



# Talbot County

MARYLAND

Annual Comprehensive Financial Report  
FISCAL YEAR ENDED JUNE 30, 2025



**TALBOT COUNTY, MARYLAND**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED June 30, 2025**

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**Prepared by the Talbot County Office of Finance**

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TALBOT COUNTY, MARYLAND  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED June 30, 2025

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## INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS



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

FINANCE OFFICE  
PHONE: 410-770-8020

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

January 30, 2026

To the County Council and  
Citizens of Talbot County, Maryland

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

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) for Talbot County, Maryland (County) for the fiscal year ended June 30, 2025, as required by both local and state statutes. These statutes require that the County 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 provides transparency and accountability regarding the County's financial position and operations.

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 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 & Company, LLC, Independent Certified Public Accountants, in accordance with Government Auditing Standards. SB & Company, LLC issued an unmodified opinion on the County's financial statements for the year ended June 30, 2025. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2025 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 the 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 the 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 until 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 the 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, the 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 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 2025 actual property tax revenues totaled \$65.5 million or 45.1% 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 2025 Income Tax revenues accounted for 32.3% of the General Fund revenues. The County received \$46.9 million in Income Tax revenues in FY 2024, \$9.9 million more than budgeted but \$6.1 million less than the amount received in FY 2024. The County’s housing market has stabilized as seen in the slight increase in Recordation and Transfer Tax revenues that were \$466 thousand more than that received in FY 2024 but \$4.4 million more than the amount budgeted for FY 2025. For FY 2026 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 2026.

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. Many years of conservative budgeting and prudent financial management have created a solid foundation for economic stability for the future of County. In addition, the County has the lowest county real property tax rate and second lowest income tax rate in the state. These favorable tax rates along with miles of waterfront continue to attract residents and businesses to the County.

Fund balance is a key element of financial resilience for any county. It helps to mitigate the impacts of unanticipated revenue shortfalls and provides a buffer for unexpected expenditure requirements. For these reasons, the Talbot County Council adopted a General Fund Reserve Policy. This policy provides four fund balance categories: Rainy Day Reserve (20%), Risk Mitigation Reserve (6%), Permanent Public Improvements Reserve (4%) and Unassigned Reserve. These reserves are funded at their respective percentage of actual general fund expenditures, before other financing uses. In addition to the reserves above, as of June 30, 2025, the County's unassigned fund balance was 34.5% of actual general fund expenditures, before other financing uses.

The FY 2026 General Fund Budget decreased by \$2.9 million from the FY 2025 Approved Budget. The FY 2026 budget includes the transfer of \$16.4 million to the Capital Projects and Recreation. This significant investment funds projects including land and facilities acquisition, road and other infrastructure upgrades, St. Michaels Library renovation and expansion, 911 technology, computer aided dispatch (CAD) replacement, new recreation facilities and Talbot County Public Schools capital projects. Excluding these transfers, the General Fund Budget for FY 2026 increased by 6.3%. Public Safety expenses rose \$2.1 million from the FY 2025 budget. The contingency reserves budgeted for FY 2026 were \$1.75 million. In addition, all proposed equipment purchases (Capital Outlay) of \$2.7 million are included in the County Administration department budget to allow the County the maximum oversight on all equipment purchases during FY 2026.

In FY 2026 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, 2024. 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-three (23) 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

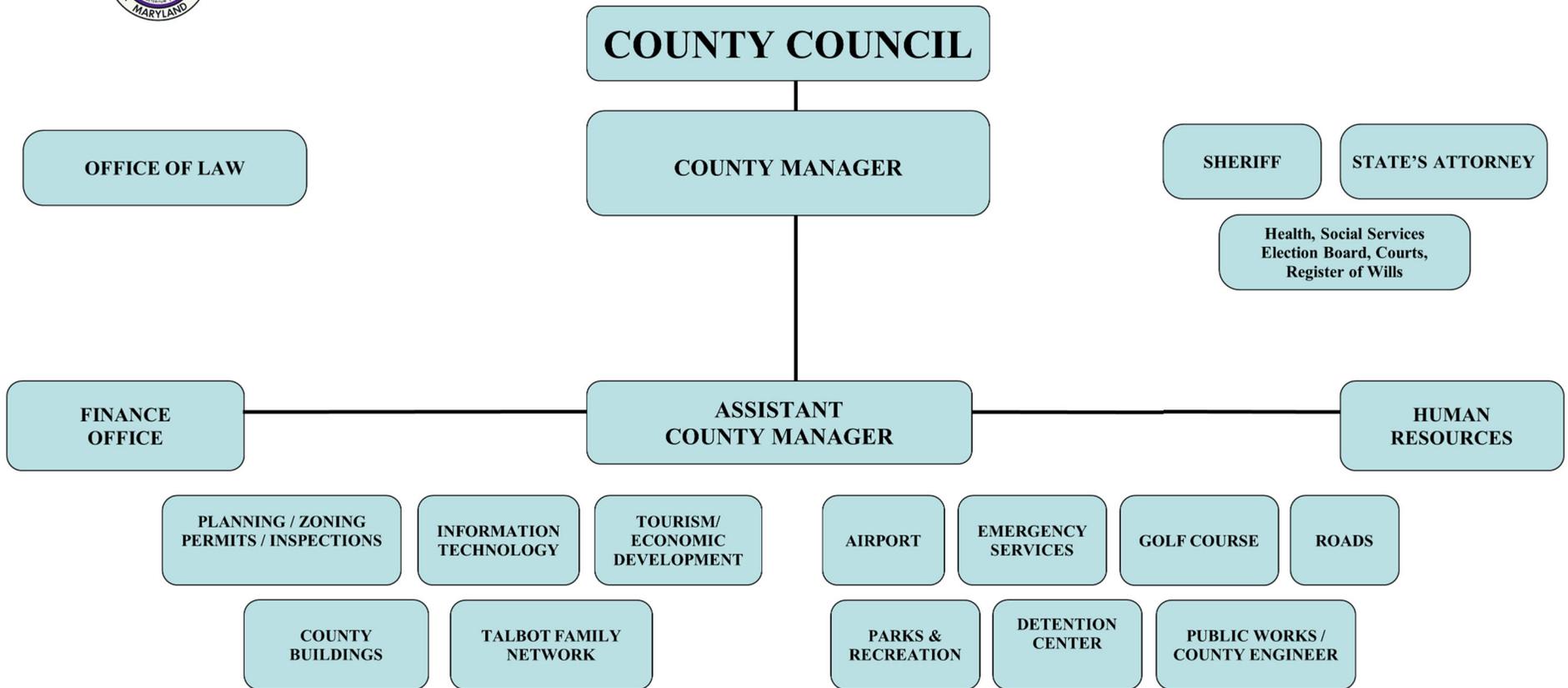
June 30, 2024

*Christopher P. Morill*

Executive Director/CEO



# TALBOT COUNTY GOVERNMENT ORGANIZATIONAL CHART



Talbot County, Maryland  
Certain Elected and Other Officials  
June 30, 2025

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  
Joseph Hughes  
Brian LeCates  
Martha Darling Sparks  
Richard A. Setter  
Tommy Haddaway  
Emily Gilmer  
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



## **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, 2025, 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, 2025, 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.

### ***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  
January 30, 2026





## 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, 2025. 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, 2025, by \$224.1 million (total net position), compared to \$202.2 million at June 30, 2024. For fiscal year ended June 30, 2025, the unrestricted portion of net position is a surplus of \$67.0 million and is comprised of \$80.4 million unrestricted net position in the governmental activities and \$13.4 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, 2025, the County included \$49.4 million of bonds payable in liabilities for school construction projects and no corresponding capital assets.
- The total net position increased by \$21.9 million or 10.8%.

#### Fund Level

- The General Fund had a decrease in fund balance of \$6.8 million.
- As of June 30, 2025, the County's governmental funds reported combined fund balances of \$160.4 million, an increase of \$24.8 million from the prior year. Approximately 16.8% of the combined governmental fund balance (\$44.3 million), is available to meet the County's current and future needs (unassigned), 23.3% are committed reserves for one-time emergencies, unexpected budgetary fluctuations and larger one-time capital needs, while the remaining 59.9% is assigned, indicating that it is not available for new spending because it has already been assigned for items such as subsequent years expenditures, 24.4% is committed or restricted for future use and 1.7% is nonspendable meaning that it is in the form of prepaid items.
- By administrative resolution, the County adopted a General Fund Reserve Policy in 2025. The following reserves were fully funded from existing unassigned fund balance of the General Fund. The funding of these reserves equals 30% of General Fund Expenditures before other financing uses.
  - A Rainy Day Reserve was funded at a level equal to 20% of General Fund Expenditures before other financing uses. At June 30, 2025, \$24.9 million is available to offset significant revenue or expenditure fluctuations driven by one-time emergencies.

- A Risk Mitigation Reserve was funded at a level equal to 6% of General Fund Expenditures before other financing uses. At June 30, 2025 \$7.5 million is available for any unexpected budgetary fluctuations.
- A Permanent Public Improvements Reserve was funded at a level equal to 4% of General Fund Expenditures before other financing uses. At June 30, 2025, \$5.0 million is available to support larger one-time (not recurring) capital needs and economic development efforts.
- The business-type activities operating revenues fell short of operating expenses resulting in an operating loss of \$2.6 million in these funds before net nonoperating revenues.

## **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 29-30 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 33-36 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, airport facility, and repurposing materials.

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 37-40 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 41-42 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 44-92 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 \$224.1 million at the close of the most recent fiscal year, as shown in the schedule of net position below. 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 \$80.4 million reflects the surplus of assets without corresponding liabilities.

Restricted net position of \$3.6 million represents 1.6 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 \$67.0 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	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$175,012,687	\$ 152,518,673	\$ (6,732,105)	\$ (1,767,740)	\$168,280,582	\$ 150,750,933
Capital Assets	110,745,225	95,983,528	82,988,505	68,472,207	193,733,730	164,455,735
Total Assets	<u>285,757,912</u>	<u>248,502,201</u>	<u>76,256,400</u>	<u>66,704,467</u>	<u>362,014,312</u>	<u>315,206,668</u>
Deferred Outflow of Resources	<u>26,452,644</u>	<u>20,914,924</u>	<u>2,934</u>	<u>5,868</u>	<u>26,455,578</u>	<u>20,920,792</u>
Non Current Liabilities	124,908,217	88,447,666	11,376,779	12,800,830	136,284,996	101,248,496
Other Liabilities	<u>21,130,671</u>	<u>21,739,450</u>	<u>5,611,040</u>	<u>4,430,075</u>	<u>26,741,711</u>	<u>26,169,525</u>
Total Liabilities	<u>146,038,888</u>	<u>110,187,116</u>	<u>16,987,819</u>	<u>17,230,905</u>	<u>163,026,707</u>	<u>127,418,021</u>
Deferred Inflow of Resources	<u>1,339,679</u>	<u>6,487,591</u>	<u>-</u>	<u>-</u>	<u>1,339,679</u>	<u>6,487,591</u>
Net Position:						
Net Investment in Capital Assets	82,969,375	72,855,800	70,498,340	54,294,836	153,467,715	127,150,636
Restricted	1,503,089	1,106,650	2,138,181	2,138,181	3,641,270	3,244,831
Unrestricted	80,359,525	78,779,968	(13,365,006)	(6,953,587)	66,994,519	71,826,381
Total Net Position	<u>\$164,831,989</u>	<u>\$ 152,742,418</u>	<u>\$ 59,271,515</u>	<u>\$ 49,479,430</u>	<u>\$224,103,504</u>	<u>\$ 202,221,848</u>

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 two of the three categories of net position.

### Talbot County Government's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 8,668,447	\$ 9,660,261	\$ 12,334,112	\$ 12,888,749	\$ 21,038,457	\$ 22,549,010
Operating Grants and Contributions	9,324,972	7,530,454	11,951,921	5,890,203	21,248,160	13,420,657
Capital Grants and Contributions	2,261,525	127,632	-	-	2,261,525	127,632
<b>General Revenues:</b>						
Property Taxes	65,467,424	58,660,845	-	-	65,467,424	58,660,845
Local Income Tax	46,930,253	53,013,098	-	-	46,930,253	53,013,098
Other Local Taxes	17,259,911	16,733,462	-	-	17,259,911	16,733,462
Investment Income	6,652,529	7,261,873	162,446	214,596	6,814,975	7,476,469
Miscellaneous	1,357,330	354,192	-	-	1,357,330	354,192
<b>Total Revenues</b>	<b>157,922,391</b>	<b>153,341,817</b>	<b>24,448,479</b>	<b>18,993,548</b>	<b>182,378,035</b>	<b>172,335,365</b>
<b>Expenses:</b>						
General Government	22,914,519	18,817,622	-	-	22,914,519	18,817,622
Public Safety	37,146,612	31,870,378	-	-	37,146,612	31,870,378
Public Works	10,410,482	10,237,251	-	-	10,410,482	10,237,251
Health	5,961,530	2,854,596	-	-	5,961,530	2,854,596
Social Services	4,075,752	2,613,921	-	-	4,075,752	2,613,921
Education	62,474,705	57,472,059	-	-	62,474,705	57,472,059
Recreation	1,285,956	1,533,277	-	-	1,285,956	1,533,277
Conservation of Natural Resources	405,229	358,600	-	-	405,229	358,600
Interest Charges	709,732	1,071,399	-	-	709,732	1,071,399
Recreation Facilities			4,845,474	4,128,565	4,845,474	4,128,565
Sanitary District	-	-	6,041,606	5,826,801	6,041,606	5,826,801
Airport	-	-	3,637,710	6,731,494	3,637,710	6,731,494
Repurposing Center	-	-	579,907	583,460	587,072	583,460
<b>Total Expenses</b>	<b>145,384,517</b>	<b>126,829,103</b>	<b>15,104,697</b>	<b>17,270,320</b>	<b>160,496,379</b>	<b>144,099,423</b>
Increase (Decrease) in Net Position before transfers	12,537,874	26,512,714	9,343,782	1,723,228	21,881,656	28,235,942
Transfers In (Out)	(448,303)	(2,485,000)	448,303	2,485,000	-	-
Increase (Decrease) in Net Position	12,089,571	24,027,714	9,792,085	4,208,228	21,881,656	28,235,942
Net Position – Beginning	152,742,418	128,714,704	49,479,430	45,271,202	202,221,848	173,985,906
<b>Net Position - Ending</b>	<b>\$164,831,989</b>	<b>\$ 152,742,418</b>	<b>\$ 59,271,515</b>	<b>\$ 49,479,430</b>	<b>\$224,103,504</b>	<b>\$ 202,221,848</b>

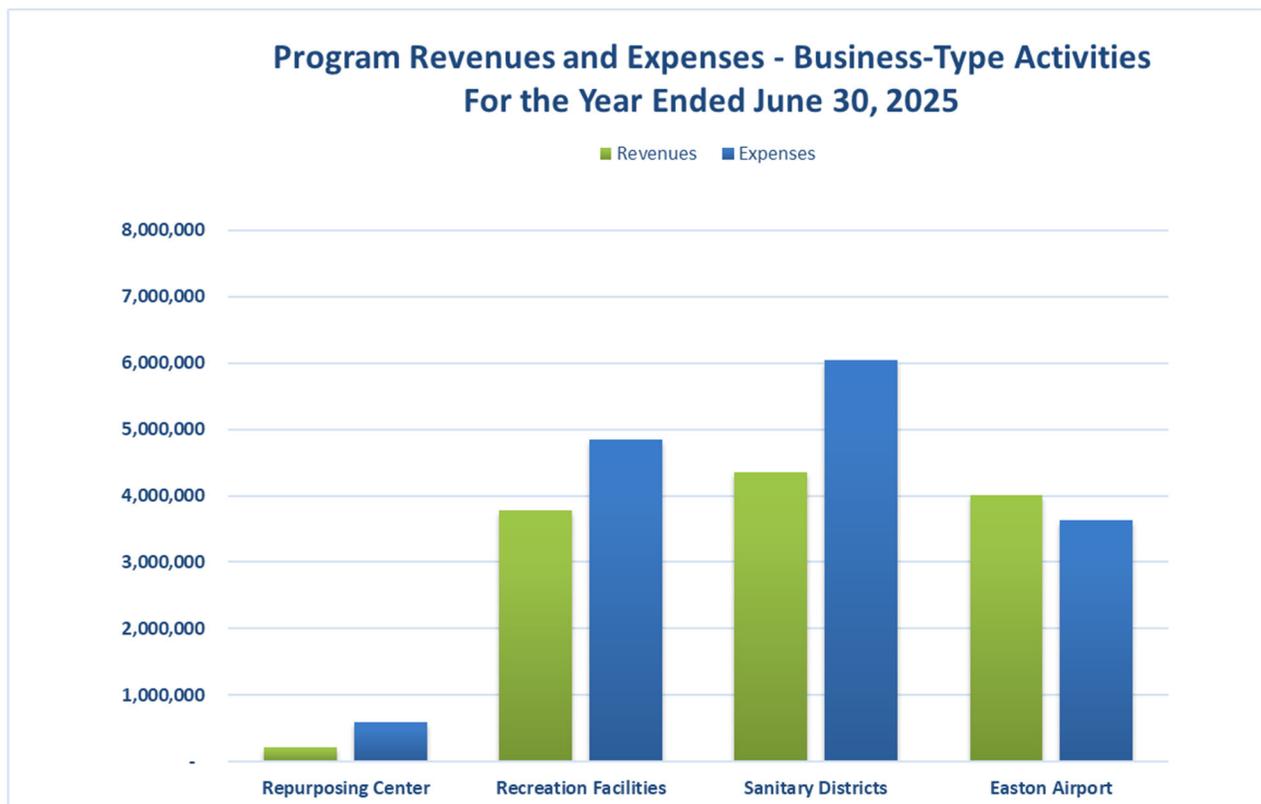
**Governmental Activities.** Governmental Activities increased the County's net position after transfers by \$12.1 million. Key elements affecting the increase in the net position of governmental activities are as follows:

- Property tax revenues increased by \$6.8 million, a 10.4% percent increase from the prior fiscal year and were \$1.8 million more than originally budgeted.
- Local Income Tax revenues decreased by \$6.1 million, a 11.5% decrease from the prior year actual. 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 increased by \$294 thousand, a 3.3% increase from the prior year actual.
- Transfer tax revenues increased by \$171 thousand, a 3.0% percent increase from the prior year actual.

