632	1,526,148
Depreciation	-	2,398,493	(2,398,493)
<b>Net operating income (loss)</b>	<b>(223,516)</b>	<b>(1,095,861)</b>	<b>(872,345)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental revenues	239,162	1,335,829	1,096,667
Interest income	-	70,335	70,335
Interest expense	(15,646)	(9,217)	(6,429)
<b>Net non-operating revenues (expenses)</b>	<b>223,516</b>	<b>1,396,947</b>	<b>1,160,573</b>
<b>Change in net position</b>	<b>-</b>	<b>301,086</b>	<b>301,086</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>\$ 301,086</b>	<b>\$ 301,086</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – REPURPOSING FUND  
For the Year Ended June 30, 2023**

	<u>Revised Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>			
Crushed Concrete Sales	\$ 1,241,615	\$ 387,322	\$ (854,293)
<b>Total operating revenues</b>	<b>1,241,615</b>	<b>387,322</b>	<b>(854,293)</b>
<b>OPERATING EXPENSES</b>			
Salaries and related expenses	332,848	269,639	(63,209)
Repairs and maintenance	115,000	148,942	33,942
Other operating	333,767	185,865	(147,902)
<b>Total operating expenses</b>	<b>781,615</b>	<b>604,446</b>	<b>(177,169)</b>
Operating income (loss) before depreciation	460,000	(217,124)	(677,124)
Depreciation	-	213,996	(213,996)
<b>Change in net position</b>	<b>460,000</b>	<b>(431,120)</b>	<b>(891,120)</b>
<b>OTHER BUDGETED EXPENSE</b>			
Debt service	460,000	-	460,000
<b>Total other budgeted expenses</b>	<b>460,000</b>	<b>-</b>	<b>(460,000)</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>\$ (431,120)</b>	<b>\$ (431,120)</b>

**TALBOT COUNTY, MARYLAND**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
June 30, 2023**

	<b>Developmental Impact</b>	<b>Talbot Family Network</b>	<b>Narcotic Task Force</b>	<b>Total Other Governmental Funds</b>
<b>REVENUE</b>				
Intergovernmental:				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	626,985	-	626,985
Licences and permits	1,300,899	-	-	1,300,899
Miscellaneous	-	-	61,688	61,688
Interest	49,424	5,571	-	54,995
<b>Total Revenue</b>	<u>1,350,323</u>	<u>632,556</u>	<u>61,688</u>	<u>2,044,567</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	33,819	33,819
Public works	-	-	-	-
Health and hospitals	-	-	-	-
Social services	-	626,985	-	626,985
<b>Total Expenditures</b>	<u>-</u>	<u>626,985</u>	<u>33,819</u>	<u>660,804</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<u>1,350,323</u>	<u>5,571</u>	<u>27,869</u>	<u>1,383,763</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(65,000)	-	-	(65,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>1,285,323</u>	<u>5,571</u>	<u>27,869</u>	<u>1,318,763</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,450,567</u>	<u>102,125</u>	<u>112,557</u>	<u>1,665,249</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,735,890</u>	<u>\$ 107,696</u>	<u>\$ 140,426</u>	<u>\$ 2,984,012</u>

**TALBOT COUNTY, MARYLAND**

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
OTHER GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023**

	<u>Developmental Impact</u>	<u>Talbot Family Network</u>	<u>Narcotic Task Force</u>	<u>Total Other Governmental Funds</u>
<b>REVENUE</b>				
Intergovernmental:				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	626,985	-	626,985
Licences and permits	1,300,899	-	-	1,300,899
Miscellaneous	-	-	61,688	61,688
Interest	49,424	5,571	-	54,995
<b>Total Revenue</b>	<u>1,350,323</u>	<u>632,556</u>	<u>61,688</u>	<u>2,044,567</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	33,819	33,819
Public works	-	-	-	-
Health and hospitals	-	-	-	-
Social services	-	626,985	-	626,985
<b>Total Expenditures</b>	<u>-</u>	<u>626,985</u>	<u>33,819</u>	<u>660,804</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<u>1,350,323</u>	<u>5,571</u>	<u>27,869</u>	<u>1,383,763</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(65,000)	-	-	(65,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>1,285,323</u>	<u>5,571</u>	<u>27,869</u>	<u>1,318,763</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,450,567</u>	<u>102,125</u>	<u>112,557</u>	<u>1,665,249</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,735,890</u>	<u>\$ 107,696</u>	<u>\$ 140,426</u>	<u>\$ 2,984,012</u>

## TALBOT COUNTY, MARYLAND

### NOTE TO OTHER SUPPLEMENTARY INFORMATION

#### **Note 1. Budgetary Basis**

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board nor are they considered part of the basic financial statements. Such information is included for purposes of additional analysis. The budgetary information contained in this section is prepared and adopted on a basis consistent with generally accepted accounting principles. Such statements and schedules include:

Budgetary Comparison Schedules:

- Capital Projects Fund
- Developmental Impact Fund
- Talbot Family Network
- Recreation Facilities
- Sanitary District
- Easton Airport

Combining Balance Sheet - Other Governmental Funds

## STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the preceding sections says about the County's overall financial health. They differ from financial statements in that they usually cover more than one year and may present non-accounting data. For this reason, they are unaudited.

Schedules 1-4 reflect financial trends data to help the reader understand how the County's financial performance and well-being have changed over time.

Schedules 5-11 reflect revenue capacity and help the reader assess the County's most significant local revenue sources.

Schedules 12-15 reflect debt capacity and help the reader to assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

Schedules 16-17 offer demographic and economic information to help the reader understand the environment within which the County's financial activities take place.

Schedules 18-21 contain operating information to help the reader understand how the information in the County's financial report relates to the services the County provides.

Unless otherwise noted, the source for all data presented is the Talbot County Finance Department.



