

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

The FY 2009 Proposed Current Expense Budget totals \$81,500,000. This represents a decrease of 5.5 percent, or \$4,734,000, from the FY 2008 Approved Budget. Priority based increases in public safety and education, among others, are more than offset by reductions in capital projects spending and a reduced obligation in funding for retiree health benefits. Ongoing operating expenses totaling \$71.3 million represent an increase of \$5.8 million or 8.9 percent over FY 2008. The portion of ongoing operating expenses for the Board of Education totals \$37.6 million, or 52.7 percent of the total operating budget. In broad terms, the net reduction in the Proposed Expense Budget is comprised of the following:

|   |                    |               |
|---|--------------------|---------------|
| Public Schools Operating & Debt Service | \$3,202,775        | 9.3%↑         |
| Public Safety                           | 1,141,073          | 11.6%↑        |
| Public Health                           | 360,661            | 19.2%↑        |
| All Other County Operating              | 897,725            | 4.3%↑         |
| Retiree Benefits Obligation             | (4,739,000)        | 74.6%↓        |
| Capital Projects                        | <u>(5,597,234)</u> | <u>42.7%↓</u> |
| Total Change                            | (\$4,734,000)      | 5.5%↓         |

All operating expenses and debt service requirements are funded from projected operating revenues of \$73.0 million. Most capital projects and other one-time expenses are funded from reserve balances of \$8.5 million. In total, the available funding of \$81.5 million fulfills the County's obligation to propose a balanced budget. The graphs on the next page summarize the distribution of revenues and expenses by major categories.

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

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

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

The Proposed Capital Budget for FY 2009 totals \$12.3 million -- \$7.4 million from General Fund reserves, \$3.2 million from Federal and State Grants, \$1.5 million from development impact fees, and \$200,000 from long-term borrowing.

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

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R. Andrew Hollis, County Manager