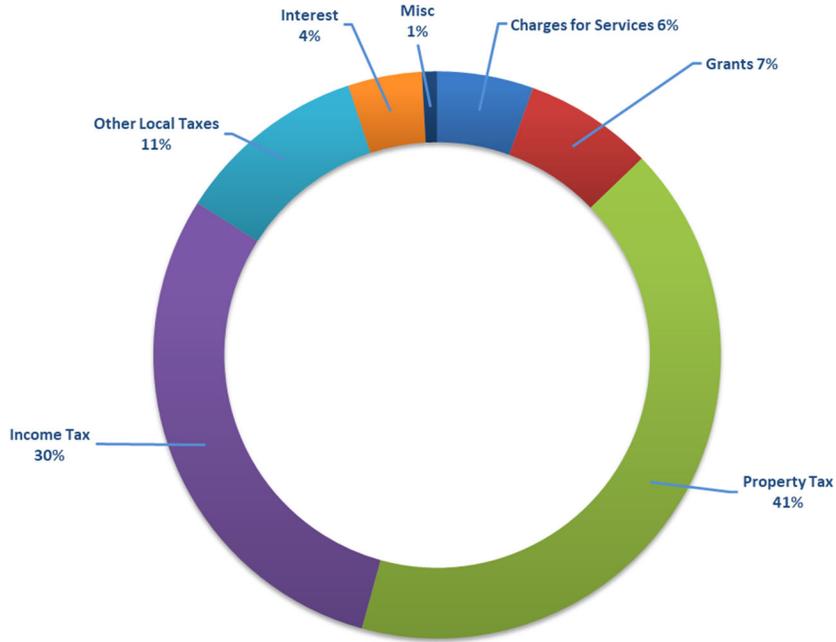
- Recordation and transfer tax revenues fluctuate in relation to the economic health of the County’s real estate market that includes highly valued properties along its 600 miles of waterfront.
- Education expenses increased by \$5.0 million, an 8.7 percent increase from the prior year. Talbot County Schools were funded above the State mandated Adjusted Local Share.

**Business-type Activities.** Business-type activities increased Talbot County’s net position after transfers by \$9.8 million. Increases in grant revenues and charges for services were enough to offset the overall increase in cost of operations.

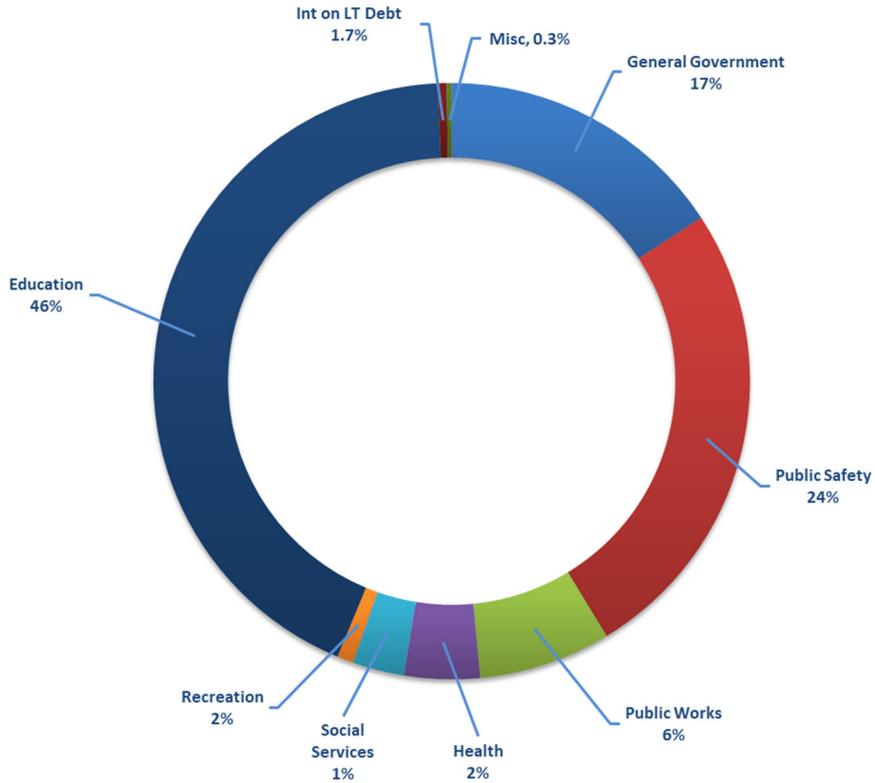
Fiscal year 2025 operating revenues and expenses for both the business-type and governmental activities are summarized in the charts on the following pages.



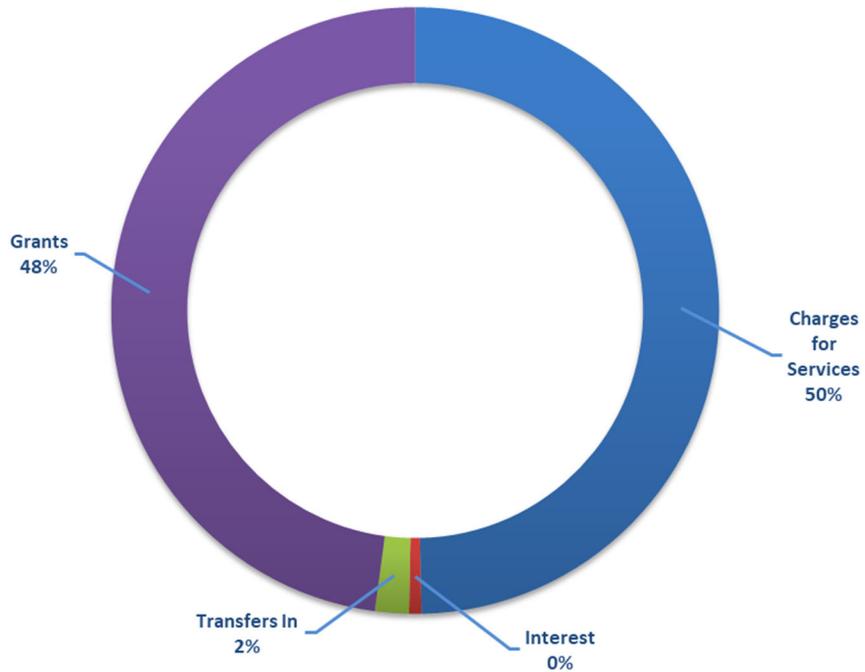
**Revenues by Source - Governmental Activities  
For the Year Ended June 30, 2025**



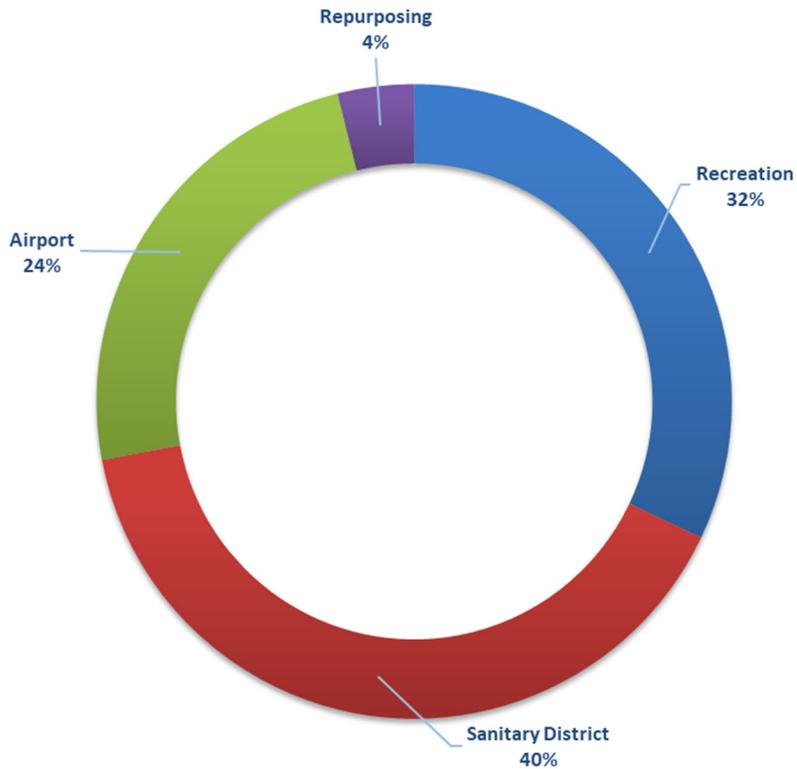
**Expenses - Governmental Activities  
For the Year Ended June 30, 2025**



### Revenues by Source - Business-Type Activities For the Year Ended June 30, 2025



### Expenses - Business-Type Activities For the Year Ended June 30, 2025



## 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 \$160.4 million. Approximately 27.6 percent of this total (\$44.3 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 at \$52.8 million. The second largest group of committed funds at \$37.3 million are the result of a General Fund Reserve Policy adopted by administrative resolution by the County in 2025.

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 \$106.1 million, and the unassigned fund balance was \$44.3 million.

- By administrative resolution, the County adopted a General Fund Reserve Policy in 2025. The following reserves were fully funded from existing unassigned fund balance of the General Fund. The funding of these reserves equals 30% of General Fund Expenditures before other financing uses.
  - Rainy Day Reserve at June 30, 2025 was \$24.9 million. This reserve could offset significant revenue or expenditure fluctuations driven by one-time emergencies.
  - Risk Mitigation Reserve at June 30, 2025 was \$7.5 million. This reserve is available for any unexpected budgetary fluctuations.
  - Permanent Public Improvements Reserve at June 30, 2025 was \$5.0 million. This reserve is available to support larger one-time (not recurring) capital needs and economic development efforts.
- These reserves equal 30% of General Fund Expenditures before other financing uses and will help to mitigate the impacts of unanticipated revenue shortfalls and provide a buffer for unexpected expenditure requirements.

The fund balance of Talbot County's General Fund decreased by \$6.8 million during FY 2025. This decrease is primarily a result of:

- \$27.7 million investment in capital projects through a transfer to Capital Projects fund
- \$6.1 million (11.5%) decrease in local income tax revenues
- \$591 thousand (8.2%) decrease in investment income

- \$6.8 million (10.4%) increase in property tax income. The Talbot County Charter imposes a cap on the revenues that can be earned through property tax. The County has the ability under Maryland law to increase its property tax in order to fund operating expenditure increases for K through 12 public education, and this is the reason behind the increase in property tax revenues.
- General Fund expenses increased overall by \$14.3 million (12.5%). The majority of the increase was in public safety \$5.3 million, education \$5.0 million, and health \$3.1 million.

The fund balance of the County’s Capital Projects Fund increased by \$28.8 million in FY 2025 in a year of heavy investment to fund projects including land and facilities acquisition, road and other infrastructure upgrades, St. Michaels Library renovation and expansion, 911 technology, computer aided dispatch (CAD) replacement, new recreation facilities and Talbot County Public Schools capital projects. to finance construction of two new facilities, new Talbot County Health Department offices and a new Public Safety Complex and an investment in land for future County needs.

The fund balance of the County’s Grant Fund remains unchanged from FY25 at \$3 thousand.

**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 \$59.3million. There is a deficit of \$13.4 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 \$19.2 million at June 30, 2025.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the final budget and the final actual results for the County was a decrease of \$6.8 million. Revenues received were \$20.8 million more than final budgeted estimates. Expenditures were \$10.6 million less than final budgeted estimates. The major variances can be summarized as follows:

- **Revenues.** Revenues before Other Financing Sources were \$20.8 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 \$6.8 million, a 10.4 percent increase from the prior fiscal year and were \$1.6 million more than originally budgeted.
  - Local income tax revenues decreased by \$6.1 million, a 11.5 percent decrease from the prior fiscal year and were \$9.9 million more than originally budgeted.
  - Recordation tax revenues increased by \$294 thousand, a 3.3 percent increase from the prior fiscal year and were \$2.6 million more than originally budgeted.
  - Transfer tax revenues increased by \$171 thousand, a 3.0 percent increase from the prior fiscal year and were \$4.2 million more than originally budgeted.
  - Investment income decreased by \$591 thousand, a 8.2 percent decrease from the prior fiscal year.

- Other Local Tax revenues increased by \$87 thousand, a 4.1 percent increase from the prior fiscal year, mainly due to fluctuations in the collection of the accommodation tax.
- **Expenditures.** Expenditures were \$10.6 million less than budgeted for the year. The major contributor to these savings was vacancies experienced by public safety and the cost of employee benefits being lower than anticipated.

**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, 2025 totals \$193.7 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 \$29.3 million or 17.8 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>	
	2025	2024	2025	2024	2025	2024
Land	\$ 21,657,320	\$ 16,080,257	\$ 5,530,387	\$ 3,642,512	\$ 27,187,707	\$ 19,722,769
Construction in progress	8,000,326	22,850,455	28,416,172	13,023,159	36,416,498	35,873,614
Buildings and improvements	38,413,832	18,265,492	43,347,380	45,444,067	81,761,212	63,709,559
Non-deprec. infrastructure	24,682,285	24,682,285	-	-	24,682,285	24,682,285
Infrastructure	7,380,627	7,760,155	-	-	7,380,627	7,760,155
Furniture and equipment	10,610,835	6,344,884	5,694,566	6,362,469	16,305,401	12,707,353
<b>Total</b>	<b>\$110,745,225</b>	<b>\$ 95,983,528</b>	<b>\$ 82,988,505</b>	<b>\$ 68,472,207</b>	<b>\$193,733,730</b>	<b>\$ 164,455,735</b>

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

- \$9.4 million additional investment in a new Talbot County Health Department
- \$12.6 million additional investment in a new Public Safety Complex
- \$1.8 million investment in the St. Michaels Library expansion and renovation
- \$6.3 million additional investment in upgrades and renovations to County Wastewater Collection Systems of 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 \$93.4 million, a increase of approximately \$25.9 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, \$12.7 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2025	2024	2025	2024	2024	2024
Bonds, Notes and Premiums	\$ 80,669,635	\$ 53,249,404	\$ 12,693,487	\$ 14,183,243	\$ 93,363,122	\$ 67,432,647

The County's most recent bond ratings from Moody's Investors Service and Fitch Ratings are Aa1 (May 2025) and AAA (May 2025), 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 2026 approved budget for the General Fund is \$161.1 million representing an decrease of \$2.9 million from the FY 2025 original approved budget. This decrease is mainly a result of a lower investment in capital projects.
- The County's Real Property tax rates increased to \$.8032 per \$100 from \$.7910 in FY 2025.
- Real Property tax revenue is expected to generate \$3.2 million more than the FY 2025 actual collections and is \$4.8 million more than the FY 2025 budget.
- Income tax revenue is budgeted to be \$7.4 million less than the actual FY 2025 collections but is \$2.5 million more than the FY 2025 budget. The County's Income tax rate remains unchanged at 2.4%. Talbot County's income tax revenues are volatile due to the high percentage of revenues received from high income earners. As a result, the County budgets this income source conservatively.
- Fund balance reserves of \$21.7 million are used to balance the FY 2025 General Fund budget with \$16.4 million funding capital projects.
- The Operating Appropriation for Talbot County Public Schools increased by \$3.7 million or 6.4% from FY 2025.
- The budget for contingencies in the FY26 operating budget was kept level at \$1.75 million from.