**Schedule 1**  
**Talbot County, Maryland**  
**Net Position by Component**  
*(accrual basis of accounting)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 80,625,199	\$ 80,132,665	\$ 78,908,012	\$ 80,610,059	\$ 78,664,492	\$ 76,175,840	\$ 73,539,157	\$ 72,756,832	\$ 71,352,834	\$ 81,381,854
Restricted	94,239	94,396	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494
Unrestricted	<u>(3,752,306)</u>	<u>2,973,933</u>	<u>7,325,290</u>	<u>10,659,249</u>	<u>4,162,871</u>	<u>1,021,733</u>	<u>(2,017,870)</u>	<u>16,697,479</u>	<u>29,778,660</u>	<u>47,081,356</u>
Total governmental activities net position	\$ 76,967,132	\$ 83,200,994	\$ 86,329,245	\$ 91,365,924	\$ 82,925,232	\$ 77,297,450	\$ 71,687,562	\$ 89,623,016	\$ 101,362,049	\$ 128,714,704
<b>Business-type activities</b>										
Net investment in capital assets	\$ 51,985,231	\$ 52,050,922	\$ 49,231,203	\$ 51,133,626	\$ 48,005,138	\$ 48,243,349	\$ 45,651,129	\$ 43,495,852	\$ 42,641,511	\$ 45,365,882
Unrestricted	<u>(101,952)</u>	<u>(521,710)</u>	<u>(434,743)</u>	<u>(3,194,337)</u>	<u>(3,448,134)</u>	<u>(4,981,872)</u>	<u>471,783</u>	<u>2,515,929</u>	<u>1,931,852</u>	<u>(94,680)</u>
Total business-type activities net position	\$ 51,883,279	\$ 51,529,212	\$ 48,796,460	\$ 47,939,289	\$ 44,557,004	\$ 43,261,477	\$ 46,122,912	\$ 46,011,781	\$ 44,573,363	\$ 45,271,202
<b>Primary government</b>										
Net investment in capital assets	\$ 132,610,430	\$ 132,183,587	\$ 128,139,215	\$ 131,743,685	\$ 126,669,630	\$ 124,419,189	\$ 119,190,286	\$ 116,252,684	\$ 113,994,345	\$ 126,747,736
Restricted	94,239	94,396	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494
Unrestricted	<u>(3,854,258)</u>	<u>2,452,223</u>	<u>6,890,547</u>	<u>7,464,912</u>	<u>714,737</u>	<u>(3,960,139)</u>	<u>(1,546,087)</u>	<u>19,213,408</u>	<u>31,710,512</u>	<u>46,986,676</u>
Total primary government net position	<u>\$ 128,850,411</u>	<u>\$ 134,730,206</u>	<u>\$ 135,125,705</u>	<u>\$ 139,305,213</u>	<u>\$ 127,482,236</u>	<u>\$ 120,558,927</u>	<u>\$ 117,810,474</u>	<u>\$ 135,634,797</u>	<u>\$ 145,935,412</u>	<u>\$ 173,985,906</u>

\* FY 2014 net position was restated due to the implementation of Governmental Accounting Standards Board's Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Fiscal years 2017 and prior have not been restated for GASB 75

Fiscal year 2018 reflects GASB 75

**Schedule 2**  
**Talbot County, Maryland**  
**Changes in Net Position**  
*(accrual basis of accounting)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 9,551,119	\$ 10,360,176	\$ 11,224,921	\$ 11,325,690	\$ 12,144,928	\$ 14,456,714	\$ 14,183,030	\$ 18,181,279	\$ 17,104,866	\$ 16,682,392
Public safety	16,071,849	14,798,173	15,364,473	17,276,097	18,723,695	20,182,065	20,597,331	23,571,711	26,504,338	29,484,078
Public works	3,788,820	5,919,975	6,550,228	6,427,502	6,543,225	7,089,362	6,807,738	4,019,932	7,800,990	7,115,544
Health and hospitals	4,099,374	4,394,559	2,550,428	2,520,926	2,522,380	2,524,694	2,646,248	3,058,673	2,508,300	2,607,800
Social services	857,752	936,371	1,821,647	1,640,895	1,360,507	1,908,188	1,461,199	3,347,474	1,574,103	1,789,068
Education	41,640,092	39,518,549	41,025,371	42,249,348	43,745,918	52,481,151	66,549,527	48,364,006	51,984,991	51,630,630
Recreation	632,538	541,540	734,248	959,049	576,070	734,182	483,874	605,345	1,246,023	2,106,797
Conservation of natural resources	252,375	242,700	252,228	250,848	282,789	267,761	293,859	312,525	350,921	324,905
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	13,439	173,141	212,886	185,145	158,714	43,393	221,319	254,807	-	-
Total governmental activities expenses	<u>76,907,358</u>	<u>76,885,184</u>	<u>79,736,430</u>	<u>82,835,500</u>	<u>86,058,226</u>	<u>99,687,510</u>	<u>113,244,125</u>	<u>101,715,752</u>	<u>109,074,532</u>	<u>111,741,214</u>
Business-type activities:										
Recreation facilities	2,652,143	2,647,744	2,676,732	2,888,465	3,080,314	3,145,530	2,828,428	2,981,709	3,524,777	3,852,300
Sanitary district	3,430,264	3,710,861	3,883,742	4,366,586	4,511,793	4,855,689	5,003,390	5,118,423	5,487,509	5,504,287
Airport	4,837,671	4,464,150	4,312,785	4,525,433	5,805,247	5,704,850	5,502,918	5,957,958	7,894,770	7,660,249
Pool	215,301	249,430	-	-	-	-	-	-	-	-
Repurposing Center	-	-	-	-	-	-	-	-	556,981	818,442
Total business-type activities expenses	<u>11,135,379</u>	<u>11,072,185</u>	<u>10,873,259</u>	<u>11,780,484</u>	<u>13,397,354</u>	<u>13,706,069</u>	<u>13,334,736</u>	<u>14,058,090</u>	<u>17,464,037</u>	<u>17,835,278</u>
Total primary government expenses	<u>\$ 88,042,737</u>	<u>\$ 87,957,369</u>	<u>\$ 90,609,689</u>	<u>\$ 94,615,984</u>	<u>\$ 99,455,580</u>	<u>\$ 113,393,579</u>	<u>\$ 126,578,861</u>	<u>\$ 115,773,842</u>	<u>\$ 126,538,569</u>	<u>\$ 129,576,492</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 808,001	\$ 879,528	\$ 799,385	\$ 876,513	\$ 571,155	\$ 647,619	\$ 656,526	\$ 1,160,575	\$ 102,683	\$ 1,693,558
Public safety	1,594,468	1,716,348	1,700,062	2,409,072	2,442,331	2,626,903	2,778,631	2,291,858	2,914,158	4,044,935
Public works	228,548	416,507	262,496	245,783	474,198	381,148	615,746	420,065	263,647	522,998
Health and hospitals	133,248	115,961	110,303	95,011	98,104	102,131	124,446	111,852	-	142,640
Social Services	-	-	-	-	-	-	-	-	-	-
Education	151,045	99,143	105,745	410,781	224,423	267,625	177,107	592,627	-	741,528
Recreation	99,968	97,455	183,097	240,526	167,724	146,030	28,241	373,711	-	250,708
Conservation of natural resources	-	-	-	-	71,959	32,254	48,311	79,241	36,386	30,824
Operating/Capital grants and contributions	5,640,620	5,813,482	5,392,962	5,293,139	4,822,721	5,288,161	4,383,337	11,090,746	10,009,029	8,589,734
Total governmental activities program revenues	<u>8,655,898</u>	<u>9,138,424</u>	<u>8,554,050</u>	<u>9,570,825</u>	<u>8,872,615</u>	<u>9,491,871</u>	<u>8,812,345</u>	<u>16,120,675</u>	<u>13,325,903</u>	<u>16,016,925</u>

(continued)