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

| <b>REVENUES</b>  | <b>FY 2008<br/>BUDGET</b> | <b>FY 2009<br/>PROPOSED</b> |
|--|---------------------------|-----------------------------|
| Property Tax (Rate of \$ .449 per \$100 of assessed valuation on properties outside the Towns of Easton, Oxford, Queen Anne, St. Michaels & Trappe. Rate of \$.321 in the Town of Easton. Rate of \$.337 in the Town of Oxford. Rate of \$.393 in the Town of Queen Anne. Rate of \$.327 in the Town of St. Michaels. Rate of \$.368 in the Town of Trappe.) | 26,125,000                | 26,865,000                  |
| Income Tax (2.25% of MD Taxable Income)  | 23,400,000                | 24,663,600                  |
| Other Local Taxes  | 11,008,000                | 10,118,000                  |
| Federal and State Grants   | 1,779,372                 | 1,925,276                   |
| State Shared Taxes   | 3,483,324                 | 3,389,292                   |
| Licenses, Permits & Fees   | 720,400                   | 808,060                     |
| General Government   | 2,308,408                 | 2,144,658                   |
| Interest Income  | 1,500,000                 | 1,540,000                   |
| Miscellaneous  | 97,000                    | 132,000                     |
| Development Impact Fees  | 0                         | 1,436,000                   |
| Unexpended Funds From Prior Years  | 15,812,496                | 8,478,114                   |
|  | <b>86,234,000</b>         | <b>81,500,000</b>           |
| <b>APPROPRIATIONS</b>  |                           |                             |
| <b>EDUCATION</b>   |                           |                             |
| Board of Education   | 31,728,712                | 33,805,166                  |
| Debt Service   | 2,666,977                 | 3,793,298                   |
| Chesapeake College   | 1,491,027                 | 1,497,418                   |
| Other Education  | 45,005                    | 45,005                      |
| <b>COUNTY ROADS MAINTENANCE</b>  |                           |                             |
|  | 3,213,703                 | 3,073,187                   |
| <b>PUBLIC SAFETY</b>   |                           |                             |
| Detention Center   | 2,553,623                 | 2,677,322                   |
| Emergency Management   | 985,394                   | 1,109,234                   |
| School Crossing Guards/D.A.R.E.  | 92,788                    | 97,517                      |
| Volunteer Fire Departments   | 1,163,720                 | 1,270,332                   |
| Emergency Medical Services   | 2,611,439                 | 3,044,341                   |
| Hazardous Materials  | 56,715                    | 80,750                      |
| Sheriff (67%)  | 1,069,146                 | 1,255,764                   |
| Highway Safety Program/Hot Spots   | 61,500                    | 61,500                      |
| <b>HEALTH SERVICES</b>   |                           |                             |
|  | 1,876,486                 | 2,237,147                   |
| <b>JUDICIAL</b>  |                           |                             |
| Circuit Court  | 397,819                   | 468,465                     |
| State's Attorney   | 728,777                   | 776,702                     |
| Orphan's Court   | 18,100                    | 18,150                      |
| Sheriff (33%)  | 526,594                   | 618,510                     |
| <b>COUNTY SERVICES</b>   |                           |                             |
| Aging Services   | 147,566                   | 147,566                     |
| Animal Control   | 348,315                   | 378,315                     |
| Economic Development/Tourism   | 608,353                   | 630,548                     |
| Extension Service  | 169,376                   | 183,296                     |
| Library  | 960,145                   | 1,009,406                   |
| Other Social Services  | 329,943                   | 329,847                     |
| Parks & Recreation   | 376,752                   | 509,031                     |
| Planning & Zoning  | 553,779                   | 615,994                     |
| Public Landings  | 204,651                   | 238,405                     |
| Public Works   | 609,372                   | 632,094                     |
| Permits & Inspections  | 404,029                   | 425,480                     |
| Recycling  | 41,008                    | 42,950                      |
| Housing  | 285,493                   | 271,574                     |
| Other Recreation   | 12,000                    | 12,000                      |
| Natural Resources Conservation   | 28,869                    | 30,069                      |
| Weed Control/Mosquito Control  | 188,827                   | 220,929                     |
| Debt Service   | 421,864                   | 419,526                     |
| <b>GENERAL GOVERNMENT</b>  |                           |                             |
| County Council   | 118,900                   | 121,500                     |
| Board of Appeals   | 92,010                    | 93,013                      |
| County Administration  | 464,131                   | 485,309                     |
| Elections  | 336,816                   | 350,075                     |
| Financial Administration   | 577,026                   | 589,091                     |
| Information Technology   | 466,534                   | 513,698                     |
| Liquor Board   | 41,752                    | 43,919                      |
| County Attorney  | 239,095                   | 256,918                     |
| Facilities Maintenance   | 757,246                   | 763,706                     |
| Capital Outlay   | 19,340                    | 0                           |
| Insurance/Safety   | 111,450                   | 122,570                     |
| Payments to Municipalities   | 722,500                   | 870,000                     |
| Employee Benefits  | 3,314,500                 | 3,757,500                   |
| Other Operating Expenses   | 53,500                    | 90,500                      |
| <b>RESERVE FOR CONTINGENCIES</b>   |                           |                             |
|  | 1,187,852                 | 1,217,443                   |
| <b>TRANSFER TO CAPITAL FUND</b>  |                           |                             |
|  | 7,123,359                 | 7,376,125                   |
| <b>TRANSFER TO RECREATION FUND</b>   |                           |                             |
|  | 7,077,346                 | 1,016,781                   |
| <b>TRANSFER TO POOL FUND</b>   |                           |                             |
|  | 152,776                   | 144,014                     |
| <b>TRANSFER TO BENEFITS TRUST</b>  |                           |                             |
|  | 6,350,000                 | 1,611,000                   |
| <b>IMPACT FEE RESERVES</b>   |                           |                             |
|  | 50,000                    | 50,000                      |
|  | <b>86,234,000</b>         | <b>81,500,000</b>           |