In addition to these factors, the County's General Fund Reserve Policy was considered in preparing the County's budget for FY 2026. The County is cognizant of potential economic downturns, as well as changes in funding or spending mandates from the federal and state governments and will continue to carefully monitor expenditures. Fund balance reserves are a key element of financial resilience for any county or municipal organization. Reserves help to mitigate the impacts of unanticipated revenue shortfalls and provide a buffer for unexpected expenditure requirements.

## **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, Martha Darling Sparks, 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, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Board of Education	Library
<b>ASSETS</b>					
Cash and short-term investments	\$ 151,265,890	\$ 2,543,076	\$ 153,808,966	\$ 17,161,173	\$ 566,869
Investments	-	-	-	-	3,337,078
Receivables:					
Accounts receivable	1,269,938	596,298	1,866,236	-	470,294
Other	-	-	-	178,800	266,139
Intergovernmental:					
State	6,057,711	293,388	6,351,099	1,199,861	-
Federal	1,248,413	1,703,690	2,952,103	1,564,467	-
Local	-	-	-	1,777,600	-
Prepaid items	2,747,062	11,556	2,758,618	-	2,900
Internal balances	12,423,673	(12,423,673)	-	-	-
Inventories	-	543,560	543,560	-	-
Nondepreciable capital assets	54,339,931	33,946,559	88,286,490	20,717,563	426,337
Depreciable capital assets, net	56,405,294	49,041,946	105,447,240	94,253,502	513,128
<b>TOTAL ASSETS</b>	<b>285,757,912</b>	<b>76,256,400</b>	<b>362,014,312</b>	<b>136,852,966</b>	<b>5,582,745</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	15,607,353	-	15,607,353	2,592,051	-
OPEB	10,736,437	-	10,736,437	21,779,175	173,285
Deferred charge on refunding	108,854	2,934	111,788	-	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>26,452,644</b>	<b>2,934</b>	<b>26,455,578</b>	<b>24,371,226</b>	<b>173,285</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	8,756,861	3,148,412	11,905,273	7,523,787	205,925
Other payables	-	-	-	-	266,139
Unearned revenue	6,826,917	884,125	7,711,042	2,483,181	-
Long-term liabilities, due within one year:					
Compensated absences	709,883	70,967	780,850	-	-
Bonds and notes payable	4,837,010	1,419,536	6,256,546	75,955	27,010
Obligations under state retirement system	-	-	-	58,075	-
Long-term liabilities, due in more than one year:					
Compensated absences	1,151,736	190,828	1,342,564	595,839	-
Bonds and notes payable	75,832,625	11,273,951	87,106,576	843,194	-
Obligations under state retirement system	-	-	-	472,551	-
Net pension liability	28,837,321	-	28,837,321	6,605,041	-
Net other post-employment benefit liability	19,086,535	-	19,086,535	64,016,958	1,905,651
<b>TOTAL LIABILITIES</b>	<b>146,038,888</b>	<b>16,987,819</b>	<b>163,026,707</b>	<b>82,674,581</b>	<b>2,404,725</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	700,272	-	700,272	170,208	-
OPEB	639,407	-	639,407	74,033,126	148,370
<b>TOTAL DEFERRED INFLOWS</b>	<b>1,339,679</b>	<b>-</b>	<b>1,339,679</b>	<b>74,203,334</b>	<b>148,370</b>
<b>NET POSITION</b>					
Net investment in capital assets	82,969,375	70,498,340	153,467,715	114,051,916	912,455
Restricted for:					
Capital projects	-	2,138,181	2,138,181	-	-
Social services	1,233,819	-	1,233,819	-	-
Public safety	269,270	-	269,270	-	-
Food services	-	-	-	1,718,306	-
Programs	-	-	-	-	2,057,111
Unrestricted (deficit)	80,359,525	(13,365,006)	66,994,519	(111,423,945)	233,369
<b>TOTAL NET POSITION</b>	<b>\$ 164,831,989</b>	<b>\$ 59,271,515</b>	<b>\$ 224,103,504</b>	<b>\$ 4,346,277</b>	<b>\$ 3,202,935</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, 2025

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	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	\$ 22,914,519	\$ 3,234,446	\$ 1,274,028	\$ 789,940	\$ (17,616,105)	\$ -	\$ (17,616,105)	\$ -	\$ -	
Public safety	37,146,612	3,692,790	2,260,718	-	(31,193,104)	-	(31,193,104)	-	-	
Public works	10,410,482	1,389,800	2,745,231	446,585	(5,828,866)	-	(5,828,866)	-	-	
Health and hospitals	5,961,530	127,408	250,096	-	(5,584,026)	-	(5,584,026)	-	-	
Social services	4,075,752	-	2,794,899	1,025,000	(255,853)	-	(255,853)	-	-	
Education	62,474,705	-	-	-	(62,474,705)	-	(62,474,705)	-	-	
Recreation	1,285,956	146,944	-	-	(1,139,012)	-	(1,139,012)	-	-	
Conservation of natural resources	405,229	77,059	-	-	(328,170)	-	(328,170)	-	-	
Interest on long-term debt	709,732	-	-	-	(709,732)	-	(709,732)	-	-	
<b>Total governmental activities</b>	<b>145,384,517</b>	<b>8,668,447</b>	<b>9,324,972</b>	<b>2,261,525</b>	<b>(125,129,573)</b>	<b>-</b>	<b>(125,129,573)</b>	<b>-</b>	<b>-</b>	
<b>BUSINESS-TYPE ACTIVITIES</b>										
Recreation facilities	4,845,474	3,789,045	-	-	-	(1,056,429)	(1,056,429)	-	-	
Sanitary district	6,041,606	4,352,813	2,688,468	-	-	999,675	999,675	-	-	
Easton airport	3,637,710	3,981,022	9,263,453	-	-	9,606,765	9,606,765	-	-	
Repurposing center	579,907	211,232	-	-	-	(368,675)	(368,675)	-	-	
<b>Total business-type activities</b>	<b>15,104,697</b>	<b>12,334,112</b>	<b>11,951,921</b>	<b>-</b>	<b>-</b>	<b>9,181,336</b>	<b>9,181,336</b>	<b>-</b>	<b>-</b>	
<b>Total primary government</b>	<b>\$ 160,489,214</b>	<b>\$ 21,002,559</b>	<b>\$ 21,276,893</b>	<b>\$ 2,261,525</b>	<b>(125,129,573)</b>	<b>9,181,336</b>	<b>(115,948,237)</b>	<b>-</b>	<b>-</b>	
<b>COMPONENT UNITS</b>										
Board of Education	\$ 93,997,872	\$ 593,765	\$ 19,103,168	\$ 18,831,960	-	-	-	(55,468,979)	-	
Talbot County Free Library	3,121,218	-	3,498,277	-	-	-	-	-	377,059	
<b>Total component units</b>	<b>\$ 97,119,090</b>	<b>\$ 593,765</b>	<b>\$ 22,601,445</b>	<b>\$ 18,831,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,468,979)</b>	<b>377,059</b>	
<b>General Revenues</b>										
Taxes:										
Property					65,467,424	-	65,467,424	-	-	
Local income					46,930,253	-	46,930,253	-	-	
Other:										
Admissions and amusements					37,711	-	37,711	-	-	
Recordation					9,141,644	-	9,141,644	-	-	
Transfer					5,918,178	-	5,918,178	-	-	
Public accommodations					2,108,783	-	2,108,783	-	-	
Mobile manufactured homes					53,595	-	53,595	-	-	
Grants and contributions not restricted to specific programs					-	-	-	75,300,014	-	
Interest					6,652,529	162,446	6,814,975	1,130,608	257,196	
Miscellaneous					1,357,330	-	1,357,330	44,740	-	
<b>Total general revenues</b>					<b>137,667,447</b>	<b>162,446</b>	<b>137,829,893</b>	<b>76,475,362</b>	<b>257,196</b>	
Transfers					(448,303)	448,303	-	-	-	
<b>Total general revenues and transfers</b>					<b>137,219,144</b>	<b>610,749</b>	<b>137,829,893</b>	<b>76,475,362</b>	<b>257,196</b>	
Change in net position					12,089,571	9,792,085	21,881,656	21,006,383	634,255	
Net position, beginning of year					152,742,418	49,479,430	202,221,848	(16,660,106)	2,568,680	
Net position, end of year					\$ 164,831,989	\$ 59,271,515	\$ 224,103,504	\$ 4,346,277	\$ 3,202,935	

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, 2025**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and short-term investments	\$ 91,348,934	\$ 50,003,530	\$ 2,957,328	\$ 6,956,098	\$ 151,265,890
Receivables:					
Accounts receivable	550,186	696,347	20,000	3,405	1,269,938
Intergovernmental:					
State	5,210,813	-	823,194	23,704	6,057,711
Federal	27,552	-	1,220,861	-	1,248,413
Prepaid items	2,747,062	-	-	-	2,747,062
Due from other funds	12,423,673	-	-	-	12,423,673
<b>TOTAL ASSETS</b>	<u>\$ 112,308,220</u>	<u>\$ 50,699,877</u>	<u>\$ 5,021,383</u>	<u>\$ 6,983,207</u>	<u>\$ 175,012,687</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 2,749,664	\$ 3,032,327	\$ 1,947,756	\$ 72,796	\$ 7,802,543
Unearned revenue	3,481,434	-	3,070,255	275,228	6,826,917
<b>TOTAL LIABILITIES</b>	<u>6,231,098</u>	<u>3,032,327</u>	<u>5,018,011</u>	<u>348,024</u>	<u>14,629,460</u>
<b>FUND BALANCES</b>					
Nonspendable	2,747,062	-	-	-	2,747,062
Restricted for:					
Social services	-	-	-	1,233,819	1,233,819
Public safety	-	-	-	269,270	269,270
Committed for:					
Capital projects	-	47,667,550	3,372	5,132,094	52,803,016
Rainy day	24,899,334	-	-	-	24,899,334
Risk mitigation	7,469,800	-	-	-	7,469,800
Permanent public improvement	4,979,867	-	-	-	4,979,867
Assigned for:					
Future budget	21,656,693	-	-	-	21,656,693
Unassigned	44,324,366	-	-	-	44,324,366
<b>TOTAL FUND BALANCES</b>	<u>106,077,122</u>	<u>47,667,550</u>	<u>3,372</u>	<u>6,635,183</u>	<u>160,383,227</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 112,308,220</u>	<u>\$ 50,699,877</u>	<u>\$ 5,021,383</u>	<u>\$ 6,983,207</u>	<u>\$ 175,012,687</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, 2025

Total governmental funds balances		\$	160,383,227
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			
			110,745,225
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	\$	(80,669,635)	
Accrued interest on long-term debt		(954,318)	
Net pension liability		(28,837,321)	
Net OPEB liability		(19,086,535)	
Compensated absences		<u>(1,861,619)</u>	
			(131,409,428)
Deferred outflows - Maryland State Pension			15,607,353
Deferred inflows - Maryland State Pension			(700,272)
Deferred outflows - OPEB			10,736,437
Deferred inflows - OPEB			(639,407)
Deferred charge on refunding			<u>108,854</u>
Net position of governmental activities		\$	<u>164,831,989</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, 2025

	General Fund	Capital Projects	Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Real property taxes	\$ 65,467,424	\$ -	\$ -	\$ -	\$ 65,467,424
Local income taxes	46,930,253	-	-	-	46,930,253
Other local taxes	17,259,911	-	-	-	17,259,911
Licenses and permits	1,061,982	-	-	2,898,854	3,960,836
Intergovernmental:					
Federal	750	-	4,825,854	-	4,826,604
State	3,328,976	-	1,978,244	1,096,036	6,403,256
Service charges	4,373,528	-	-	-	4,373,528
Fines and forfeitures	14,781	-	-	-	14,781
Miscellaneous	301,636	145,460	235,021	159,650	841,767
Interest	6,429,908	1,540	-	221,081	6,652,529
<b>Total Revenue</b>	<b>145,169,149</b>	<b>147,000</b>	<b>7,039,119</b>	<b>4,375,621</b>	<b>156,730,889</b>
<b>EXPENDITURES</b>					
Current:					
General government	12,806,135	5,731,717	231,150	-	18,769,002
Public safety	31,575,199	6,423,306	1,292,067	19,136	39,309,708
Public works	6,755,800	945,309	2,568,178	-	10,269,287
Health and hospitals	3,015,191	3,526,305	-	-	6,541,496
Social services	1,669,871	-	2,332,105	908,751	4,910,727
Education	59,468,542	9,240,803	-	-	68,709,345
Recreation	1,007,066	62,582	-	-	1,069,648
Economic Development	-	-	612,947	-	612,947
Conservation of natural resources	405,229	-	-	-	405,229
Employee benefits	1,623,535	-	-	-	1,623,535
Miscellaneous	275,856	-	-	-	275,856
Intergovernmental	1,543,658	-	-	-	1,543,658
Debt service interest	1,105,625	-	-	-	1,105,625
Debt service principal	3,244,972	-	-	-	3,244,972
Capital outlay	4,125,000	-	-	-	4,125,000
<b>Total Expenditures</b>	<b>128,621,679</b>	<b>25,930,022</b>	<b>7,036,447</b>	<b>927,887</b>	<b>162,516,035</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>16,547,470</b>	<b>(25,783,022)</b>	<b>2,672</b>	<b>3,447,734</b>	<b>(5,785,146)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Leases issued	4,125,000	-	-	-	4,125,000
Bonds issued	-	25,820,000	-	-	25,820,000
Bond premium	-	1,089,415	-	-	1,089,415
Transfers in	340,000	27,710,743	-	-	28,050,743
Transfers out	(27,818,424)	-	(2,672)	(677,950)	(28,499,046)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(23,353,424)</b>	<b>54,620,158</b>	<b>(2,672)</b>	<b>(677,950)</b>	<b>30,586,112</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(6,805,954)</b>	<b>28,837,136</b>	<b>-</b>	<b>2,769,784</b>	<b>24,800,966</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>112,883,076</b>	<b>18,830,414</b>	<b>3,372</b>	<b>3,865,399</b>	<b>135,582,261</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 106,077,122</b>	<b>\$ 47,667,550</b>	<b>\$ 3,372</b>	<b>\$ 6,635,183</b>	<b>\$ 160,383,227</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, 2025

Net change in fund balances - total governmental funds \$ 24,800,966

Amounts reported for governmental activities in the statement of net position are different because:

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.

Capital outlays	\$ 20,727,583	
Current year depreciation	(5,153,008)	
Disposals	(74,435)	
Total		15,500,140

Repayment of debt obligations is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.

Principal payments and retirements of long-term debt	3,244,972
Accrued interest on long-term debt	(46,566)
Issuance of bonds and leases	(29,945,000)
Premiums	(1,089,415)

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.