**Schedule 2**  
**Talbot County, Maryland**  
**Changes in Net Position**  
*(accrual basis of accounting)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Business-type activities:</b>										
Charges for services										
Recreation facilities	1,417,840	1,445,070	1,845,663	2,050,009	2,021,416	2,070,881	1,903,200	2,343,632	2,688,318	3,716,856
Sanitary district	2,328,288	2,440,190	2,203,946	3,473,144	2,528,753	2,894,922	3,003,501	3,260,677	3,008,521	4,218,935
Easton airport	3,351,214	2,992,658	2,527,763	2,524,209	3,099,955	3,235,994	2,936,884	3,947,586	5,890,650	6,555,171
Repurposing Center	-	-	-	-	-	-	-	-	185,503	387,322
Pool	109,084	108,506	-	-	-	-	-	-	-	-
Operating/Capital grants and contributions	<u>1,315,605</u>	<u>3,098,649</u>	<u>1,223,632</u>	<u>2,300,676</u>	<u>1,496,336</u>	<u>3,680,423</u>	<u>7,743,927</u>	<u>3,619,694</u>	<u>1,889,095</u>	<u>2,590,761</u>
Total business-type activities program revenues	<u>8,522,031</u>	<u>10,085,073</u>	<u>7,801,004</u>	<u>10,348,038</u>	<u>9,146,460</u>	<u>11,882,220</u>	<u>15,587,512</u>	<u>13,171,589</u>	<u>13,662,087</u>	<u>17,469,045</u>
Total primary government program revenues	<u>\$ 17,177,929</u>	<u>\$ 19,223,497</u>	<u>\$ 16,355,054</u>	<u>\$ 19,918,863</u>	<u>\$ 18,019,075</u>	<u>\$ 21,374,091</u>	<u>\$ 24,399,857</u>	<u>\$ 29,292,264</u>	<u>\$ 26,987,990</u>	<u>\$ 33,485,970</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (68,251,460)	\$ (67,746,760)	\$ (71,182,380)	\$ (73,264,675)	\$ (77,185,611)	\$ (90,195,639)	\$ (104,431,780)	\$ (85,595,077)	\$ (95,748,629)	\$ (95,724,289)
Business-type activities	<u>(2,613,348)</u>	<u>(987,112)</u>	<u>(3,072,255)</u>	<u>(1,432,446)</u>	<u>(4,250,894)</u>	<u>(1,823,849)</u>	<u>2,252,776</u>	<u>(886,501)</u>	<u>(3,801,950)</u>	<u>(366,233)</u>
Total primary government net expense	<u>\$ (70,864,808)</u>	<u>\$ (68,733,872)</u>	<u>\$ (74,254,635)</u>	<u>\$ (74,697,121)</u>	<u>\$ (81,436,505)</u>	<u>\$ (92,019,488)</u>	<u>\$ (102,179,004)</u>	<u>\$ (86,481,578)</u>	<u>\$ (99,550,579)</u>	<u>\$ (96,090,522)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 33,660,872	\$ 34,726,851	\$ 35,280,376	\$ 36,531,210	\$ 38,574,339	\$ 41,646,643	\$ 44,544,065	\$ 45,726,005	\$ 47,954,457	\$ 51,470,500
Local income tax	27,108,102	28,562,934	26,568,636	28,007,970	25,767,710	29,514,546	41,118,063	35,503,912	37,815,496	51,874,354
Other local taxes	9,522,629	10,706,846	11,340,994	12,859,841	12,354,244	12,107,793	12,281,446	22,249,580	22,958,657	16,456,838
Interest	94,004	91,344	132,640	231,807	604,834	901,297	533,739	115,878	231,485	4,228,144
Miscellaneous	2,306,687	514,997	1,317,542	1,206,986	1,309,428	883,578	852,690	707,496	884,237	-
Transfers in (out)	<u>(598,850)</u>	<u>(622,350)</u>	<u>(329,557)</u>	<u>(536,460)</u>	<u>(842,250)</u>	<u>(486,000)</u>	<u>(508,111)</u>	<u>(772,340)</u>	<u>(2,356,670)</u>	<u>(952,892)</u>
Total governmental activities	<u>72,093,444</u>	<u>73,980,622</u>	<u>74,310,631</u>	<u>78,301,354</u>	<u>77,768,305</u>	<u>84,567,857</u>	<u>98,821,892</u>	<u>103,530,531</u>	<u>107,487,662</u>	<u>123,076,944</u>
Business-type activities:										
Gain on sale of asset	-	-	-	-	-	-	77,790	-	-	-
Interest	6,500	6,195	9,946	18,815	26,359	42,322	22,758	3,030	6,862	111,180
Miscellaneous	10,500	4,500	-	20,000	-	-	-	-	-	-
Transfers in (out)	<u>598,850</u>	<u>622,350</u>	<u>329,557</u>	<u>536,460</u>	<u>842,250</u>	<u>486,000</u>	<u>508,111</u>	<u>772,340</u>	<u>2,356,670</u>	<u>952,892</u>
Total business-type activities	<u>615,850</u>	<u>633,045</u>	<u>339,503</u>	<u>575,275</u>	<u>868,609</u>	<u>528,322</u>	<u>608,659</u>	<u>775,370</u>	<u>2,363,532</u>	<u>1,064,072</u>
Total primary government	<u>\$ 72,709,294</u>	<u>\$ 74,613,667</u>	<u>\$ 74,650,134</u>	<u>\$ 78,876,629</u>	<u>\$ 78,636,914</u>	<u>\$ 85,096,179</u>	<u>\$ 99,430,551</u>	<u>\$ 104,305,901</u>	<u>\$ 109,851,194</u>	<u>\$ 124,141,016</u>
Prior Period Restatement*	<u>\$ (7,930,509)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (4,088,525)	\$ 6,233,862	\$ 3,128,251	\$ 5,036,679	\$ 582,694	\$ (5,627,782)	\$ (5,609,888)	\$ 17,935,454	\$ 11,739,033	\$ 27,352,655
Business-type activities	<u>(1,997,498)</u>	<u>(354,067)</u>	<u>(2,732,752)</u>	<u>(857,171)</u>	<u>(3,382,285)</u>	<u>(1,295,527)</u>	<u>2,861,435</u>	<u>(111,131)</u>	<u>(1,438,418)</u>	<u>697,839</u>
Total primary government	<u>\$ (6,086,023)</u>	<u>\$ 5,879,795</u>	<u>\$ 395,499</u>	<u>\$ 4,179,508</u>	<u>\$ (2,799,591)</u>	<u>\$ (6,923,309)</u>	<u>\$ (2,748,453)</u>	<u>\$ 17,824,323</u>	<u>\$ 10,300,615</u>	<u>\$ 28,050,494</u>

\* FY 2014 net position was restated due to the implementation of Governmental Accounting Standards Board's Statement No. 68, *Accounting and Financial Reporting for Pensions*.  
Fiscal years 2017 and prior have not been restated for GASB 75  
Fiscal year 2018 reflects GASB 75

