

In accordance with the requirements of the Talbot County Charter, the following County Current Expense Budget and Capital Budget & Program for the fiscal year July 1, 2007 through June 30, 2008 (FY 2008) has been approved by the County Council of Talbot County. The Annual Budget and Appropriation Ordinance was introduced by legislative action of the Talbot County Council on April 17, 2007 and passed on May 29, 2007.

The FY 2008 Approved Current Expense Budget totals \$86,234,000. This represents an increase of 23.9 percent, or \$16,634,000 over the FY 2007 Approved Budget. A significant majority of this increase is related to non-operating expenses, including one-time capital projects and funding of the County's long-term obligation related to non-pension, or "other post-employment", benefits (OPEB), as required by GASB 45 (the Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*). Ongoing operating expenses totaling \$66.8 million represent an increase of \$4.6 million or 7.4 percent over FY 2007. The portion of ongoing operating expenses for the Board of Education totals \$34.4 million, or 51.5 percent of the total operating budget. In broad terms, the total Proposed Expense Budget increase is comprised of the following:

Capital Projects	\$5,685,000
OPEB Obligation	\$6,350,000
Public Schools Operating & Debt Service	\$2,530,000
County Operating (less Public Schools)	<u>\$2,069,000</u>
Total	\$16,634,000

Most capital projects and the OPEB obligation are funded from reserve balances which make up 18.3 percent of the total revenue budget, while increased operating expenses and debt service requirements are funded from projected operating revenues. The graphs on the next page summarize the distribution of revenues and expenses by major categories.

Property tax revenues are projected to generate \$26.1 million, or 30.3 percent of the total revenue budget. The revenue estimate is based on a real property tax rate of \$.475 per \$100 of assessed valuation for properties located outside of the incorporated limits of the Towns of Easton, Oxford, Queen Anne, St. Michaels and Trappe. This rate is \$.025 less than the current County property tax rate. The County Council is continuing to grant tax differentials to the incorporated towns in FY 2008. The tax rate differential for each town is as follows: Easton, \$.126; Oxford, \$.11; Queen Anne, \$.055; St. Michaels, \$.12; and Trappe, \$.08. The total estimated County real property base subject to the tax levies is \$5,738,007,297.

The local income tax, based on a rate 2.25% of Maryland Taxable Income, is projected to generate \$23,400,000 in revenues.

A Statement of Long-Term Debt Outstanding accompanies the Budget, as well as a Statement of Debt Service Requirements for the upcoming year. In FY 2008, annual debt service payments equal 4.5 percent of projected General Fund revenues.

The Proposed Capital Budget for FY 2008 totals \$22.2 million; \$1.9 million of which is to be funded from Federal and State Grants, \$2.0 million from development impact fees, \$8.3 million from the General Fund, and \$10.0 million from long-term borrowing.

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

**TALBOT COUNTY, MARYLAND**  
**REVENUE & APPROPRIATION BUDGET**

<b><u>REVENUES</u></b>	<b><u>FY 2007 BUDGET</u></b>	<b><u>FY 2008 APPROVED</u></b>
Property Tax (Rate of \$ .475 per \$100 of assessed valuation on properties outside the Towns of Easton, Oxford, Queen Anne, St. Michaels & Trappe. Rate of \$.349 in the Town of Easton. Rate of \$.365 in the Town of Oxford. Rate of \$.42 in the Town of Queen Anne. Rate of \$.355 in the Town of St. Michaels. Rate of \$.395 in the Town of Trappe.)	24,365,000	26,125,000
Income Tax ( 2.25% of MD Taxable Income)	19,000,000	23,400,000
Other Local Taxes	9,980,000	11,008,000
Federal and State Grants	1,677,634	1,779,372
State Shared Taxes	3,476,945	3,483,324
Licenses, Permits & Fees	694,400	720,400
General Government	1,835,200	2,308,408
Interest Income	1,200,000	1,500,000
Miscellaneous	84,954	97,000
Unexpended Funds From Prior Years	7,285,867	15,812,496
	<b>69,600,000</b>	<b>86,234,000</b>
 <b><u>APPROPRIATIONS</u></b>		
<b>EDUCATION</b>		
Board of Education	29,848,888	31,728,712
Debt Service	2,015,742	2,666,977
Chesapeake College	1,442,586	1,491,027
Other Education	45,005	45,005
 <b>COUNTY ROADS MAINTENANCE</b>		
	3,432,575	3,213,703
 <b>PUBLIC SAFETY</b>		
Detention Center	2,418,744	2,553,623
Emergency Management	952,533	985,394
School Crossing Guards/D.A.R.E.	89,078	92,788
Volunteer Fire Departments	1,038,300	1,163,720
Emergency Medical Services	2,341,560	2,611,439
Hazardous Materials	56,715	56,715
Sheriff (67%)	1,028,912	1,069,146
Highway Safety Program/Hot Spots	61,500	61,500
 <b>HEALTH SERVICES</b>		
	1,775,861	1,876,486
 <b>JUDICIAL</b>		
Circuit Court	309,087	397,819
State's Attorney	703,338	728,777
Orphan's Court	17,950	18,100
Sheriff (33%)	506,778	526,594
 <b>COUNTY SERVICES</b>		
Aging Services	146,006	147,566
Animal Control	336,800	348,315
Economic Development/Tourism	535,976	608,353
Extension Service	134,666	169,376
Library	925,145	960,145
Other Social Services	253,895	329,943
Parks & Recreation	416,534	376,752
Planning & Zoning	574,794	553,779
Public Landings	170,157	204,651
Public Works	618,470	609,372
Permits & Inspections	325,469	404,029
Recycling	42,332	41,008
Housing	267,215	285,493
Other Recreation	12,000	12,000
Natural Resources Conservation	15,500	28,869
Weed Control/Mosquito Control	183,697	188,827
Debt Service	420,452	421,864
 <b>GENERAL GOVERNMENT</b>		
County Council	118,900	118,900
Board of Appeals	87,312	92,010
County Administration	447,031	464,131
Elections	375,177	336,816
Financial Administration	564,369	577,026
Information Technology	443,310	466,534
Liquor Board	40,827	41,752
County Attorney	232,770	239,095
Facilities Maintenance	693,596	757,246
Capital Outlay	32,130	19,340
Insurance/Safety	101,225	111,450
Transportation Non-Public	7,500	0
Payments to Municipalities	652,500	722,500
Employee Benefits	2,923,500	3,314,500
Other Operating Expenses	54,500	53,500
 <b>RESERVE FOR CONTINGENCIES</b>		
	1,113,168	1,187,852
 <b>TRANSFER TO CAPITAL FUND</b>		
	6,804,817	7,123,359
 <b>TRANSFER TO RECREATION FUND</b>		
	1,244,148	7,077,346
 <b>TRANSFER TO POOL FUND</b>		
	148,960	152,776
 <b>TRANSFER TO BENEFITS TRUST</b>		
	0	6,350,000
 <b>IMPACT FEE RESERVES</b>		
	50,000	50,000
	<b>69,600,000</b>	<b>86,234,000</b>