Change in unamortized bond premium	(369,212)
Change in deferred debt refunding costs	(108,856)
Change in net other post-employment benefits	(1,010,920)
Change in net pension liability	1,432,384
Change in compensated absences	(318,922)

Change in net position of governmental activities \$ 12,089,571

TALBOT COUNTY, MARYLAND

Statement of Fund Net Position – Business-Type Activities  
June 30, 2025

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
<b>ASSETS</b>					
Current assets:					
Cash and short-term investments	\$ -	\$ -	\$ 2,543,076	\$ -	\$ 2,543,076
Accounts receivable:					
Accounts receivable, customers	17,514	381,264	197,520	-	596,298
Intergovernmental:					
State	-	264,655	28,733	-	293,388
Federal	-	-	1,703,690	-	1,703,690
Prepaid items	1,980	9,576	-	-	11,556
Inventories	120,221	284,540	138,799	-	543,560
Total current assets	<u>139,715</u>	<u>940,035</u>	<u>4,611,818</u>	<u>-</u>	<u>5,691,568</u>
Noncurrent assets:					
Land	450,000	2,463,800	2,616,587	-	5,530,387
Construction in progress	355,656	11,295,597	16,764,919	-	28,416,172
Buildings and improvements	24,646,995	60,784,161	43,668,383	212,758	129,312,297
Furniture and equipment	4,374,822	5,313,149	2,212,857	1,965,983	13,866,811
Less: accumulated depreciation	(17,714,017)	(36,002,391)	(39,671,339)	(749,415)	(94,137,162)
Total noncurrent assets	<u>12,113,456</u>	<u>43,854,316</u>	<u>25,591,407</u>	<u>1,429,326</u>	<u>82,988,505</u>
<b>TOTAL ASSETS</b>	<u>12,253,171</u>	<u>44,794,351</u>	<u>30,203,225</u>	<u>1,429,326</u>	<u>88,680,073</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Loss on refundings	2,934	-	-	-	2,934
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	192,431	1,255,777	1,692,796	7,408	3,148,412
Compensated absences	19,901	25,691	10,768	14,607	70,967
Due to other funds	2,125,386	8,148,976	-	2,149,311	12,423,673
Unearned revenue	71,020	813,105	-	-	884,125
Current maturities of long-term debt	211,137	828,727	7,280	372,392	1,419,536
Total current liabilities	<u>2,619,875</u>	<u>11,072,276</u>	<u>1,710,844</u>	<u>2,543,718</u>	<u>17,946,713</u>
Noncurrent liabilities:					
Compensated absences	60,003	82,851	43,896	4,078	190,828
Long-term debt, less current maturities	142,856	10,618,412	192,841	319,842	11,273,951
Total noncurrent liabilities	<u>202,859</u>	<u>10,701,263</u>	<u>236,737</u>	<u>323,920</u>	<u>11,464,779</u>
<b>TOTAL LIABILITIES</b>	<u>2,822,734</u>	<u>21,773,539</u>	<u>1,947,581</u>	<u>2,867,638</u>	<u>29,411,492</u>
<b>NET POSITION</b>					
Net investment in capital assets	11,962,785	32,407,177	25,391,286	737,092	70,498,340
Restricted	2,138,181	-	-	-	2,138,181
Unrestricted (deficit)	(4,667,595)	(9,386,365)	2,864,358	(2,175,404)	(13,365,006)
<b>TOTAL NET POSITION</b>	<u>\$ 9,433,371</u>	<u>\$ 23,020,812</u>	<u>\$ 28,255,644</u>	<u>\$ (1,438,312)</u>	<u>\$ 59,271,515</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, 2025

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
<b>OPERATING REVENUE</b>					
Airport - operations	\$ -	\$ -	\$ 498,087	\$ -	\$ 498,087
Airport - fuel facility	-	-	2,721,845	-	2,721,845
Airport - hangars	-	-	740,768	-	740,768
Sewer service charges	-	3,876,222	-	-	3,876,222
Sewer connection charges	-	206,818	-	-	206,818
Wind/solar renewable energy	-	22,339	-	-	22,339
Admissions	416,788	-	-	-	416,788
Room rents	109,021	-	-	-	109,021
Ice revenue	498,873	-	-	-	498,873
Pro shop and concessions	729,706	-	-	-	729,706
Cart rentals	13,902	-	-	-	13,902
Green fees	1,965,123	-	-	-	1,965,123
Other operating	55,632	247,434	20,322	211,232	534,620
<b>TOTAL OPERATING REVENUE</b>	<b>3,789,045</b>	<b>4,352,813</b>	<b>3,981,022</b>	<b>211,232</b>	<b>12,334,112</b>
<b>OPERATING EXPENSES</b>					
Salaries and related expenses	1,814,900	1,391,921	664,561	254,984	4,126,366
Cost of sales - fuel	-	-	2,357,985	-	2,357,985
Professional fees	29,891	-	-	-	29,891
Office	43,957	29,251	46,654	-	119,862
Insurance	27,032	36,998	32,057	-	96,087
Contracted services	15,236	1,076,108	-	-	1,091,344
Repairs and maintenance	277,615	220,774	134,653	-	633,042
Utilities	343,668	174,186	112,474	-	630,328
Supplies and equipment	357,822	338,862	3,315	-	699,999
Lessons and programs	143,415	-	-	-	143,415
Concessions	294,003	-	-	-	294,003
Depreciation	1,283,927	2,180,736	189,041	214,162	3,867,866
Other operating	214,008	418,403	88,321	110,761	831,493
<b>TOTAL OPERATING EXPENSES</b>	<b>4,845,474</b>	<b>5,867,239</b>	<b>3,629,061</b>	<b>579,907</b>	<b>14,921,681</b>
<b>OPERATING (LOSS) INCOME</b>	<b>(1,056,429)</b>	<b>(1,514,426)</b>	<b>351,961</b>	<b>(368,675)</b>	<b>(2,587,569)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	2,688,468	9,263,453	-	11,951,921
Interest income	1,595	108,017	52,834	-	162,446
Interest expense	-	(174,367)	(8,649)	-	(183,016)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,595</b>	<b>2,622,118</b>	<b>9,307,638</b>	<b>-</b>	<b>11,931,351</b>
<b>Income (Loss) Before Transfers</b>	<b>(1,054,834)</b>	<b>1,107,692</b>	<b>9,659,599</b>	<b>(368,675)</b>	<b>9,343,782</b>
<b>Transfers In</b>	<b>445,631</b>	<b>2,672</b>	<b>-</b>	<b>-</b>	<b>448,303</b>
<b>Change in Net Position</b>	<b>(609,203)</b>	<b>1,110,364</b>	<b>9,659,599</b>	<b>(368,675)</b>	<b>9,792,085</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>10,042,574</b>	<b>21,910,448</b>	<b>18,596,045</b>	<b>(1,069,637)</b>	<b>49,479,430</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 9,433,371</b>	<b>\$ 23,020,812</b>	<b>\$ 28,255,644</b>	<b>\$ (1,438,312)</b>	<b>\$ 59,271,515</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, 2025

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers	\$ 3,827,444	\$ 5,321,172	\$ 6,611,695	\$ 211,232	\$ 15,971,543
Cash payments for salaries and related expenses	(1,780,811)	(1,351,361)	(644,187)	(245,601)	(4,021,960)
Cash payments to suppliers	(1,874,837)	(1,150,314)	(2,299,737)	(117,440)	(5,442,328)
Cash payments for contracted services	-	(1,076,108)	-	-	(1,076,108)
Payments to other funds	293,701	-	-	-	293,701
Receipts from other funds	-	4,231,167	-	512,129	4,743,296
Net cash (used) provided by operating activities	465,497	5,974,556	3,667,771	360,320	10,468,144
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers from other funds	445,631	-	-	-	445,631
Intergovernmental revenues	-	2,423,813	8,967,623	-	11,391,436
Net cash provided by noncapital financing activities	445,631	2,423,813	8,967,623	-	11,837,067
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Principal paid on long-term notes and bonds	(219,068)	(991,391)	(6,977)	(360,320)	(1,577,756)
Interest paid on long-term notes and bonds	-	(174,367)	(8,649)	-	(183,016)
Acquisition and construction of capital assets	(696,665)	(7,340,726)	(11,888,830)	-	(19,926,221)
Net cash (used) provided by capital and related financing activities	(915,733)	(8,506,484)	(11,904,456)	(360,320)	(21,686,993)
<b>Cash Flows from Investing Activities:</b>					
Interest income on investments	-	108,017	52,834	-	160,851
Net cash provided (used) by investing activities	-	108,017	52,834	-	160,851
Increase (decrease) in cash and cash equivalents	(4,605)	(98)	783,772	-	779,069
Cash and cash equivalents at beginning of year	4,605	98	1,759,304	-	1,764,007
Cash and cash equivalents at end of year	\$ -	\$ -	\$ 2,543,076	\$ -	\$ 2,543,076

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, 2025**

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
<b>Reconciliation of Operating Loss to Net Cash (Used) Provided by Operating Activities:</b>					
Operating (loss) income	\$ (1,056,429)	\$ (1,514,426)	\$ 351,961	\$ (368,675)	\$ (2,587,569)
Adjustments to reconcile operating loss to net cash (used) provided by operating activities					
Depreciation	1,283,927	2,180,736	189,041	214,162	3,867,866
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable, customers	29,586	243,254	2,630,673	-	2,903,513
(Increase) decrease in inventories	(26,673)	-	333	-	(26,340)
(Increase) decrease in prepaids	27,011	-	-	-	27,011
Increase (decrease) in accounts payable	(128,528)	68,160	475,389	(6,679)	408,342
(Decrease) increase in compensated absences	34,089	40,560	20,374	9,383	104,406
(Decrease) increase in due to other funds	293,701	4,231,167	-	512,129	5,036,997
Increase (decrease) in unearned revenue	8,813	725,105	-	-	733,918
Net cash (used) provided by operating activities	<u>\$ 465,497</u>	<u>\$ 5,974,556</u>	<u>\$ 3,667,771</u>	<u>\$ 360,320</u>	<u>\$ 10,468,144</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, 2025**

	<b>Other Post-Employment Benefits Trust Fund</b>
<b>ASSETS</b>	
Cash and equivalents	\$ 142,175
Investments in pooled fund, at fair value	
Debt securities	5,855,079
Fixed income funds	955,782
Mutual and global funds	7,476,290
International	4,846,745
<b>TOTAL ASSETS</b>	<u>19,276,071</u>
<b>LIABILITIES</b>	
Accrued expenses	<u>26,446</u>
<b>NET POSITION</b>	
Net position restricted for OPEB	<u>\$ 19,249,625</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, 2025**

	<b><u>Other Post - Employment Benefits Trust Fund</u></b>
<b>ADDITIONS:</b>	
Contributions	\$ -
Investment earnings	
Interest	505,695
Net increase in the fair value of investments	1,418,771
Less: investment expenses	<u>8,029</u>
Net investment income	<u>1,916,437</u>
<b>Total Additions</b>	<u>1,916,437</u>
 <b>DEDUCTIONS:</b>	
Administrative expenses	<u>88,453</u>
<b>Total Deductions</b>	<u>88,453</u>
 <b>Change in Net Position</b>	 1,827,984
 <b>Net Position Restricted for OPEB - Beginning of Year</b>	 <u>17,421,641</u>
 <b>Net Position Restricted for OPEB - End of Year</b>	 <u>\$ 19,249,625</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, 2025

### 1. REPORTING ENTITY

Talbot County, Maryland (the County) is a Charter county that is governed by a County Council. Its offices are located in the county seat of 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. TCFL's financial statements include as a component unit the financial data of the Foundation. The Foundation is a separate legal entity from TCFL.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 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, 2025

### 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. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. 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 five non-major governmental funds, the Developmental Impact Fund, Talbot Family Network, Narcotics Task Force, Community Reinvestment and Repair and Opioid Restitution.

##### 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

#### D. Fund Accounting (continued)

##### Proprietary Fund Types (continued)

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

Materials Repurposing Fund: The Materials Repurposing Fund is used for the operations of the County's materials repurposing center which recycles and resells organic materials, concrete and asphalt.

##### 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. The Trust is subject to accounting standards for governmental external investment pools established by the Governmental Accounting Standards Board (GASB), which requires the use of the flow of economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

#### 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

#### D. Measurement Focus (continued)

##### Fund Financial Statements (continued)

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.

#### 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

#### E. Basis of Accounting (continued)

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.

#### F. Budgetary Process

The County and Board of Education follow the following 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 schedule 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

#### F. Budgetary Process (continued)

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.

#### 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2025

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

#### J. Capital Assets (continued)

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 five thousand 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

#### 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 280 hours 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2025

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

#### 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. 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

#### 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. Nonspendable fund balances consist of prepaid amounts.

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.

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.

#### General Fund Reserve Policy (Adopted February 2025)

The County maintains a formal reserve policy to promote financial stability and creditworthiness. The policy establishes four components within the General Fund, reported primarily as Committed Fund Balance:

- Rainy Day Reserve – Target: 20% of General Fund expenditures before other financing uses. Used for major emergencies (e.g., disasters, recessions) after Risk Mitigation Reserve is depleted.
- Risk Mitigation Reserve – Target: 6% of General Fund expenditures before other financing uses. Used for unexpected budgetary fluctuations; cannot fund new programs.
- Permanent Public Improvements Reserve – Target: 4% of General Fund expenditures before other financing uses. Used for one-time capital needs and economic development initiatives.
- Unassigned Reserve – Represents excess funds; used for pay-as-you-go capital projects and one-time appropriations through the annual budget process.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

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

##### Replenishment and Review

Reserves falling below targets should be replenished within three years, in priority order: Rainy Day, Risk Mitigation, Permanent Public Improvements, then Unassigned. The policy is reviewed every three years during the budget process and remains in effect until amended or repealed.

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, 2025

### 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, 2025, the County had deposits of \$125,468,021 with local banks (carrying value \$130,378,349). 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, 2025, all deposits were fully insured or collateralized with securities pledged in the County's name. Petty cash totaled \$18,055 as of June 30, 2025.

##### Board of Education

As of June 30, 2025, the reported amount of the Board's bank deposits (carrying value) was \$17,161,173 and the bank balance was \$20,895,015. These balances include \$646,160 of fiduciary cash and MLGIP of \$12,911,177. 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, 2025, the Library had deposits totaling \$607,505 (carrying value \$566,689), which were fully insured by federal depository insurance issued by the FDIC.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 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, 2025, the County had investments in MLGIP of \$23,412,562, 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, 2025, the County had the following short-term investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (months)</u>
MLGIP	\$ 23,412,562	<2

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2025

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

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 sixteen members who are the active sole contributors to the MACO 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, LaVale Sanitary Commission, Town of Hurlock and Tri-County Council.

The assets of the MACO 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, 2025, the weighted average maturity (WAM) for the MACO Trust's money market mutual fund was 36 days. At June 30, 2025, the short-term rating of the money market mutual fund was AAAM by Standard & Poor's.

The main objectives of the MACO 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

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.

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 MACO Trust has the following recurring fair value measurements as of June 30, 2025, of which Talbot County's portion was approximately 19% 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	\$ -	\$ 12,574,138	\$ -	\$ 12,574,138
U.S. Governmental Agencies	-	4,759,300	-	4,759,300
Corporate & Foreign Bonds	-	10,773,019	-	10,773,019
Municipal Obligations	-	2,709,746	-	2,709,746
Equity and Mutual Fund Investments				
Taxable Fixed Income Securities	-	5,030,434	-	5,030,434
Mutual Funds	39,348,893	-	-	39,348,893
Global Funds	8,891,709	-	-	8,891,709
International Funds	16,617,477	-	-	16,617,477
Total	<u>\$ 64,858,079</u>	<u>\$ 35,846,637</u>	<u>\$ -</u>	<u>\$ 100,704,716</u>

Interest rate risk is the risk that changes in market interest rates 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.