**Schedule 3**  
**Talbot County, Maryland**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Non spendable										
Prepaid	74,482	205,551	83,672	55,539	492,383	771,897	1,132,142	2,023,110	2,082,658	1,025,447
Committed										
Assigned	-	1,290,000	2,156,000	2,526,000	7,775,000	3,963,460	6,743,000	20,765,000	14,300,000	20,061,000
Unassigned	<u>20,772,381</u>	<u>23,744,224</u>	<u>23,322,998</u>	<u>26,834,499</u>	<u>22,030,792</u>	<u>25,581,196</u>	<u>38,203,960</u>	<u>40,524,241</u>	<u>51,990,945</u>	<u>69,629,389</u>
Total General Fund	<u>\$ 20,846,863</u>	<u>\$ 25,239,775</u>	<u>\$ 25,562,670</u>	<u>\$ 29,416,038</u>	<u>\$ 30,298,175</u>	<u>\$ 30,316,553</u>	<u>\$ 46,079,102</u>	<u>\$ 63,312,351</u>	<u>\$ 68,373,603</u>	<u>\$ 90,715,836</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated - Capital Fund	-	-	-	-	-	-	-	-	-	-
Designated - Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Undesignated - Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Restricted	94,239	94,396	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494
Committed	10,628,689	9,883,203	11,411,980	8,505,196	5,866,571	3,065,329	8,788,301	9,729,913	15,548,962	33,963,228
Assigned	300,000	437,950	246,000	320,000	1,553,000	435,000	685,000	-	-	-
Unassigned	<u>(1,289)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 11,021,639</u>	<u>\$ 10,415,549</u>	<u>\$ 11,753,923</u>	<u>\$ 8,921,812</u>	<u>\$ 7,517,440</u>	<u>\$ 3,600,206</u>	<u>\$ 9,639,576</u>	<u>\$ 9,898,618</u>	<u>\$ 15,779,517</u>	<u>\$ 34,214,722</u>
Total Governmental Funds	<u>\$ 31,868,502</u>	<u>\$ 35,655,324</u>	<u>\$ 37,316,593</u>	<u>\$ 38,337,850</u>	<u>\$ 37,815,615</u>	<u>\$ 33,916,759</u>	<u>\$ 55,718,678</u>	<u>\$ 73,210,969</u>	<u>\$ 84,153,120</u>	<u>\$ 124,930,558</u>

**Schedule 4**  
**Talbot County, Maryland**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues</b>										
Property tax	\$ 33,660,872	\$ 34,726,851	\$ 35,280,376	\$ 36,531,210	\$ 38,574,339	\$ 41,646,643	\$ 44,544,065	\$ 45,726,005	\$ 47,954,457	\$ 51,470,500
Income tax	27,108,102	28,562,934	26,568,636	28,007,970	25,767,710	29,514,546	41,118,063	35,503,912	37,815,496	51,874,354
Other local taxes	9,522,629	10,706,846	11,340,994	12,859,841	12,354,244	12,107,793	12,281,446	22,249,580	22,958,657	16,456,840
Licenses and permits	1,064,650	1,197,384	1,131,327	1,534,397	1,242,676	1,202,274	1,466,293	2,126,584	2,165,232	2,405,585
Intergovernmental:										
Federal	2,611,375	2,711,862	1,806,977	1,969,264	908,238	1,770,003	1,066,782	6,394,743	4,069,577	5,636,643
State	2,980,645	3,096,220	3,585,985	3,323,875	3,914,482	3,337,691	3,302,240	4,696,003	3,754,724	3,468,107
Contributions/Cost Sharing	-	-	-	-	-	-	-	-	-	-
Other Grants	48,600	5,400	-	-	-	-	-	-	-	-
Service charges	1,939,522	2,124,798	2,026,744	2,741,847	2,778,123	2,940,620	2,870,422	2,903,345	3,336,370	4,019,292
Fines and forfeitures	11,106	2,760	3,017	1,442	29,094	60,815	25,872	20,812	27,408	21,923
Miscellaneous	2,306,687	514,997	1,317,542	1,206,986	1,309,430	1,064,046	933,426	686,684	856,829	465,373
Interest Income	94,004	91,344	132,640	231,807	604,834	901,297	642,874	115,878	231,485	4,228,144
Total revenues	<u>81,348,192</u>	<u>83,741,396</u>	<u>83,194,238</u>	<u>88,408,639</u>	<u>87,483,170</u>	<u>94,545,728</u>	<u>108,251,483</u>	<u>120,423,546</u>	<u>123,170,235</u>	<u>140,046,761</u>
<b>Expenditures</b>										
General Government	6,070,668	6,350,740	7,642,163	8,802,050	9,300,739	9,330,699	8,722,903	13,871,821	15,121,846	25,515,012
Public Safety	13,799,168	20,277,465	17,363,993	17,499,498	16,961,686	18,493,023	21,302,987	21,881,480	24,008,382	27,171,242
Public Works*	5,229,765	5,833,477	7,006,063	7,982,257	6,203,408	6,826,823	5,977,886	4,802,216	6,041,847	5,310,702
Health and hospitals	4,093,114	4,416,125	2,544,168	2,520,926	2,522,380	2,524,694	2,655,831	3,058,673	2,508,300	2,607,800
Social services	857,752	936,371	1,821,647	1,640,895	1,360,507	1,908,188	1,450,117	3,347,474	1,574,103	1,789,068
Education*	44,015,863	42,060,240	43,247,006	44,193,888	46,535,733	54,696,071	66,549,524	50,709,864	55,085,588	54,060,029
Recreation	389,354	490,067	601,223	909,747	617,321	624,825	483,874	807,726	1,026,398	1,811,497
Conservation of natural resources	252,375	242,700	252,228	250,848	266,938	267,761	293,859	312,525	350,921	324,905
Employee Benefits	5,695,880	4,038,964	1,695,449	825,003	1,037,594	1,010,251	1,161,280	949,926	1,315,373	2,045,717
Miscellaneous	79,206	101,568	74,127	130,261	110,226	132,842	167,164	269,318	260,795	244,486
Intergovernmental	874,438	1,068,923	948,472	964,560	1,203,193	1,176,405	877,568	1,107,959	1,528,832	1,475,028
Debt service interest*	13,439	173,141	212,886	185,145	158,714	43,393	122,095	92,284	62,000	30,670
Debt service principal*	48,645	50,680	799,855	835,569	861,726	889,579	917,703	947,294	977,796	954,864
Debt issuance costs	-	-	124,648	-	-	-	109,134	-	-	-
Contingencies	214,355	41,972	81,219	114,433	22,990	34,030	69,069	355	9,233	-
Total expenditures	<u>81,634,022</u>	<u>86,082,433</u>	<u>84,415,147</u>	<u>86,855,080</u>	<u>87,163,155</u>	<u>97,958,584</u>	<u>110,860,994</u>	<u>102,158,915</u>	<u>109,871,414</u>	<u>123,341,020</u>
Excess of revenues over (under) expenditures	<u>(285,830)</u>	<u>(2,341,037)</u>	<u>(1,220,909)</u>	<u>1,553,559</u>	<u>320,015</u>	<u>(3,412,856)</u>	<u>(2,609,511)</u>	<u>18,264,631</u>	<u>13,298,821</u>	<u>16,705,741</u>

(continued)

**Schedule 4**  
**Talbot County, Maryland**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	2,057,740	6,750,209	15,243,760	-	-	-	21,775,000	-	-	25,024,589
Payment to refunded debt escrow agent	-	-	(16,410,830)	-	-	-	-	-	-	-
Bond premium	-	-	1,327,418	4,158	-	-	3,144,540	-	-	-
Proceeds from Sale of Land	-	-	3,510,650	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	11,250,000	-
Pools	(113,850)	(107,950)	(191,030)	-	-	-	-	-	-	-
Recreation	(485,000)	(514,400)	(597,790)	(536,460)	(842,250)	(486,000)	(508,111)	(772,340)	(13,606,670)	(952,892)
Total other financing sources (uses)	<u>1,458,890</u>	<u>6,127,859</u>	<u>2,882,178</u>	<u>(532,302)</u>	<u>(842,250)</u>	<u>(486,000)</u>	<u>24,411,429</u>	<u>(772,340)</u>	<u>(2,356,670)</u>	<u>24,071,697</u>
Net change in fund balances	\$ 1,173,060	\$ 3,786,822	\$ 1,661,269	\$ 1,021,257	\$ (522,235)	\$ (3,898,856)	\$ 21,801,918	\$ 17,492,291	\$ 10,942,151	\$ 40,777,438

\*Expenditures from Public Works, Education and Debt Service categories of expenditures include debt service principal and debt service interest.

**Schedule 5**  
**Talbot County, Maryland**  
**Debt Service as a Percentage of Non Capital Expenditures**  
**Last Ten Fiscal Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total expenditures (Schedule 4)	\$ 81,634,022	\$ 86,082,433	\$ 84,415,147	\$ 86,855,080	\$ 87,163,155	\$ 97,958,584	\$ 110,860,994	\$ 102,158,915	\$ 109,871,414	\$ 123,341,020
Less Capital Outlay Expenditures	<u>3,862,623</u>	<u>10,214,790</u>	<u>4,676,266</u>	<u>5,133,230</u>	<u>2,200,857</u>	<u>1,549,501</u>	<u>1,466,955</u>	<u>5,635,262</u>	<u>3,128,783</u>	<u>14,467,199</u>
Non-Capital Expenditures	77,771,399	75,867,643	79,738,881	81,721,850	84,962,298	96,409,083	109,394,039	96,523,653	106,742,631	108,873,821
Debt Service Expenditures (Schedule 4)										
Principal	2,390,431	2,562,706	3,554,365	3,539,009	3,651,541	3,151,738	3,229,435	3,293,152	4,078,393	3,384,264
Interest	<u>1,133,383</u>	<u>1,200,065</u>	<u>927,781</u>	<u>985,661</u>	<u>867,326</u>	<u>598,581</u>	<u>633,746</u>	<u>943,186</u>	<u>1,198,909</u>	<u>1,073,809</u>
Total Debt Service Expenditures	3,523,814	3,762,771	4,482,146	4,524,670	4,518,867	3,750,319	3,863,181	4,236,338	5,277,302	4,458,073
Debt service as a percentage of Non-capital expenditures	4.53%	4.96%	5.62%	5.54%	5.32%	3.89%	3.53%	4.39%	4.94%	4.09%

**Schedule 6**  
**Talbot County, Maryland**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property <sup>a</sup>				Public Utility Personal Property <sup>b</sup>			Total Estimated Market Value
	Assessed Value	Estimated Market Value	Tax Rate <sup>c</sup>	Weighted Average Tax Rate <sup>d</sup>	Assessed Value	Estimated Market Value	Tax Rate <sup>c</sup>	
2023	\$ 9,018,440,608	\$ 9,018,440,608	0.6820	0.6311	\$ 84,280,980	\$ 84,280,980	1.7050	\$ 9,102,721,588
2022	8,784,257,157	8,784,257,157	0.6565	0.6060	79,285,930	79,285,930	1.6413	8,863,543,087
2021	8,637,351,695	8,637,351,695	0.6372	0.5907	76,088,700	76,088,700	1.5930	8,713,440,395
2020	8,499,252,532	8,499,252,532	0.6372	0.5851	72,264,220	72,264,220	1.5930	8,571,516,752
2019	8,384,993,791	8,384,993,791	0.6061	0.5572	69,100,240	69,100,240	1.5153	8,454,094,031
2018	8,365,734,487	8,365,734,487	0.5708	0.5214	64,395,380	64,395,380	1.4270	8,430,129,867
2017	8,367,983,282	8,367,983,282	0.5471	0.4990	64,786,610	64,786,610	1.3677	8,432,769,892
2016	8,354,090,629	8,354,090,629	0.5360	0.4884	63,153,192	63,153,192	1.3400	8,417,243,821
2015	8,494,000,738	8,494,000,738	0.5270	0.4805	62,229,920	62,229,920	1.3175	8,556,230,658
2014	8,812,185,090	8,812,185,090	0.5120	0.4660	56,604,950	56,604,950	1.2800	8,868,790,040

**Source:** Talbot County Finance Office

**Notes:**

<sup>a</sup> Real Property is reassessed every three years. Real Property is assessed at market value.

<sup>b</sup> Public Utility Personal Property is assessed at market value.

<sup>c</sup> Per \$100 of value. Direct tax rate for properties located in the unincorporated areas of the County

<sup>d</sup> Per \$100 of value. Weighted Average tax rate for all properties in the County.



Schedule 7  
 Talbot County, Maryland  
 Direct and Overlapping Property Tax Rates,  
 Last Ten Years  
 (rate per \$100 of assessed value)

Year Ending	-----Talbot County Direct Real Property Tax Rate-----							-----Overlapping Real Property Tax Rates-----					-----Total-----					
	Unincorporated Area of County	Easton	Oxford	Queen Anne St. Michaels		Trappe	Average Tax Rate	Easton	Oxford	Queen Anne St. Michaels		Trappe	Unincorporated Area of County	Easton	Oxford	Queen Anne St. Michaels		Trappe
2023	0.6820	0.5490	0.5640	0.6219	0.5550	0.5840	0.6311	0.520	0.3200	0.180	0.490	0.330	0.6820	1.0690	0.8840	0.8019	1.0450	0.9140
2022	0.6565	0.5235	0.5385	0.5964	0.5295	0.5585	0.6060	0.520	0.3187	0.180	0.490	0.330	0.6565	1.0435	0.8572	0.7764	1.0195	0.8885
2021	0.6372	0.5042	0.5192	0.5771	0.5102	0.5329	0.5907	0.520	0.3047	0.180	0.524	0.330	0.6372	1.0242	0.8239	0.7571	1.0342	0.8629
2020	0.6372	0.5042	0.5192	0.5771	0.5102	0.5392	0.5572	0.520	0.3047	0.180	0.524	0.330	0.6372	1.0242	0.8239	0.7571	1.0342	0.8692
2019	0.6061	0.4731	0.4891	0.546	0.4791	0.5081	0.5214	0.520	0.3047	0.180	0.524	0.330	0.6061	0.9931	0.7938	0.7260	1.0031	0.8381
2018	0.5708	0.4378	0.4538	0.5098	0.4438	0.4728	0.4990	0.520	0.3000	0.180	0.524	0.330	0.5708	0.9578	0.7538	0.6898	0.9678	0.8028
2017	0.5471	0.4142	0.4302	0.4862	0.4202	0.4492	0.4884	0.520	0.2952	0.180	0.460	0.310	0.5471	0.9342	0.7254	0.6662	0.8802	0.7592
2016	0.5360	0.4030	0.4190	0.4750	0.4090	0.4380	0.4805	0.520	0.2952	0.180	0.450	0.290	0.5360	0.9230	0.7142	0.6550	0.8590	0.7280
2015	0.5270	0.3950	0.4100	0.4660	0.4000	0.4300	0.4660	0.520	0.2783	0.180	0.450	0.290	0.5270	0.9150	0.6883	0.6460	0.8500	0.7200
2014	0.5120	0.3800	0.3960	0.4520	0.3860	0.4250	0.4470	0.520	0.2438	0.180	0.450	0.290	0.4910	0.8810	0.6398	0.6320	0.8360	0.7150

Source: Talbot County Finance Office and State of Maryland, Department of Assessments and Taxation

Notes:  
 Real property is assessed at full cash value.