Information about the sensitivity of the fair values of the MACO 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, 2025:

	<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	\$ -	\$ 2,929,205	\$ 2,866,178	\$ 6,778,755	\$ 12,574,138
U.S. Governmental Agencies	-	180,054	325,699	4,253,547	4,759,300
Corporate & Foreign Bonds	-	1,049,141	2,289,111	7,434,767	10,773,019
Municipal Obligations	-	-	-	2,709,746	2,709,746
Total	<u>\$ -</u>	<u>\$ 4,158,400</u>	<u>\$ 5,480,988</u>	<u>\$ 21,176,815</u>	<u>\$ 30,816,203</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

*Credit Risk.* The MACO 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, 2025, the ratings of the underlying investments of the MACO 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	\$ -	\$ 12,398,879	\$ -	\$ -	\$ 175,259	\$ 12,574,138
U.S. Governmental Agencies	-	-	-	-	4,759,300	4,759,300
Corporate & Foreign Bonds	158,156	2,074,094	6,227,095	2,313,674	-	10,773,019
Municipal Obligations	430,276	1,624,933	87,528	-	567,009	2,709,746
Total	\$ 588,432	\$ 16,097,906	\$ 6,314,623	\$ 2,313,674	\$ 5,501,568	\$ 30,816,203

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 MACO Trust will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The MACO 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 MACO 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 MACO 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, 2025, which are uninsured and unregistered:

	<b>Fair Value</b>
	<b>June 30, 2025</b>
U.S. Treasury Obligations	\$ 12,574,138
U.S. Governmental Agencies	4,759,300
Corporate & Foreign Bonds	10,773,019
Municipal Obligations	2,709,746
Taxable Fixed Income Securities	5,030,434
Mutual Funds	39,348,893
Global Funds	8,891,709
International	16,617,477
Total	<u>\$ 100,704,716</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

*Concentration of credit risk.* The following general asset allocation guidelines have been established through the MACO 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 MACO Trust held the following investments as of June 30, 2025 that exceeded 5% of the total investment balances as of June 30, 2025:

<u>Name</u>	<u>Amount</u>
Vanguard 500 Index CL ADML	\$ 10,114,567
New World Fund-R6	8,891,709
American Funds International Vntg F-3	8,311,615
Transamerica TS&W International EQ-IS	8,305,863
FullerThaler Behavioral SC EQ R6	8,098,787
iShares MSCI USA Quality Factor ETF	6,519,727
Vanguard Mid-Cap Index Fund Admiral Shares	5,386,295

*Foreign Currency Risk* is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The MACO Trust was not exposed to foreign currency risk as of June 30, 2025, as the MACO 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, 2025, the Board had investments in MLGIP of \$12,911,177.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 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, 2025, the Foundation's investments consisted of the following:

Investment Type	Fair Value	% of Total	Investment Maturities (in Years)				Total
			Less than 1	1-5	6-10	10+	
Cash and bank sweep	\$ 441,125	7%	\$ 441,125	\$ -	\$ -	\$ -	\$ 441,125
Fixed income	953,932	35%	149,061	295,765	483,301	25,805	953,932
Equities	1,233,162	37%	1,233,162	-	-	-	1,233,162
Equity funds	28,831	1%	28,831	-	-	-	28,831
Exchange traded funds	680,028	20%	680,028	-	-	-	680,028
Total	<u>\$ 3,337,078</u>	<u>100%</u>	<u>\$ 2,532,207</u>	<u>\$ 295,765</u>	<u>\$ 483,301</u>	<u>\$ 25,805</u>	<u>\$ 3,337,078</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.

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.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

**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, 2024, 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 2025, to support operations, the general fund transferred \$27,452,793 to the capital projects fund, \$2,125,386 to the recreation fund, \$8,148,976 to the sanitary district fund, and \$2,149,311 to the repurposing center fund.

Due from/to other funds balances as of June 30, 2025 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	\$ 12,423,673	\$ -
Enterprise Fund - Recreation Facilities	Transfers	-	2,125,386
Enterprise Fund - Sanitary District	Transfers	-	8,148,976
Enterprise Fund - Repurposing Center	Transfers	-	2,149,311
		<u>\$ 12,423,673</u>	<u>\$ 12,423,673</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, 2025

### 5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2025 is as follows:

	<b>Balance June 30, 2024</b>	<b>Additions</b>	<b>Transfers and Reductions</b>	<b>Balance June 30, 2025</b>
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 16,080,257	\$ 5,577,063	\$ -	\$ 21,657,320
Infrastructure - road base	24,682,285	-	-	24,682,285
Construction in progress	22,850,455	5,712,272	(20,562,401)	8,000,326
Total Nondepreciable Capital Assets	<u>63,612,997</u>	<u>11,289,335</u>	<u>(20,562,401)</u>	<u>54,339,931</u>
Depreciable Capital Assets:				
Buildings and improvements	57,335,962	22,742,744	(176,635)	79,902,071
Infrastructure	21,814,305	522,678	-	22,336,983
Furniture and equipment	25,013,191	5,996,784	(2,125,516)	28,884,459
Total capital assets being depreciated	<u>104,163,458</u>	<u>29,262,206</u>	<u>(2,302,151)</u>	<u>131,123,513</u>
Less accumulated depreciation for:				
Buildings and improvements	39,070,470	2,520,007	(102,238)	41,488,239
Infrastructure	14,054,150	902,206	-	14,956,356
Furniture and equipment	18,668,307	1,730,795	(2,125,478)	18,273,624
Total accumulated depreciation	<u>71,792,927</u>	<u>5,153,008</u>	<u>(2,227,716)</u>	<u>74,718,219</u>
Total depreciable Capital Assets, Net	<u>32,370,531</u>	<u>24,109,198</u>	<u>(74,435)</u>	<u>56,405,294</u>
<b>Total Governmental Activities, Net</b>	<u>\$ 95,983,528</u>	<u>\$ 35,398,533</u>	<u>\$ (20,636,836)</u>	<u>\$ 110,745,225</u>
	<b>Balance June 30, 2024</b>	<b>Additions</b>	<b>Transfers and Reductions</b>	<b>Balance June 30, 2025</b>
<b>Business-Type Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 3,642,512	\$ 1,887,875	\$ -	\$ 5,530,387
Construction in progress	13,023,159	16,721,135	(1,328,122)	28,416,172
Total Nondepreciable Capital Assets	<u>16,665,671</u>	<u>18,609,010</u>	<u>(1,328,122)</u>	<u>33,946,559</u>
Depreciable Capital Assets:				
Buildings and improvements	133,204,597	2,465,168	(6,357,468)	129,312,297
Furniture and equipment	13,655,219	280,164	(68,572)	13,866,811
Total capital assets being depreciated	<u>146,859,816</u>	<u>2,745,332</u>	<u>(6,426,040)</u>	<u>143,179,108</u>
Less accumulated depreciation for:				
Buildings and improvements	87,760,530	2,919,799	(4,715,412)	85,964,917
Furniture and equipment	7,292,750	948,067	(68,572)	8,172,245
Total accumulated depreciation	<u>95,053,280</u>	<u>3,867,866</u>	<u>(4,783,984)</u>	<u>94,137,162</u>
Total depreciable Capital Assets, Net	<u>51,806,536</u>	<u>(1,122,534)</u>	<u>(1,642,056)</u>	<u>49,041,946</u>
<b>Total Business-Type Activities, Net</b>	<u>\$ 68,472,207</u>	<u>\$ 17,486,476</u>	<u>\$ (2,970,178)</u>	<u>\$ 82,988,505</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,183,561
Public Safety	2,006,686
Public Works	1,682,265
Recreation	280,496
Total Depreciation Expense - Governmental Activities	<u>\$ 5,153,008</u>

A summary of changes in capital assets for the component units at June 30, 2025 is as follows:

<u>Component Units</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Transfers and Reductions</u>	<u>Balance June 30, 2025</u>
<b>Board of Education</b>				
Nondepreciable Capital Assets:				
Land	\$ 624,446	\$ -	\$ -	\$ 624,446
Construction in progress	1,420,662	18,707,455	(35,000)	20,093,117
Total Nondepreciable Capital Assets	<u>2,045,108</u>	<u>18,707,455</u>	<u>(35,000)</u>	<u>20,717,563</u>
Depreciable Capital Assets:				
Buildings and improvements	141,745,091	28,048	-	141,773,139
Furniture and equipment	31,897,697	3,373,802	(2,946,689)	32,324,810
Right-to-use lease equipment	476,792	314,700	(395,345)	396,147
Total capital assets being depreciated	<u>174,119,580</u>	<u>3,716,550</u>	<u>(3,342,034)</u>	<u>174,494,096</u>
Less accumulated depreciation for:				
Buildings and improvements	51,645,081	3,002,110	-	54,647,191
Furniture and equipment	25,777,796	2,692,833	(2,981,689)	25,488,940
Right-to-use lease equipment	428,053	71,755	(395,345)	104,463
Total accumulated depreciation	<u>77,850,930</u>	<u>5,766,698</u>	<u>(3,377,034)</u>	<u>80,240,594</u>
Total depreciable Capital Assets, Net	<u>96,268,650</u>	<u>(2,050,148)</u>	<u>35,000</u>	<u>94,253,502</u>
Capital assets, net	<u>\$ 98,313,758</u>	<u>\$ 16,657,307</u>	<u>\$ -</u>	<u>\$ 114,971,065</u>
<u>Library</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Transfers and Reductions</u>	<u>Balance June 30, 2025</u>
Nondepreciable Capital Assets:				
Construction in progress	\$ 291,332	\$ 135,005	\$ -	\$ 426,337
Total Nondepreciable Capital Assets	<u>102,386</u>	<u>135,005</u>	<u>-</u>	<u>426,337</u>
Depreciable Capital Assets:				
Circulation materials	743,733	259,921	(89,978)	913,676
Buildings and improvements	465,898	-	-	465,898
Furniture and equipment	769,122	-	-	769,122
Right-to-use lease equipment	43,702	43,987	-	87,689
Total capital assets being depreciated	<u>2,022,455</u>	<u>303,908</u>	<u>(89,978)</u>	<u>2,236,385</u>
Less accumulated depreciation:				
Total depreciable Capital Assets, Net	<u>1,594,913</u>	<u>218,322</u>	<u>(89,978)</u>	<u>1,723,257</u>
Capital assets, net	<u>427,542</u>	<u>85,586</u>	<u>-</u>	<u>513,128</u>
Capital assets, net	<u>\$ 529,928</u>	<u>\$ 220,591</u>	<u>\$ -</u>	<u>\$ 939,465</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 6. LONG-TERM DEBT

The following is a summary of long-term debt at June 30, 2025:

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2025</u>	<u>Amount Due in One Year</u>
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Black Walnut Point Shore Erosion Loan; total authorized borrowing \$160,000, to be repaid in 15 annual payments of \$9,100, no interest, beginning July 1, 2011 through July 2025.	\$ 18,200	\$ -	\$ 9,100	\$ 9,100	\$ 9,100
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 beginning October 2014 through April 1, 2034; interest payable semi-annually.	1,048,218	-	87,253	960,965	90,791
St. Michaels School Public Improvement Refunding Bonds of 2015; original issue \$15,206,400, payable annually in principal payments ranging from \$150,000 to \$1,645,000 beginning June 2016 through December 15, 2027; interest payable semi-annually at rates from 2% to 5%.	5,440,000	-	1,565,000	3,875,000	1,630,000
Neavitt Landing Shore Erosion Loan; total borrowing of \$82,032, to be repaid in 10 equal annual payments, no interest, beginning in July 2016 through July 2025 after completion of the project.	17,238	-	8,619	8,619	8,619
Easton Elementary School Public Facilities Bonds of 2020; original issue \$21,775,000, payable annually in principal payments ranging from \$690,000 to \$1,440,000 beginning January 2021 through July 1, 2040; interest payable semiannually at rates from 2.0% to 5.00%.	19,595,000	-	805,000	18,790,000	845,000
Public Health and Safety Buildings; Public Improvement Bonds of 2022; original issue \$23,810,000, payable annually in principal payments ranging from \$500,000 to \$1,795,000 beginning July 2023 through June 2043; interest payable semi-annually at rates from 4.25% to 5%.	23,310,000	-	770,000	22,540,000	805,000
Motorola equipment lease of 2025; original issue of \$4,125,000, beginning April 15, 2025 through April 2032 payable in annual payments of \$661,839, which includes principal and interest at a rate of 2.99%	-	4,125,000	-	4,125,000	538,500
Chapel District Elementary School Public Improvement Refunding Bonds of 2025; original issue \$25,820,000, payable annually in principal payments ranging from \$910,000 to \$1,900,000 beginning May 2026 through May 2045; interest payable semi-annually at rates from 4% to 5%.	-	25,820,000	-	25,820,000	910,000
	<u>49,428,656</u>	<u>29,945,000</u>	<u>3,244,972</u>	<u>76,128,684</u>	<u>4,837,010</u>
Unamortized bond premium	3,820,748	1,089,415	369,212	4,540,951	-
Compensated absences	1,542,697	1,466,347	1,147,425	1,861,619	709,883
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 54,792,101</u>	<u>\$ 32,500,762</u>	<u>\$ 4,761,609</u>	<u>\$ 82,531,254</u>	<u>\$ 5,546,893</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2025</u>	<u>Amount Due in One Year</u>
<b>Business-type Activities:</b>					
<b>Recreation Facilities</b>					
Public Improvement Refunding Bonds of 2015; original issue \$1,441,300, payable annually in principal payments ranging from \$90,000 to \$180,000 beginning June 2015 through December 15, 2025; interest payable semi-annually at rates from 2% to 5%.	\$ 290,000	\$ -	\$ 145,000	\$ 145,000	\$ 145,000
Golf Cart equipment lease of 2024; original issue of \$268,912, beginning May 2024 through April 2028 payable in monthly payments of \$7,108, which includes principal and interest at a rate of 5.72%	259,985	-	62,531	197,454	66,137
Unamortized bond premium	23,076	-	11,537	11,539	-
Total Recreation Facilities	<u>\$ 573,061</u>	<u>\$ -</u>	<u>\$ 219,068</u>	<u>\$ 353,993</u>	<u>\$ 211,137</u>
<b>Sanitary District</b>					
Unionville/Tunis Mills/Copperville Wastewater System Farmers Home Administration Bond of 2001; original issue \$186,000, payable quarterly in payments of \$2,833 beginning August 2000 through May 2030, including interest at 4.5%.	59,282	-	8,811	50,471	9,211
St. Michaels Wastewater System MDE 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 through February 2027; interest at 0.4%.	1,346,762	-	508,081	838,681	427,079
Martingham Pump Station and Force Main Consolidated Public Improvement Bonds of 2016; original issue \$2,575,000, payable quarterly in payments of \$26,240 beginning March 2017 through December 15, 2046, including interest at 1.375%.	2,026,612	-	77,490	1,949,122	78,563
Bio-Solids Facility Consolidated USDA Public Improvement Bonds of 2016; original issue \$5,975,000, payable quarterly in payments of \$60,886 beginning March 2017 through December 15, 2046, including interest at 1.375%.	4,702,562	-	179,809	4,522,753	182,292
Bio-Solids Facility Consolidated USDA Public Improvement Bonds of 2018; original issue \$1,786,000, payable quarterly in payments of \$80,598 beginning February 2018 through November 16, 2047, including interest at 1.375% to 2.215%.	1,481,762	-	50,306	1,431,456	51,289
Improvement Bond of 2019; original issue \$1,452,000, payable quarterly in principal payments ranging from \$8,631 to \$16,329 beginning October 2019 through July 25, 2049; interest payable quarterly at 2.125%.	1,278,865	-	38,762	1,240,103	39,593
St. Michaels Wastewater System Belt Filter Press USDA General Obligation Bond of 2021; original issue \$600,000, payable quarterly in payments of \$6,438 beginning April 2023 through 2053, including interest at 3.625%	580,759	-	15,691	565,068	15,967
St. Michaels Wastewater System Public Improvement Bond of 2024; original issue \$880,000; payable quarterly in payments of \$8,809 beginning April 2024 through January 2054; interest at 1.25%	873,926	-	24,441	849,485	24,733
St. Michaels Wastewater System Public Improvement Bond Series 2024B; original issue \$88,000.		88,000	88,000	-	-
Total Sanitary District	<u>\$ 12,350,530</u>	<u>\$ 88,000</u>	<u>\$ 991,391</u>	<u>\$ 11,447,139</u>	<u>\$ 828,727</u>

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2025</u>	<u>Amount Due in One Year</u>
<b>Business-type Activities (continued):</b>					
<b>Easton Airport</b>					
USDA Consolidated Public Improvement Bonds, Series 2013; original issue \$265,000, payable monthly in principal and interest payments of \$1,304 beginning January 2014 through December 4, 2042; interest is payable at 4.25% per annum.	\$ 207,098	\$ -	\$ 6,977	\$ 200,121	\$ 7,280
Total Easton Airport	<u>207,098</u>	<u>-</u>	<u>6,977</u>	<u>200,121</u>	<u>7,280</u>
<b>Repurposing Center</b>					
Equipment Financed Purchase of 2022 payable in monthly principal and interest payments of \$32,470 beginning May 2022 through April 2027	1,052,554	-	360,320	692,234	372,392
Total Repurposing Center	<u>1,052,554</u>	<u>-</u>	<u>360,320</u>	<u>692,234</u>	<u>372,392</u>
Compensated absences	157,389	142,781	112,782	187,388	70,407
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 14,340,632</u>	<u>\$ 230,781</u>	<u>\$ 1,690,538</u>	<u>\$ 12,880,875</u>	<u>\$ 1,489,943</u>

The bonds outstanding as of June 30, 2025 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.

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, 2025 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

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

#### 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, 2025 is \$60,939.

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,						
2026	\$ 4,837,010	\$ 3,003,174	\$ 7,840,184	\$ 17,719	\$ -	\$ 17,719
2027	4,893,931	2,939,305	7,833,236	-	-	-
2028	3,924,444	2,755,900	6,680,344	-	-	-
2029	3,515,453	2,590,791	6,106,244	-	-	-
2030	3,676,972	2,426,614	6,103,586	-	-	-
2031-2035	18,840,874	9,568,413	28,409,287	-	-	-
2036-2040	21,075,000	5,492,338	26,567,338	-	-	-
2041-2045	15,365,000	1,624,269	16,989,269	-	-	-
Total Governmental Activities	<u>\$ 76,128,684</u>	<u>\$ 30,400,804</u>	<u>\$ 106,529,488</u>	<u>\$ 17,719</u>	<u>\$ -</u>	<u>\$ 17,719</u>
<b>Enterprise Fund - Recreation Facilities</b>						
Fiscal year Ending June 30,						
2026	\$ 211,137	\$ 21,336	\$ 232,473	\$ -	\$ -	\$ -
2027	69,952	15,347	85,299	-	-	-
2028	61,365	9,717	71,082	-	-	-
Total Recreation Facilities	<u>\$ 342,454</u>	<u>\$ 46,400</u>	<u>\$ 388,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Enterprise Fund - Sanitary District</b>						
Fiscal year Ending June 30,						
2026	\$ -	\$ -	\$ -	\$ 828,727	\$ 167,008	\$ 995,735
2027	-	-	-	819,721	158,828	978,549
2028	-	-	-	414,315	150,986	565,301
2029	-	-	-	421,421	143,880	565,301
2030	-	-	-	428,235	137,066	565,301
2031-2035	-	-	-	2,184,558	585,302	2,769,860
2036-2040	-	-	-	2,359,071	410,789	2,769,860
2041-2045	-	-	-	2,548,573	221,287	2,769,860
2046-2050	-	-	-	1,245,115	48,941	1,294,056
2051-2055	-	-	-	197,403	5,052	202,455
Total Sanitary District	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,447,139</u>	<u>\$ 2,029,139</u>	<u>\$ 13,476,278</u>

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

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

**Other Obligations (continued)**

<b>Primary Government (continued)</b>	<b>Bonds/Financed Purchases</b>			<b>Notes from Direct Borrowing and Direct Placement</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Enterprise Fund - Easton Airport</b>						
Fiscal year Ending June 30,						
2026	\$ -	\$ -	\$ -	\$ 7,280	\$ 8,368	\$ 15,648
2027	-	-	-	7,596	8,052	15,648
2028	-	-	-	7,926	7,722	15,648
2029	-	-	-	8,268	7,380	15,648
2030	-	-	-	8,626	7,022	15,648
2031-2035	-	-	-	49,073	29,167	78,240
2036-2040	-	-	-	60,670	17,570	78,240
2041-2045	-	-	-	50,682	3,957	54,639
Total Easton Airport	\$ -	\$ -	\$ -	\$ 200,121	\$ 89,238	\$ 289,359
<b>Enterprise Fund - Repurposing</b>						
Fiscal year Ending June 30,						
2026	\$ 372,392	\$ 17,245	\$ 389,637	\$ -	\$ -	\$ -
2027	319,842	4,857	324,699	-	-	-
Total Repurposing	\$ 692,234	\$ 22,102	\$ 714,336	\$ -	\$ -	\$ -

**Obligations Under State Retirement System**

**Component Unit - Board of Education**

State Retirement and Pension System of Maryland  
Payable annually through December 2036. \$ 530,626

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

<b>Fiscal Year Ending June 30,</b>	
2026	\$ 58,075
2027	60,979
2028	64,028
2029	67,229
2030	70,591
2031-2035	409,562
2036	94,599
Total principal and interest	825,063
Amounts representing interest	(294,437)
Liability as of June 30, 2024	<u>\$ 530,626</u>

The Board of Education obligation to the State Retirement System was \$530,626 as of June 30, 2025. There were payments of \$55,310 during fiscal year 2025.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2025

### 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).

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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 7. PENSION PLANS (continued)

#### **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.

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:

#### **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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 7. PENSION PLANS (continued)

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

##### *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.

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, 2025

### 7. PENSION PLANS (continued)

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

##### *Employer Contributions:*

For the year ended June 30, 2025, 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	\$ 25,982,433	\$ 21,972,972	\$ -
Board of Education	51,392,883	49,743,307	4,207,094
Library	1,366,829	1,224,031	188,473

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 2025, the County reported pension expense of \$4,022,896 and the Board of Education reported pension expense of \$2,597,544 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 2025 payment was \$55,310. 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, 2025

### 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, 2025, 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)	\$ 6,605,041
State's proportionate share of the net pension liability associated with the Board (Teachers' System)	<u>34,521,749</u>
Total	<u>\$ 41,126,790</u>

The net pension liability was measured as of June 30, 2024, 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, 2025, the Board's proportion was approximately .025%.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

**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, 2025, 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%	0.110%
Employer's proportionate share of the net pension liability	\$ 6,605,041	\$ 28,837,321
Deferred inflows of resources:		
Change in assumptions	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	-
Differences between expected and actual results	159,853	700,272
Change in proportionate share	10,355	-
Total deferred inflows of resources	<u>\$ 170,208</u>	<u>\$ 700,272</u>
Deferred outflows of resources:		
Change in assumptions	\$ 445,638	\$ 1,952,218
Change in proportionate share	284,729	4,367,411
Net difference between projected and actual investment earnings on pension plan investments	477,060	2,089,870
Differences between expected and actual results	682,209	2,988,572
Contributions subsequent to the measurement date	702,415	4,209,282
Total deferred outflows of resources	<u>\$ 2,592,051</u>	<u>\$ 15,607,353</u>

<u>Fiscal Year Ending June 30,</u>	<u>Board</u>	<u>Total County</u>
2026	\$ 373,984	\$ 1,790,004
2027	771,488	3,806,528
2028	320,023	2,259,152
2029	180,759	1,656,640
2030	73,174	1,185,475

*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 \$28,837,321. 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 \$42,052,361, or 1-percentage-point higher (7.80 percent) is \$18,000,536.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

**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, 2024 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	2.5% general, 3.00% wage
Salary increases	3.00% to 22.50%
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-2021 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34%	6.00%
Private Equity	16%	8.50%
Rate Sensitive	20%	2.40%
Credit Opportunity	9%	5.40%
Real Assets	15%	5.50%
Absolute Return	6%	3.90%
Total	100%	

## TALBOT COUNTY, MARYLAND

### Notes to Financial Statements

June 30, 2025

#### 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, 2025

### 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 2025, the County paid for coverage of 75 eligible retirees and 45 dependents of retirees at a total cost to the County of \$1,509,311 and eligible retirees contributed \$184,754. 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 2025, the Library contributed \$22,304 to the plan.

#### Net OPEB Liability of the County

The components of the net OPEB liability of the County as of June 30, 2025, were as follows:

Total OPEB liability	\$ 38,336,160
Plan fiduciary net position	<u>(19,249,625)</u>
County's net OPEB liability	<u>\$ 19,086,535</u>

Plan fiduciary net position as a percentage of the total OPEB liability	50.27%
--	--------

The County recognized OPEB expense of \$4,356,963 for the year ended June 30, 2025.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

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

**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>
Common and Collective Funds	100%	7.0%
	100%	

**Rate of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of expense was 5.6%.

**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	\$ 15,218,834	\$ 19,086,535	\$ 23,701,787

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

**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	\$ 24,158,479	\$ 19,086,535	\$ 14,882,989

**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, 2024	\$ 33,589,157	\$ 17,421,641	\$ 16,167,516
Changes for the year			
Service cost	460,805	-	460,805
Interest	2,276,238	-	2,276,238
Changes of Benefit Terms	(393,508)	-	(393,508)
Difference between expected and actual experience	3,995,440	624,880	3,370,560
Contributions	-	-	-
Changes of assumptions	550,967	-	550,967
Net investment income	-	1,909,868	(1,909,868)
Benefit payments	(2,142,939)	-	(2,142,939)
Administrative expenses	-	(706,764)	706,764
Net changes	<u>4,747,003</u>	<u>1,827,984</u>	<u>2,919,019</u>
Balance as of June 30, 2025	<u>\$ 38,336,160</u>	<u>\$ 19,249,625</u>	<u>\$ 19,086,535</u>

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

As of June 30, 2025, 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	\$ 8,519,230	\$ -
Change in assumptions	2,217,207	257,820
Difference between projected and actual earnings		381,587
	<u>\$ 10,736,437</u>	<u>\$ 639,407</u>

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

**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>		
2025	\$	2,476,833
2026		1,687,913
2027		1,720,485
2028		1,531,570
2029		1,351,624
Thereafter		1,328,605

**Component Units – Board of Education**

**General Information about the OPEB Plan**

**Plan description** – The Talbot County Public Schools Retiree Health Plan (The Plan) 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, 2024, the following employees were covered by the benefit terms:

Active plan members	402
Inactive employees or beneficiaries currently receiving benefit payments	104
Inactive employees or beneficiaries entitled but not yet receiving benefits	
receiving benefit payments	<u>617</u>
Total	<u><u>1,123</u></u>

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

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

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

**General Information about the OPEB Plan (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, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	2.50%
Discount Rate	3.97%
Healthcare Cost Trend Rates	Long Run Medical Cost Trend Model
Mortality	Pub-2010

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

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

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

**Net OPEB Liability (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 3.86%. 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, 2025**

**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>
<b>Balance as of June 30, 2024</b>	\$ 66,445,517	\$ 2,428,559	\$ 64,016,958
Changes for the Year:			
Service Cost	2,859,669	-	2,859,669
Interest	2,602,643	-	2,602,643
Experience Losses/(Gains)	(309,428)	-	(309,428)
Employer Trust Contribution	-	1,466,071	(1,466,071)
Net Investment Income	-	245,714	(245,714)
Changes in Assumptions	(8,733,181)	-	(8,733,181)
Benefit Payments	(1,466,071)	(1,466,071)	-
Net Changes	<u>(5,046,368)</u>	<u>245,714</u>	<u>(5,292,082)</u>
<b>Balance as of June 30, 2025</b>	<u>\$ 61,399,149</u>	<u>\$ 2,674,273</u>	<u>\$ 58,724,876</u>

**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 (3.84%) or 1% higher (5.84%) than the current discount rate:

	<b>1% Decrease 3.84%</b>	<b>Discount Rate 4.84%</b>	<b>1% Increase 5.84%</b>
Discount Rate			
Net OPEB Liability	\$ 68,911,469	\$ 58,724,876	\$ 50,493,683

**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 (3.04%) or 1% higher (5.04%) than the current healthcare cost trend rates:

	<b>1% decrease Healthcare Cost Trend Rate 3.04%</b>	<b>Healthcare Cost Trend Rate 4.04%</b>	<b>1% increase Healthcare Cost Trend Rate 5.04%</b>
Ultimate Trend			
Net OPEB Liability	\$ 48,752,829	\$ 58,724,876	\$ 71,615,255

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

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

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

**Changes in the Net OPEB Liability (continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2025, the Board recognized OPEB expense of \$2,941,991. As of June 30, 2025, 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	\$ 18,067,644	\$ 24,540,026
Net difference between projected and actual earnings	-	175,347
Differences between expected and actual experience	2,245,460	49,317,753
Board's contributions subsequent to measurement date	1,466,071	-
Total	<u>\$ 21,779,175</u>	<u>\$ 74,033,126</u>

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

<b><u>Year ending June 30:</u></b>	
2025	\$ (9,926,862)
2026	(9,922,274)
2027	(9,549,955)
2028	(10,737,163)
2029	(9,474,599)
Thereafter	(4,109,169)

**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, 2025, the Library paid \$22,304 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, 2025**

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

**Component Units – Library (continued)**

The number of covered employees are as follows:

<u>Participants</u>	
Active Employees	20
Inactive employees currently receiving benefits	<u>5</u>
TOTAL	<u>25</u>

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 2039

**Additional Information**

Valuation date	July 1, 2023
Measurement date	June 30, 2025
Actuarial cost method	Entry Age Normal
Discount rate	4.81%
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, 2025**

**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 5.81%	Discount Rate 4.81%	1% Decrease to 3.81%
Net OPEB liability	\$ 1,692,175	\$ 1,905,651	\$ 2,166,792

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	\$ 2,186,289	\$ 1,905,651	\$ 1,676,764

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, 2024	\$ 1,963,892	\$ -	\$ 1,963,892
Changes for the year:			
Service cost	75,701	-	75,701
Interest on total OPEB liability	81,312	-	81,312
Differences between expected and actual experience	-	-	-
Changes of assumptions and other inputs	(150,269)	-	(150,269)
Benefits payments	(64,985)	-	(64,985)
Net changes	(58,241)	-	(58,241)
Balances as of June 30, 2025	\$ 1,905,651	\$ -	\$ 1,905,651

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2025**

**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, 2025. Unearned revenue as of June 30, 2025 consisted of the following:

	<u>County</u>	<u>Board of Education</u>
Federal and state grants	\$ 6,826,917	\$ 2,483,181

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 11. COMMITMENTS AND CONTINGENCIES

#### Primary Government

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

The County has a 26.50% 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, 2025, total closure and post closure care costs were estimated at approximately \$25.4 million, with approximately \$6.6 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, 2025, a portion of these costs, \$12.5 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, 2025, total debt was approximately \$15.1 million, with approximately \$3.1 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, 2025. MES expects to satisfy these requirements as of June 30, 2026 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.

##### *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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 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.

##### *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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2025

### 12. RISK MANAGEMENT (continued)

#### Board of Education (continued)

##### *General Insurance* (continued)

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.

### 13. DEFICITS

As of June 30, 2025, the Recreation Facilities Fund, the Sanitary District Fund and Repurposing Center Fund had a deficit in unrestricted net position of \$4,467,207, \$9,386,365 and \$2,175,404, 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, 2025, the outstanding balance of these bonds and notes payables was \$49,445,965, and the effect of this non-capital debt has been reflected in the unrestricted net position of the County.

## **TALBOT COUNTY, MARYLAND**

### **Notes to Financial Statements June 30, 2025**

#### **15. NEW ACCOUNTING PRONOUNCEMENTS**

The County adopted the following pronouncements during the year end June 30, 2025: GASB Statement No. 101 “Compensated Absences” and Statement No. 102, “Certain Risk Disclosures.” There were no significant effects to the financial statements due to the adoption of Statement No. 101 and Statement No. 102.

The GASB has issued Statement No. 103, “Financial Reporting Model Improvements,” statement No. 104, “Disclosure of Certain Capital Assets,” and statement No. 105, “Subsequent Events.” The County will analyze and adopt these pronouncements by their effective date(s).