**Schedule 8**  
**Talbot County, Maryland**  
**Principal Real Property Tax Payers,**  
**Current Year and Nine Years Ago**

<b><u>Taxpayer</u></b>	<b><u>Fiscal Year 2023</u></b>			<b><u>Fiscal Year 2014</u></b>		
	<b><u>Assessed Value</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total Taxable Assessed Value</u></b>	<b><u>Assessed Value</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total Taxable Assessed Value</u></b>
RDC Inn at Perry Cabin LLC	\$ 21,613,800	1	0.24%			
Remco Properties, LLC	15,885,000	2	0.18%	\$ 10,176,233	6	0.12%
Easton Shoppes Business Trust	15,404,500	3	0.17%	13,532,633	3	0.15%
Intergrace, Inc	12,442,300	4	0.14%			
Tidewater Inn LLC	10,968,033	5	0.12%			
Lowe's Home Centers, Inc.	10,779,800	6	0.12%	11,923,900	4	0.14%
Target Corporation	10,715,400	7	0.12%	10,108,500	7	0.11%
FRE USA LLC	10,396,433	8	0.12%			
Easton RIK MP LLC	10,087,700	9	0.11%			
Chosen Easton LLC	9,970,200	10	0.11%			
William Hill Manor, Inc				15,175,400	1	0.17%
Perry Cabin Acquisitions Corp.				14,086,400	2	0.16%
Individual				10,649,000	5	0.12%
Wal Mart Stores, Inc. #1715				9,155,200	8	0.10%
Tred Avon LLC				8,915,600	9	0.10%
Individual				8,517,300	10	0.10%
<b>Total</b>	<b>\$ 128,263,166</b>		<b>1.42%</b>	<b>\$ 112,240,166</b>		<b>1.27%</b>

Source: Talbot County Finance Office

**Schedule 9**  
**Talbot County, Maryland**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections/(Refunds/ Adjustments) in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2023	\$ 51,680,677	\$ 51,654,487	99.95%	\$ -	\$ 51,654,487	99.95%
2022	48,156,384	48,118,404	99.92%	(1,445)	48,116,959	99.92%
2021	45,555,340	45,542,257	99.97%	(23,016)	45,519,241	99.92%
2020	44,839,529	43,533,445	97.09%	(65,074)	43,468,371	96.94%
2019	41,746,371	40,715,401	97.53%	(4,233)	40,711,168	97.52%
2018	38,639,733	37,718,867	97.62%	(2,668)	37,716,199	97.61%
2017	35,775,649	35,760,252	99.96%	50,680	35,810,932	100.10%
2016	34,576,428	34,546,760	99.91%	-	34,546,760	99.91%
2015	34,024,027	33,996,787	99.92%	5,080	34,001,867	99.93%
2014	33,071,077	33,026,089	99.77%	(3,756)	33,022,333	99.85%

**Source:** Talbot County Finance Office

**Note:** The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.

Schedule 10  
 Talbot County, Maryland  
 Income Tax Rates  
 Last Ten Tax Years

State Income Tax Rates\*

Tax Year	\$1 to \$999 Net Taxable Income	\$1,000 to \$1,999 Net Taxable Income	\$2,000 to \$2,999 Net Taxable Income	\$3,000 to \$99,999 Net Taxable Income	\$100,000 to \$124,999 Net Taxable Income	\$125,000 to \$149,999 Net Taxable Income	\$150,000 to \$249,999 Net Taxable Income	In excess of \$250,000 Net Taxable Income
2022	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2021	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2020	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2019	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2018	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2017	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2016	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2015	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2014	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2013	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%

Tax Year	Talbot County Income Tax Direct Rate
2022	2.40%
2021	2.40%
2020	2.40%
2019	2.40%
2018	2.40%
2017	2.40%
2016	2.40%
2015	2.40%
2014	2.40%
2013	2.40%

Source: Revenue Administration Division, State of Maryland Comptroller's Office.

Notes:

\*Individual Filing Status

The current maximum allowed local income tax rate is 3.2%.

**Schedule 11**  
**Talbot County, Maryland**  
**Income Tax Filers Summary Information**  
**Last Ten Tax Years**

<b>Tax Year</b>	<b>Number of Taxable Returns</b>	<b>Maryland Adjusted Gross Income</b>	<b>Net Taxable Income</b>	<b>Net State Income Tax</b>	<b>Local Income Tax</b>	<b>Total Tax Liability</b>	<b>Talbot County Income Tax Direct Rate</b>
2021	15,415	\$ 2,207,475,491	\$ 1,980,482,303	\$ 95,066,119	\$ 46,282,967	\$ 141,349,086	2.40%
2020	14,862	1,570,674,579	1,363,628,077	63,320,705	31,584,604	94,905,309	2.40%
2019	14,917	1,587,698,110	1,369,915,139	62,880,943	31,964,480	94,845,423	2.40%
2018	14,703	1,750,525,330	1,478,248,845	71,214,224	34,654,632	105,868,856	2.40%
2017	14,846	1,502,571,658	1,235,868,490	57,102,071	28,647,595	85,749,666	2.40%
2016	14,666	1,400,448,708	1,132,954,384	52,190,441	26,246,660	78,437,101	2.40%
2015	14,528	1,481,708,151	1,169,805,337	54,581,324	27,153,206	81,734,530	2.40%
2014	14,603	1,403,550,972	1,135,662,569	52,780,635	26,577,777	79,358,412	2.40%
2013	14,331	1,386,024,598	1,111,304,912	50,085,415	26,353,729	76,439,144	2.40%
2012	14,370	1,394,066,465	1,124,865,958	51,652,571	25,013,073	76,665,644	2.25%

**Source:** Revenue Administration Division, State of Maryland Comptroller's Office.

**Notes:**

See Schedule 12 for detailed breakout of adjusted gross income.

Talbot County Income Tax Direct Rate is a percentage of Maryland taxable income.

Schedule 12  
Talbot County, Maryland  
Income Tax Filers, Net Taxable Income, and Liability by Adjusted Gross Income Level  
Current Year and Nine Years Ago

Tax Year 2021						
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
<b>Adjusted Gross Income Level</b>						
\$500,000 and higher	526	3.4%	\$ 886,721,492	44.8%	\$ 20,852,977	44.8%
\$250,000 - 499,999	848	5.5%	274,221,964	13.8%	6,517,304	14.0%
\$100,000 - 249,999	3,341	21.7%	453,425,528	22.9%	10,829,043	23.3%
\$50,000 - 99,999	3,892	25.2%	226,224,680	11.4%	5,405,210	11.6%
\$25,000 - 49,999	4,195	27.2%	112,695,036	5.7%	2,455,881	5.3%
\$5,000 - 24,999	2,550	16.5%	27,065,957	1.4%	489,671	1.1%
Under \$5,000	63	0.4%	127,646	0.0%	2,881	0.0%
Totals	15,415	100.0%	\$ 1,980,482,303	100.0%	\$ 46,552,967	100.0%

Tax Year 2012						
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
<b>Adjusted Gross Income Level</b>						
\$500,000 and higher	259	1.8%	\$ 391,145,522	34.8%	\$ 8,800,777	35.2%
\$250,000 - 499,999	485	3.4%	144,722,408	12.9%	3,256,254	13.0%
\$100,000 - 249,999	2,297	16.0%	272,341,971	24.2%	6,127,695	24.5%
\$50,000 - 99,999	3,651	25.4%	188,231,356	16.7%	4,235,090	16.9%
\$25,000 - 49,999	4,102	28.5%	96,303,717	8.6%	2,007,480	8.0%
\$5,000 - 24,999	3,509	24.4%	32,012,406	2.8%	583,493	2.3%
Under \$5,000	67	0.5%	108,578	0.0%	2,284	0.0%
Totals	14,370	100.0%	\$ 1,124,865,958	100.0%	\$ 25,013,073	100.0%

Source: Revenue Administration Division, State of Maryland Comptroller's Office.