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, 2025**

	<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	\$ 59,215,959	\$ 59,215,959	\$ 59,987,113	\$ 771,154
Real property education supplement	3,650,000	3,650,000	3,948,915	298,915
Railroad and public utilities	1,200,000	1,200,000	1,639,102	439,102
Prior Years	-	-	(20,987)	(20,987)
Penalties and interest	125,000	125,000	232,125	107,125
Business incentive tax credits	(8,000)	(8,000)	(9,232)	(1,232)
Semi annual service charges	3,541	3,541	135,999	132,458
<b>Total property taxes</b>	<b>64,186,500</b>	<b>64,186,500</b>	<b>65,913,035</b>	<b>1,726,535</b>
Less: Discount allowed on taxes	(327,500)	(327,500)	(445,611)	(118,111)
<b>Net property taxes</b>	<b>63,859,000</b>	<b>63,859,000</b>	<b>65,467,424</b>	<b>1,608,424</b>
<b>LOCAL INCOME TAXES</b>	<b>37,000,000</b>	<b>37,000,000</b>	<b>46,930,253</b>	<b>9,930,253</b>
<b>OTHER LOCAL TAXES</b>				
Admissions and amusements	20,000	20,000	37,711	17,711
Recordation	6,500,000	6,500,000	9,141,644	2,641,644
Transfer	4,200,000	4,200,000	5,918,178	1,718,178
Public accommodations	1,800,000	1,800,000	2,108,783	308,783
Mobile manufactured home	50,000	50,000	53,595	3,595
<b>Total other local taxes</b>	<b>12,570,000</b>	<b>12,570,000</b>	<b>17,259,911</b>	<b>4,689,911</b>
<b>Total local taxes</b>	<b>113,429,000</b>	<b>113,429,000</b>	<b>129,657,588</b>	<b>16,228,588</b>
<b>LICENSES AND PERMITS</b>				
Beer, wine and liquor licenses	185,000	185,000	197,302	12,302
Alcoholic beverages fines	200	200	750	550
Traders licenses	27,000	27,000	57,951	30,951
Animal tags and fines	2,000	2,000	3,204	1,204
Stormwater permits	34,000	34,000	57,850	23,850
Flood plain permits	3,000	3,000	4,620	1,620
Road construction permit	30,000	30,000	46,166	16,166
Boat ramp permits and violations	150,000	150,000	149,905	(95)
Marriage licenses	3,000	3,000	3,285	285
Plumbing permits	9,000	9,000	910	(8,090)
Gas permits and licenses	9,800	9,800	2,010	(7,790)
Plumbing licenses	6,000	6,000	13,695	7,695
PZ fines	40,000	40,000	28,200	(11,800)
HVAC inspections and registrations	14,000	14,000	2,195	(11,805)
Electrical inspections and licenses	25,000	25,000	34,724	9,724
Building permits	300,000	300,000	459,215	159,215
<b>Total licenses and permits</b>	<b>838,000</b>	<b>838,000</b>	<b>1,061,982</b>	<b>223,982</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
<b>FROM THE FEDERAL GOVERNMENT</b>				
FEMA	-	-	750	750
<b>Total Federal revenues</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>750</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<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	\$ 150,000	\$ 150,000	\$ 229,037	\$ 79,037
Sex offender grant	-	-	9,000	9,000
Fire and rescue	320,000	320,000	318,242	(1,758)
911 grants and numbers system board	1,080,000	1,080,000	1,245,858	165,858
Circuit Court - Family Services	405,985	270,872	257,871	(13,001)
Number System Board	-	-	-	-
Drug court	188,500	180,362	175,195	(5,167)
Critical areas	-	-	3,000	3,000
SA victims	-	-	458	458
Highway user revenues	1,095,863	1,095,863	1,072,008	(23,855)
Recordation	-	-	17,847	17,847
Public landing grants	175,000	175,000	-	(175,000)
Security	-	-	460	460
<b>Total State revenues</b>	<b>3,415,348</b>	<b>3,272,097</b>	<b>3,328,976</b>	<b>56,879</b>
<b>Total intergovernmental</b>	<b>3,415,348</b>	<b>3,272,097</b>	<b>3,329,726</b>	<b>57,629</b>
<b>SERVICES CHARGES</b>				
<b>GENERAL GOVERNMENT CHARGES</b>				
Zoning fees and certificates	40,000	40,000	52,220	12,220
Rezoning applications	2,000	2,000	750	(1,250)
Zoning violations	3,000	3,000	-	(3,000)
Subdivision applications	20,000	20,000	20,075	75
Administrative variance	4,500	4,500	8,600	4,100
Board of appeals	6,000	6,000	10,700	4,700
Landscape planning	1,000	1,000	-	(1,000)
Site plan reviews	4,000	4,000	3,970	(30)
Forest conservation fees	1,000	1,000	1,450	450
Critical area preservation	50,000	50,000	72,005	22,005
Bed & breakfast license/home occupation	450	450	400	(50)
Short term rental fees	25,000	25,000	35,052	10,052
Mobile home fees	400	400	300	(100)
Roadside vendors and produce stand	1,000	1,000	750	(250)
Weed and litter enforcement	1,000	1,000	1,550	550
Weed control spraying	33,000	33,000	49,294	16,294
ESPP Payments	400,000	400,000	666,962	266,962
Economic development/tourism	-	-	16,642	16,642
Election filing and voter lists	550	550	1,125	575
Sheriff's fees	25,500	25,500	27,793	2,293
Emergency medical services	2,660,000	2,660,000	2,121,822	(538,178)
911 center	400,000	400,000	400,000	-
MIEMSS-EMS communications	125,000	125,000	125,000	-
Other charges	-	-	28,895	28,895
Produce Stand & Use Fees	3,500	3,500	4,535	1,035
Zoning Ordinances/Maps	-	-	1,650	1,650
<b>Total general government</b>	<b>3,806,900</b>	<b>3,806,900</b>	<b>3,651,540</b>	<b>(155,360)</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>
<b>SERVICES CHARGES (continued)</b>				
<b>PUBLIC SAFETY CHARGES</b>				
Boarding of local prisoners	\$ 5,000	\$ 5,000	\$ 8,370	\$ 3,370
Home detention program	3,000	3,000	8,403	5,403
Federal prisoner program	250,000	250,000	245,760	(4,240)
MD community crime treatment program	43,000	43,000	46,687	3,687
Community service fees	1,000	1,000	5,005	4,005
Rents	15,000	15,000	16,100	1,100
<b>Total public safety charges</b>	<b>317,000</b>	<b>317,000</b>	<b>330,325</b>	<b>13,325</b>
<b>HEALTH</b>				
Mosquito control fees	216,000	216,000	127,425	(88,575)
<b>RECREATION CHARGES</b>				
Boat slips	120,000	120,000	117,293	(2,707)
<b>Total recreation</b>	<b>120,000</b>	<b>120,000</b>	<b>117,293</b>	<b>(2,707)</b>
<b>Total 671 GP Murphy Pool fees</b>	<b>60,000</b>	<b>60,000</b>	<b>75,114</b>	<b>15,114</b>
<b>Total 672 Bay 100 Pool fees</b>	<b>63,000</b>	<b>63,000</b>	<b>71,831</b>	<b>8,831</b>
<b>Total service charges</b>	<b>4,582,900</b>	<b>4,582,900</b>	<b>4,373,528</b>	<b>(209,372)</b>
<b>FINES AND FORFEITURES</b>				
	13,000	13,000	14,781	1,781
<b>MISCELLANEOUS</b>				
Franchise	230,000	230,000	213,722	(16,278)
Rents	20,000	20,000	25,020	5,020
Bay Restoration Fund	3,000	3,000	3,189	189
Proceeds from sale of fixed assets	-	-	2,131	2,131
Insurance proceeds	-	-	5,000	5,000
Miscellaneous revenues	505,000	505,000	52,268	(452,732)
Other- PIA/FOIA and Vending -EA	-	-	306	306
<b>Total miscellaneous</b>	<b>758,000</b>	<b>758,000</b>	<b>301,636</b>	<b>(456,364)</b>
<b>INTEREST</b>				
	1,500,000	1,500,000	6,429,908	4,929,908
<b>TOTAL REVENUES</b>				
	<b>124,536,248</b>	<b>124,392,997</b>	<b>145,169,149</b>	<b>20,776,152</b>
<b>OTHER FINANCING SOURCES</b>				
Transfer from special revenue fund	340,000	340,000	340,000	-
Appropriated Fund Balance	39,093,752	39,093,752	-	(39,093,752)
<b>Total other financing sources</b>	<b>39,433,752</b>	<b>39,433,752</b>	<b>340,000</b>	<b>(39,093,752)</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>				
	<b>\$ 163,970,000</b>	<b>\$ 163,826,749</b>	<b>\$ 145,509,149</b>	<b>\$ (18,317,600)</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>EXPENDITURES</u></b>				
<b>GENERAL GOVERNMENT</b>				
<b>LEGISLATIVE</b>				
County Council:				
Salaries and fringe benefits	\$ 196,781	\$ 196,781	\$ 166,363	\$ 30,418
Other operating	68,100	76,100	83,323	(7,223)
<b>Total legislative</b>	<b>264,881</b>	<b>272,881</b>	<b>249,686</b>	<b>23,195</b>
<b>JUDICIAL</b>				
Circuit Court:				
Salaries and fringe benefits	356,248	356,248	366,055	(9,807)
Other operating	62,070	62,070	53,755	8,315
Capital outlay	60,000	60,000	56,586	3,414
Court Stenographer:				
Salaries and fringe benefits	162,446	162,446	166,740	(4,294)
Family Services:				
Salaries and fringe benefits	223,121	121,008	130,872	(9,864)
Other operating	202,500	169,500	126,999	42,501
Problem Solving Court:				
Salaries and fringe benefits	146,983	156,583	148,690	7,893
Other operating	43,640	25,902	26,503	(601)
Orphan's Court:				
Salaries and fringe benefits	57,985	57,985	40,119	17,866
Other operating	6,383	6,383	5,415	968
State's Attorney:				
Salaries and fringe benefits	1,447,855	1,447,855	1,403,422	44,433
Other operating	97,201	97,201	83,694	13,507
Victim Witness Program:				
Salaries and fringe benefits	219,490	219,490	217,521	1,969
Other operating	11,315	11,315	6,245	5,070
Bar Library:				
Other operating	15,000	15,000	14,154	846
<b>Total judicial</b>	<b>3,112,237</b>	<b>2,968,986</b>	<b>2,846,770</b>	<b>122,216</b>
<b>EXECUTIVE</b>				
County Administration:				
Salaries and fringe benefits	1,241,629	1,241,629	1,189,589	52,040
Other operating	343,200	272,975	203,455	69,520
Capital outlay	25,000	25,000	1,878	23,122
<b>Total executive</b>	<b>1,609,829</b>	<b>1,539,604</b>	<b>1,394,922</b>	<b>144,682</b>
<b>ELECTIONS</b>				
Board of Supervisors of Elections:				
Salaries and fringe benefits	525,036	525,036	452,940	72,096
Other operating	349,986	343,271	280,449	62,822
Capital outlay	-	6,715	6,715	-
Registration and elections:				
Salaries and fringe benefits	131,750	131,750	109,110	22,640
Other operating	7,200	7,200	5,100	2,100
<b>Total elections</b>	<b>1,013,972</b>	<b>1,013,972</b>	<b>854,314</b>	<b>159,658</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT (continued)</b>				
<b>FINANCIAL ADMINISTRATION</b>				
Finance Office:				
Salaries and fringe benefits	\$ 1,194,736	\$ 1,194,736	\$ 1,156,476	\$ 38,260
Other operating	636,500	661,500	633,388	28,112
Capital outlay	4,950	4,950	-	4,950
MD State Department of Assessments and Taxation:				
Other operating	210,000	210,000	192,084	17,916
<b>    Total financial administration</b>	<b>2,046,186</b>	<b>2,071,186</b>	<b>1,981,948</b>	<b>89,238</b>
<b>LAW</b>				
County Attorney:				
Salaries and fringe benefits	78,522	78,522	77,178	1,344
Other operating	205,775	203,275	180,661	22,614
<b>    Total law</b>	<b>284,297</b>	<b>281,797</b>	<b>257,839</b>	<b>23,958</b>
<b>Police Accountability Board</b>				
Accountability Board				
Salaries and fringe benefits	35,727	35,727	31,838	3,889
Other operating	10,000	10,000	759	9,241
<b>    Total Accountability Board</b>	<b>45,727</b>	<b>45,727</b>	<b>32,597</b>	<b>13,130</b>
<b>PLANNING AND ZONING</b>				
Planning Office:				
Salaries and fringe benefits	1,124,300	1,124,300	981,440	142,860
Other operating	274,375	274,370	109,085	165,285
Capital outlay	-	33,000	31,091	1,909
Board of Appeals:				
Salaries and fringe benefits	124,811	124,811	117,643	7,168
Other operating	27,550	27,550	32,922	(5,372)
<b>    Total planning and zoning</b>	<b>1,551,036</b>	<b>1,584,031</b>	<b>1,272,181</b>	<b>311,850</b>
<b>GENERAL SERVICES</b>				
County Buildings:				
Salaries and fringe benefits	589,811	589,811	569,712	20,099
Other operating	398,000	517,950	500,822	17,128
Capital outlay	65,000	81,000	81,873	(873)
Library Maintenance:				
Other operating	152,800	152,800	153,766	(966)
Information Technology:				
Salaries and fringe benefits	546,282	546,282	388,321	157,961
Other operating	810,065	810,065	672,623	137,442
Capital outlay	132,650	424,650	409,630	15,020
MCTV:				
Other operating	-	77,850	77,850	-
Capital outlay	-	28,587	28,587	-
Insurance:	278,000	253,000	217,618	35,382
Liquor Board:				
Salaries and fringe benefits	13,415	13,415	12,069	1,346
Other operating	5,075	7,580	4,718	2,862
<b>    Total general services</b>	<b>2,991,098</b>	<b>3,502,990</b>	<b>3,117,589</b>	<b>385,401</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT (continued)</b>				
<b>ECONOMIC DEVELOPMENT</b>				
Office of Economic Development:				
Salaries and fringe benefits	\$ 300,978	\$ 300,978	\$ 102,313	\$ 198,665
Other operating	158,650	158,650	239,409	(80,759)
Tourism:				
Salaries and fringe benefits	267,862	267,862	219,133	48,729
Other operating	433,318	433,318	343,884	89,434
Historic Preserve	875	875	-	875
<b>Total economic development</b>	<b>1,161,683</b>	<b>1,161,683</b>	<b>904,739</b>	<b>256,944</b>
<b>Total general government</b>	<b>14,080,946</b>	<b>14,442,857</b>	<b>12,912,585</b>	<b>1,530,272</b>
<b>PUBLIC SAFETY</b>				
<b>SHERIFF</b>				
Salaries and fringe benefits	8,142,023	8,142,023	6,886,440	1,255,583
Other operating	1,690,516	1,666,153	1,357,869	308,284
Capital outlay	32,960	57,323	80,387	(23,064)
<b>Total sheriff</b>	<b>9,865,499</b>	<b>9,865,499</b>	<b>8,324,696</b>	<b>1,540,803</b>
<b>MUNICIPAL INSTITUTIONS</b>				
Detention Center:				
Salaries and fringe benefits	5,566,507	5,566,507	4,343,696	1,222,811
Other operating	1,767,700	1,767,700	1,548,286	219,414
Capital outlay	-	-	42,346	(42,346)
<b>Total municipal institutions</b>	<b>7,334,207</b>	<b>7,334,207</b>	<b>5,934,328</b>	<b>1,399,879</b>
<b>PERMITS &amp; INSPECTIONS</b>				
Permits & Inspections:				
Salaries and fringe benefits	608,108	608,108	532,350	75,758
Other operating	29,350	29,350	23,237	6,113
<b>Total permits &amp; inspections</b>	<b>637,458</b>	<b>637,458</b>	<b>555,587</b>	<b>81,871</b>
<b>OTHER PUBLIC SAFETY</b>				
School Crossing Guards	75,000	75,000	75,000	-
Animal Control Program:				
Other operating	455,300	464,600	464,501	99
Capital outlay	4,500	4,500	4,378	122
Emergency Management:				
Salaries and fringe benefits	3,620,418	3,620,418	3,437,482	182,936
Other operating	1,182,234	1,182,234	1,128,896	53,338
Capital outlay	54,205	54,205	52,299	1,906
Volunteer Fire Companies:				
Salaries and fringe benefits	35,000	35,000	20,369	14,631
Other operating	3,112,155	3,089,330	3,049,350	39,980
Capital outlay	-	22,825	21,590	1,235
Emergency Medical Services:				
Salaries and fringe benefits	8,922,693	8,922,693	7,220,376	1,702,317
Other operating	1,014,646	1,021,146	1,086,997	(65,851)
Capital outlay	1,053,500	1,053,500	185,204	868,296
Hazardous Materials:				
Salaries and fringe benefits	1,150	1,150	-	1,150
Other operating	15,200	15,200	9,639	5,561
<b>Total other public safety</b>	<b>19,546,001</b>	<b>19,561,801</b>	<b>16,756,081</b>	<b>2,805,720</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC SAFETY (continued)</b>				
<b>PROTECTIVE INSPECTION</b>				
Electrical Inspection:				
Salaries and fringe benefits	\$ 6,894	\$ 6,894	\$ 4,407	\$ 2,487
Other operating	1,540	1,540	100	1,440
<b>Total protective inspection</b>	<b>8,434</b>	<b>8,434</b>	<b>4,507</b>	<b>3,927</b>
<b>Total public safety</b>	<b>37,391,599</b>	<b>37,407,399</b>	<b>31,575,199</b>	<b>5,832,200</b>
<b>PUBLIC WORKS</b>				
<b>PUBLIC WORKS - GENERAL</b>				
Salaries and fringe benefits	923,145	923,145	914,746	8,399
Other operating	188,790	188,790	126,452	62,338
Capital outlay	125,000	125,000	13,137	111,863
Roads Department:				
Salaries and fringe benefits	2,236,770	2,236,770	1,962,056	274,714
Other operating	1,770,170	1,817,520	1,727,903	89,617
Capital outlay	860,000	1,010,000	692,063	317,937
<b>Total public works - general</b>	<b>6,103,875</b>	<b>6,301,225</b>	<b>5,436,357</b>	<b>864,868</b>
<b>PUBLIC LANDINGS AND WHARVES</b>				
Salaries and fringe benefits	281,393	281,393	218,877	62,516
Other operating	90,550	96,353	75,448	20,905
Capital outlay	-	948	948	-
<b>Total public landings and wharves</b>	<b>371,943</b>	<b>378,694</b>	<b>295,273</b>	<b>83,421</b>
<b>SOLID WASTE DISPOSAL</b>				
Salaries and fringe benefits	40,192	40,192	38,995	1,197
Other operating	871,260	871,260	831,947	39,313
<b>Total solid waste disposal</b>	<b>911,452</b>	<b>911,452</b>	<b>870,942</b>	<b>40,510</b>
<b>Total public works</b>	<b>7,387,270</b>	<b>7,591,371</b>	<b>6,602,572</b>	<b>988,799</b>
<b>HEALTH AND HOSPITALS</b>				
Health department	3,015,191	3,015,191	3,015,191	-
Mosquito Control	246,512	246,512	153,228	93,284
<b>Total health and hospitals</b>	<b>3,261,703</b>	<b>3,261,703</b>	<b>3,168,419</b>	<b>-</b>
<b>SOCIAL SERVICES</b>				
Social services legal	95,000	95,000	95,000	-
Social Services - other	692,290	758,790	757,135	1,655
Senior services	816,699	876,699	817,736	58,963
<b>Total social services</b>	<b>1,603,989</b>	<b>1,730,489</b>	<b>1,669,871</b>	<b>60,618</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>EDUCATION</b>				
Board of Education:				
Operating appropriation	\$ 51,732,726	\$ 51,732,726	\$ 51,732,726	\$ -
Supplemental appropriation	2,839,703	2,839,703	2,839,703	-
Debt Service	3,172,325	3,172,325	3,172,325	-
Library:				
Operating appropriation	1,929,882	1,929,882	1,929,882	-
Miscellaneous appropriations	2,000	2,000	2,000	-
Capital outlay	157,800	157,800	156,847	953
Community College:				
Operating appropriation	1,737,085	1,737,085	1,737,085	-
Debt Service	127,402	127,402	127,402	-
Capital outlay	94,279	94,279	94,279	-
Drug Abuse Resistance Education (DARE):				
Salaries and fringe benefits	130,314	130,314	123,794	6,520
Other operating	14,450	14,450	9,752	4,698
<b>Total education</b>	<b>61,937,966</b>	<b>61,937,966</b>	<b>61,925,795</b>	<b>12,171</b>
<b>RECREATION</b>				
Parks and Recreation:				
Salaries and fringe benefits	404,441	404,441	292,018	112,423
Other operating	265,800	266,375	229,126	37,249
Capital outlay	41,000	77,200	26,550	50,650
Pools:				
Salaries and fringe benefits	87,176	87,176	41,067	46,109
Other operating	312,437	312,437	314,304	(1,867)
Capital outlay	12,000	112,250	89,001	23,249
Arts Council:	15,000	15,000	15,000	-
<b>Total recreation</b>	<b>1,137,854</b>	<b>1,274,879</b>	<b>1,007,066</b>	<b>267,813</b>
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Agricultural Extension Service	258,785	258,785	257,605	1,180
Agricultural Preservation	-	-	46,909	(46,909)
Other	5,000	5,000	3,564	1,436
Weed Control:				
Salaries and fringe benefits	77,257	77,257	76,408	849
Other operating	31,340	31,340	20,743	10,597
<b>Total conservation of natural resources</b>	<b>372,382</b>	<b>372,382</b>	<b>405,229</b>	<b>(32,847)</b>
<b>HOUSING</b>				
Housing:				
Salaries and fringe benefits	93,979	93,979	46,840	47,139
Other operating	-	-	323	(323)
<b>Total Housing</b>	<b>93,979</b>	<b>93,979</b>	<b>47,163</b>	<b>46,816</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>INTERGOVERNMENTAL</b>				
Payments to Municipalities:				
Fire, rescue and ambulance fund	\$ 19,000	\$ 19,000	\$ 16,922	\$ 2,078
Bank stock	7,535	7,535	7,535	-
Public accommodations tax	1,350,000	1,350,000	1,519,201	(169,201)
<b>Total intergovernmental</b>	<b>1,376,535</b>	<b>1,376,535</b>	<b>1,543,658</b>	<b>(167,123)</b>
<b>EMPLOYEE BENEFITS</b>				
Health insurance, retirees	1,669,100	1,669,100	1,585,317	83,783
Other operating	1,880,622	1,849,121	38,218	1,810,903
<b>Total employee benefits</b>	<b>3,549,722</b>	<b>3,518,221</b>	<b>1,623,535</b>	<b>1,894,686</b>
<b>MISCELLANEOUS</b>				
	301,937	166,500	122,256	44,244
<b>DEBT SERVICE</b>				
Principal on long-term debt	787,719	787,719	787,719	-
Interest on long-term debt	1,105,625	1,105,625	1,105,625	-
<b>Total debt service</b>	<b>1,893,344</b>	<b>1,893,344</b>	<b>1,893,344</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>134,389,226</b>	<b>135,067,625</b>	<b>124,496,692</b>	<b>10,570,933</b>
<b>OTHER FINANCING USES</b>				
Transfers:				
Capital projects - Operating appropriation	27,452,793	27,452,793	27,452,793	-
Recreation - Operating appropriation	357,981	365,631	365,631	-
Reserves:				
Reserve for contingencies	1,750,000	920,700	-	920,700
Affordable housing reserve	10,000	10,000	-	10,000
Small business incentive reserve	10,000	10,000	-	10,000
<b>Total other financing uses</b>	<b>29,580,774</b>	<b>28,759,124</b>	<b>27,818,424</b>	<b>940,700</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>163,970,000</b>	<b>163,826,749</b>	<b>152,315,116</b>	<b>11,511,633</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,805,967)</b>	<b>\$ (6,805,967)</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GRANTS FUND  
For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental - Federal	\$ 6,712,000	\$ 6,712,000	\$ 4,825,854	\$ (1,886,146)
Intergovernmental - State	854,875	854,875	1,978,795	1,123,920
Other Grants	175,000	175,000	-	(175,000)
Miscellaneous	7,500	7,500	234,469	226,969
<b>Total revenues</b>	<b>7,749,375</b>	<b>7,749,375</b>	<b>7,039,118</b>	<b>(710,257)</b>
<b>EXPENDITURES</b>				
General government	3,483,320	3,483,320	231,150	(3,252,170)
Public safety	2,177,500	2,177,500	1,292,067	(885,433)
Public works	1,030,000	1,030,000	2,568,178	1,538,178
Social services	249,555	249,555	2,332,105	2,082,550
Recreation	319,000	319,000	-	(319,000)
Economic development	490,000	490,000	612,947	122,947
<b>Total expenditures</b>	<b>7,749,375</b>	<b>7,749,375</b>	<b>7,036,447</b>	<b>712,928</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to sanitary funds	-	-	2,672	2,672
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,420,513)</b>