Schedule 13  
Talbot County, Maryland  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Ratios			
	General Obligation Bonds	Notes Payable	Financed Purchases		Total Business Type Activities	Total Primary Government	Debt to Personal Income (a)	Outstanding Debt Per Capita (a)
2023	\$ 56,621,470	\$ 53,157	\$ -	\$ 56,674,627				
2022	34,358,947	1,008,020	-	35,366,967				
2021	37,844,840	1,933,186	-	39,778,026				
2020	40,574,249	2,829,595	-	43,403,844				
2019	18,191,020	3,698,158	-	21,889,178				
2018	20,629,359	4,539,757	47,239	25,216,355				
2017	23,590,266	5,355,258	97,811	29,043,335				
2016	26,464,933	6,141,299	147,393	32,753,625				
2015	28,310,754	6,861,049	196,003	35,367,806				
2014	30,894,025	119,940	243,661	31,257,626				

Fiscal Year	Business-Type Activities			Total Business Type Activities	Total Primary Government	Ratios	
	General Obligation Bonds	Notes Payable	Financed Purchases			Debt to Personal Income (a)	Outstanding Debt Per Capita (a)
2023	\$ 11,188,852	\$ 1,870,696	\$ 1,580,820	\$ 14,640,368	\$ 71,314,995	2.13%	\$ 1,896
2022	11,159,528	2,392,543	1,980,450	15,532,521	50,899,488	1.52%	1,352
2021	11,856,157	2,912,311	297,638	15,066,106	54,844,132	1.72%	1,458
2020	12,532,031	3,437,063	356,429	16,325,523	59,729,367	2.11%	1,592
2019	12,019,254	3,675,961	149,448	15,844,663	37,733,841	1.36%	1,015
2018	12,413,393	4,511,607	242,299	17,167,299	42,383,654	1.57%	1,146
2017	11,277,933	5,044,069	324,066	16,646,068	45,689,403	1.73%	1,231
2016	3,232,573	5,573,527	151,602	8,957,702	41,711,327	1.67%	1,119
2015	3,541,302	6,099,800	193,364	9,834,466	45,202,272	1.86%	1,205
2014	3,880,238	6,623,101	48,875	10,552,214	41,809,840	1.76%	1,111

a See Schedule 17 for personal income and population data, which are used in calculating these ratios.

Sources: Talbot County Finance Office and Bureau of Economic Analysis, U.S. Department of Commerce

Notes:

2022 & 2023 percentages calculated using 2022 personal income data, which is the most recent available.

See Schedule 17 for population and personal income data.

**Schedule 14**  
**Talbot County, Maryland**  
**Ratios of General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds<sup>a</sup></b>	<b>Total Taxable Assessable Base<sup>b</sup></b>	<b>Percentage of Total Taxable Assessable Base</b>	<b>Population<sup>c</sup></b>	<b>General Obligation Debt Per Capita</b>
2023	\$ 67,810,322	\$ 9,102,721,588	0.74%	37,611	\$ 1,803
2022	45,518,475	8,863,543,087	0.51%	37,636	1,209
2021	49,700,997	8,713,440,395	0.57%	37,626	1,321
2020	53,106,280	8,571,516,752	0.62%	37,526	1,415
2019	30,210,274	8,454,094,031	0.36%	37,181	813
2018	33,042,752	8,430,129,867	0.39%	36,968	894
2017	34,868,199	8,432,769,892	0.41%	37,103	940
2016	29,697,506	8,417,243,821	0.35%	37,278	797
2015	31,852,056	8,556,230,658	0.37%	37,512	849
2014	34,774,263	8,868,790,040	0.39%	37,643	924

**Sources:**

<sup>a</sup> Talbot County Finance Office

<sup>b</sup> State of Maryland, Department of Assessments and Taxation

<sup>c</sup> U.S. Census Bureau.



**Schedule 15**  
**Talbot County, Maryland**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2023**

	Gross Debt
Talbot County:	
County Government	
Total Net direct Debt (a)	<u>56,674,627</u>
Towns:(b)	
Easton (100%)	11,780,000
Oxford (100%)	-
Queen Anne (100%)	-
St. Michaels (100%)	-
Trappe (100%)	<u>73,675</u>
Total Net Overlapping Debt	<u>11,853,675</u>
Total Net Direct and Overlapping Debt	68,528,302

a: Net direct debt of the County includes Governmental Activities general obligation bonds, notes payable and financed purchases. See schedule 13. Overlapping debt is the debt of other governmental entities located within the County that is payable in whole or part by taxpayers of the County.

b: Debt information reported by Municipalities.

**Schedule 16**  
**Talbot County, Maryland**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Taxable Real Property Assessable Base *	\$ 8,812,185	\$ 8,494,001	\$ 8,354,091	\$ 8,367,983	\$ 8,365,734	\$ 8,384,994	\$ 8,499,253	\$ 8,637,352	\$ 8,784,257	\$ 9,018,441
Debt Limit, 15% of Assessable Base	1,321,828	1,274,100	1,253,114	1,255,197	1,254,860	1,257,749	1,274,888	1,295,603	1,317,639	1,352,766
Amount of Debt Applicable to Limit										
General Obligation Bonds	31,258	35,368	32,754	29,043	25,216	21,889	43,404	39,778	35,367	56,675
Legal Debt Margin	<u>\$ 1,290,570</u>	<u>\$ 1,238,732</u>	<u>\$ 1,220,360</u>	<u>\$ 1,226,154</u>	<u>\$ 1,229,644</u>	<u>\$ 1,235,860</u>	<u>\$ 1,231,484</u>	<u>\$ 1,255,825</u>	<u>\$ 1,282,272</u>	<u>\$ 1,296,091</u>
Total net debt applicable to the limit as a percentage of debt limit	2.36%	2.78%	2.61%	2.31%	2.01%	1.74%	3.40%	3.07%	2.68%	4.19%

**Source:**

\* Talbot County Finance Office

**Note:**

Section 622 of the Talbot County Charter limits the County's outstanding general obligation long-term debts to no more than 15 percent of the assessable property tax base of the County.

**Schedule 17**  
**Talbot County, Maryland**  
**Demographic and Economic Statistics,**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>Population<sup>b</sup></b>	<b>Personal Income<sup>b</sup></b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income<sup>b</sup></b>	<b>Public School Enrollment<sup>c</sup></b>	<b>Unemployment Rate<sup>d</sup></b>	
2023	37,611	a	*	*	4,523	1.6%
2022	37,636		3,355,057	88,449	4,533	4.7%
2021	37,626		3,186,725	84,695	4,524	4.6%
2020	37,526		2,829,386	76,528	4,703	7.1%
2019	37,181		2,777,842	74,711	4,674	3.6%
2018	36,968		2,707,240	73,232	4,646	4.1%
2017	37,103		2,643,437	71,246	4,593	4.0%
2016	37,278		2,496,549	66,971	4,625	4.1%
2015	37,512		2,430,909	64,804	4,630	5.2%
2014	37,643		2,375,672	63,111	4,537	6.1%

**Sources:**

<sup>a</sup> Maryland Department of Commerce - for years not available from Bureau of Economic Analysis, U.S. Department of

<sup>b</sup> Bureau of Economic Analysis, U.S. Department of Commerce.

<sup>c</sup> Maryland State Department of Education.

<sup>d</sup> Maryland Department of Labor, Licensing and Regulation.

\* Information not yet available.

**Schedule 18**  
**Talbot County, Maryland**  
**Principal Private Employers,**  
**Current Year and Nine Years Ago**

<b>Employer</b>	<b>2023</b>			<b>2014</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Univ. of MD/Shore Regional Health	1,340	1	7.93%			
Inn at Perry Cabin	250	2	1.48%			
Genesis Healthcare/The Pines	200	3	1.18%	250	3	1.45%
Qlarant	196	4	1.16%			
Target	175	5	1.04%	150	9	0.87%
Shore United Bank	165	6	0.98%			
Walmart	163	7	0.96%	205	5	1.19%
Shore Bancshares	161	8	0.95%	177	7	1.02%
Eurofins EAG Easton	160	9	0.95%			
APG Media	160	10	0.95%			
Shore Health Systems/EMH				1,641	1	9.50%
Harim USA				408	2	2.36%
William Hill Manor				220	4	1.27%
Quality Health Strategies				180	6	1.04%
Chesapeake Building Components				156	8	0.90%
Wildlife International				150	10	0.87%
	<u>2,970</u>		<u>17.58%</u>	<u>3,537</u>		<u>20.47%</u>

**Source:** Maryland Department of Commerce

**Schedule 19**

**Talbot County, Maryland**

**Full-time Equivalent County Government Employees by Function,  
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government	63.8	65.8	65.4	66.8	65.7	68.9	65.9	72.5	68.0	67.8
Public Safety	156.3	161.7	170.2	161.3	164.2	177.4	213.3	209.8	212.5	216.2
Public Works	40.8	41.9	44.7	46.1	46.8	46.9	46.5	44.9	46.9	50.0
Social Services	-	-	-	-	-	-	-	-	-	-
Recreation	35.1	35.9	35.6	38.0	37.2	34.9	24.2	28.0	27.3	27.7
Airport	<u>5.1</u>	<u>5.0</u>	<u>5.1</u>	<u>5.3</u>	<u>5.2</u>	<u>5.4</u>	<u>5.2</u>	<u>5.5</u>	<u>6.2</u>	<u>6.2</u>
Total	<u>301.1</u>	<u>310.3</u>	<u>321.0</u>	<u>317.5</u>	<u>319.1</u>	<u>333.5</u>	<u>355.3</u>	<u>360.7</u>	<u>360.9</u>	<u>367.9</u>

**Source:** Talbot County Finance Office.

**Notes:**

A full-time employee is scheduled to work 260 days per year (52 weeks x 5 days per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

**Schedule 20**  
**Talbot County, Maryland**  
**Operating Indicators by Function,**  
**Last Ten Fiscal Years**

<b><u>Function/Program</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>General Government</b>										
Building Permits issued	245	239	259	294	299	408	493	690	445	876
Value of new construction (000's)	24,379	28,289	34,149	58,099	38,235	34,598	40,477	65,511	60,792	109,724
<b>Public Safety</b>										
Detention Center										
Avg. daily population	72	63	67	75	69	72	72	99	88	100
Bookings	880	804	775	727	626	935	961	855	669	660
Police Protection										
Sworn Officers										
9-1-1 Calls Answered										
Fire	1,917	2,112	2,523	3,338	2,070	2,088	2,067	1,954	1,985	1,960
Emergency Medical Services	4,358	4,774	4,682	3,894	5,897	5,973	5,726	5,946	6,714	6,572
Sheriff	13,139	13,397	14,896	16,879	20,167	26,083	23,733	22,175	23,210	27,410
Other Police	12,040	11,184	11,834	32,403	29,852	33,902	29,329	33,927	35,399	39,009
<b>Education</b>										
Students	4,537	4,630	4,625	4,593	4,646	4,674	4,703	4,524	4,533	4,523
Teachers Instructional	321	321	326	327	325	326	336	341	333	334
<b>Recreation Facilities</b>										
Boat ramp permits	6,185	6,034	5,886	3,957	3,581	3,540	3,531	3,745	3,189	3,336
Golf rounds	29,057	26,889	35,998	37,903	31,140	29,838	31,282	30,684	38,474	39,971
<b>Public Works</b>										
Centerline miles of road maintained	374	374	373	373	373	373	373	378	370	370
Wastewater treated (mgd)	0.460	0.363	0.428	0.401	0.382	0.552	0.304	0.542	0.401	0.412
<b>Airport</b>										
Based aircraft	220	216	229	233	224	225	203	206	195	188
Takeoffs and landings										
Gallons of fuel sold	642,726	648,140	660,362	642,921	748,246	709,282	591,963	820,519	1,067,598	1,068,065

**Sources:** Talbot County Finance Office, applicable County Departments, and Maryland State Board of Education.

**Schedule 21**  
**Talbot County, Maryland**  
**Capital Asset Statistics by Function,**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Public Safety</b>										
Detention center capacity	145	145	145	145	145	145	145	148	148	148
Fire stations	7	7	7	7	7	7	7	7	7	7
Emergency Medical Services Stations	5	5	5	5	5	5	5	5	5	5
<b>Education</b>										
Elementary Schools	6	6	6	6	6	6	6	5	5	5
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	2	2	2	2	2	2	2	2	2	2
Public Libraries	2	2	2	2	2	2	2	2	2	2
<b>Recreation Facilities</b>										
Community Center/Ice Rink	1	1	1	1	1	1	1	1	1	1
Golf Course (27 holes)	1	1	1	1	1	1	1	1	1	1
County Parks	14	14	14	14	14	14	14	14	14	14
Park acreage	293	293	293	293	293	293	293	293	293	287
Public Landings & Wharves	30	30	30	30	30	30	29	29	26	25
Boat Slips	136	136	136	136	136	136	136	136	126	126
Public Pools	2	2	2	2	2	2	2	2	2	2
<b>Public Works</b>										
Centerline miles of county roads	374	374	373	373	373	373	373	378	370	370
Bridges	9	9	9	9	9	9	9	9	9	9
Wastewater Treatment Plants	3	3	3	2	2	2	2	2	2	3
Miles of mains	40	40	40	42	42	43	43	44	44	46
Pump stations	12	12	12	12	12	12	12	12	12	12
<b>Airport</b>										
Number of Runways	2	2	2	2	2	2	2	4	4	4

**Sources:** Talbot County Finance Office and applicable County Departments.



**Talbot County, Maryland**

[www.talbotcountymd.gov](http://www.talbotcountymd.gov)