# TALBOT COUNTY, MARYLAND

## SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 460,805	\$ 590,432	\$ 564,712	\$ 501,967	\$ 548,155	\$ 502,715	\$ 558,117	\$ 506,402
Interest	2,276,238	1,850,024	1,796,319	1,433,365	1,368,462	1,171,214	1,086,220	1,086,825
Difference between expected and actual experience	3,995,440	4,831,093	-	2,793,117	-	1,091,207	-	-
Benefit payments	(2,142,939)	(1,836,667)	(1,350,971)	(1,245,758)	(733,090)	(709,922)	(614,622)	(597,317)
Other changes	157,459	807,030	-	1,754,969	-	787,799	218,536	226,021
<b>Net changes in total OPEB liability</b>	4,747,003	6,241,912	1,010,060	5,237,660	1,183,527	2,843,013	1,248,251	1,221,931
Total OPEB liability - beginning	33,589,157	27,347,245	26,337,185	21,099,526	19,915,999	17,072,986	15,824,735	14,602,804
Total OPEB liability - ending (a)	<u>\$ 38,336,160</u>	<u>\$ 33,589,157</u>	<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	\$ 624,880	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Difference between expected and actual experience	-	-	488,594	3,253,714	-	(624,893)	-	-
Net investment income	1,909,868	1,708,319	1,503,608	(2,204,179)	3,422,311	252,448	724,755	790,394
Benefit payments	-	-	-	-	-	-	-	-
Administrative expense	(706,764)	(76,944)	(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>	1,827,984	2,281,375	1,434,123	(2,274,626)	3,365,468	190,782	664,060	734,433
Plan fiduciary net position - beginning	17,421,641	15,140,266	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>\$ 19,249,625</u>	<u>\$ 17,421,641</u>	<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>	\$ 19,086,535	\$ 16,167,516	\$ 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	50.21%	51.87%	55.36%	52.04%	75.74%	63.34%	72.77%	74.32%
Covered payroll	\$ 23,651,108	\$ 22,030,726	\$ 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	80.70%	73.39%	65.26%	73.17%	35.70%	50.14%	33.75%	31.12%
Annual money-weighted rate of return, net of investment expense	5.60%	11.23%	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, 2025**

<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>
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%
2024	June 30, 2023	0.09300%	21,383,316	18,189,943	117.56%	64,892,973,000	87,923,284,000	73.81%
2025	June 30, 2024	0.11000%	28,837,321	21,972,972	131.24%	67,909,708,000	94,214,144,000	72.08%

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, 2025**

Fiscal Year	Measurement Date	Actually Determined Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A-B)	Employer's Covered Payroll C	Actual Contribution as a Percentage of Covered Payroll (B/C)
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%
2024	June 30, 2023	2,870,436	2,870,436	-	18,189,943	15.78%
2025	June 30, 2024	4,209,282	4,209,282	-	21,972,972	19.16%

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

However, until a full 10-year trend is complied, 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, 2025**

**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 \$10,570,933 for the year ended June 30, 2025. There was an excess of actual revenues over budgeted revenues of \$20,776,152 for the year ended June 30, 2025.

**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**

There were no assumption changes during the year.

**TALBOT COUNTY, MARYLAND**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2025**

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**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

	<b>Developmental Impact</b>	<b>Talbot Family Network</b>	<b>Narcotic Task Force</b>	<b>Community Reinvestment</b>	<b>Opioid Restitution</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>						
Cash and short-term investments	\$ 5,132,094	\$ 163,453	\$ 270,220	\$ 735,029	\$ 655,302	\$ 6,956,098
Receivables:						
Accounts receivable	-	3,405	-	-	-	3,405
Intergovernmental:						
State	-	-	-	23,704	-	23,704
Federal	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,132,094</b>	<b>\$ 166,858</b>	<b>\$ 270,220</b>	<b>\$ 758,733</b>	<b>\$ 655,302</b>	<b>\$ 6,983,207</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable & accrued liabilities	\$ -	\$ 44,462	\$ 950	\$ -	\$ 27,384	\$ 72,796
Unearned revenue	-	990	-	-	274,238	275,228
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>45,452</b>	<b>950</b>	<b>-</b>	<b>301,622</b>	<b>348,024</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Social Services	-	121,406	-	758,733	353,680	1,233,819
Public Safety	-	-	269,270	-	-	269,270
Committed for:						
Capital projects	5,132,094	-	-	-	-	5,132,094
Assigned for:						
Future budget	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>5,132,094</b>	<b>121,406</b>	<b>269,270</b>	<b>758,733</b>	<b>353,680</b>	<b>6,635,183</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,132,094</b>	<b>\$ 166,858</b>	<b>\$ 270,220</b>	<b>\$ 758,733</b>	<b>\$ 655,302</b>	<b>\$ 6,983,207</b>

**TALBOT COUNTY, MARYLAND**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE**

**OTHER GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2025**

	<u>Developmental Impact</u>	<u>Talbot Family Network</u>	<u>Narcotic Task Force</u>	<u>Community Reinvestment</u>	<u>Opioid Restitution</u>	<u>Total Other Governmental Funds</u>
<b>REVENUE</b>						
Intergovernmental:						
State	\$ -	\$ 740,087	\$ -	\$ 224,787	\$ 131,162	\$ 1,096,036
Licences and permits	2,898,854	-	-	-	-	2,898,854
Miscellaneous	-	37,500	17,686	-	104,464	159,650
Interest	149,997	6,898	11,841	27,110	25,235	221,081
<b>Total Revenue</b>	<u>3,048,851</u>	<u>784,485</u>	<u>29,527</u>	<u>251,897</u>	<u>260,861</u>	<u>4,375,621</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	19,136	-	-	19,136
Public works	-	-	-	-	-	-
Health and hospitals	-	-	-	-	-	-
Social services	-	777,589	-	-	131,162	908,751
<b>Total Expenditures</b>	<u>-</u>	<u>777,589</u>	<u>19,136</u>	<u>-</u>	<u>131,162</u>	<u>927,887</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<u>3,048,851</u>	<u>6,896</u>	<u>10,391</u>	<u>251,897</u>	<u>129,699</u>	<u>3,447,734</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(677,950)	-	-	-	-	(677,950)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(677,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(677,950)</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>2,370,901</u>	<u>6,896</u>	<u>10,391</u>	<u>251,897</u>	<u>129,699</u>	<u>2,769,784</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>2,761,193</u>	<u>114,510</u>	<u>258,879</u>	<u>506,836</u>	<u>223,981</u>	<u>3,865,399</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,132,094</u>	<u>\$ 121,406</u>	<u>\$ 269,270</u>	<u>\$ 758,733</u>	<u>\$ 353,680</u>	<u>\$ 6,635,183</u>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental - Federal and State	\$ 4,234,110	\$ 4,234,110	\$ -	\$ (4,234,110)
Miscellaneous	-	-	145,460	145,460
Interest	-	-	1,540	1,540
<b>Total revenues</b>	<b>4,234,110</b>	<b>4,234,110</b>	<b>147,000</b>	<b>(4,087,110)</b>
<b>EXPENDITURES</b>				
General government	8,953,000	8,953,000	10,217,538	(1,264,538)
Public Safety	10,012,000	10,012,000	6,423,306	3,588,694
Public Works	9,753,853	9,753,853	945,309	8,808,544
Education	28,400,000	28,400,000	8,281,287	20,118,713
Recreation	310,000	310,000	62,581	247,419
<b>Total expenditures</b>	<b>57,428,853</b>	<b>57,428,853</b>	<b>25,930,022</b>	<b>31,498,831</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	155,000	155,000	-	(155,000)
Appropriation from general fund	27,452,793	27,452,793	27,452,793	-
Transfer from special revenue fund	257,950	257,950	257,950	-
Proceeds from long term borrowings	25,329,000	25,329,000	26,909,415	1,580,415
<b>Total other financing sources (uses)</b>	<b>53,194,743</b>	<b>53,194,743</b>	<b>54,620,158</b>	<b>1,425,415</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,837,136</b>	<b>\$ 28,837,136</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, 2025**

	<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	\$ 175,000	\$ 175,000	\$ 523,648	\$ 348,648
Public works				
Transportation	139,000	139,000	1,015,906	876,906
Education:				
Public schools	475,000	475,000	976,873	501,873
Library	95,000	95,000	191,119	96,119
Community College	20,000	20,000	40,230	20,230
Recreation	89,000	89,000	151,078	62,078
Appropriated Fund Balance	-	-	-	-
Interest	16,000	16,000	149,997	133,997
<b>Total revenues</b>	<b>1,009,000</b>	<b>1,009,000</b>	<b>3,048,851</b>	<b>2,039,851</b>
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Capital project fund	(257,950)	(257,950)	(257,950)	-
General Fund	(340,000)	(340,000)	(340,000)	-
Recreation fund	(80,000)	(80,000)	(80,000)	-
<b>Total other financing sources (uses)</b>	<b>(677,950)</b>	<b>(677,950)</b>	<b>(677,950)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 331,050</b>	<b>\$ 331,050</b>	<b>\$ 2,370,901</b>	<b>\$ 2,039,851</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, 2025**

	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Final Budget</u></b>
<b>REVENUES</b>				
Intergovernmental - Federal and State	\$ 595,803	\$ 744,648	\$ 740,087	\$ (4,561)
Contributions	2,500.00	37,500	37,500	-
Interest	-	-	6,897	6,897
<b>Total revenues</b>	<b>598,303</b>	<b>782,148</b>	<b>784,484</b>	<b>2,336</b>
<b>EXPENDITURES</b>				
Social Services	598,303	782,148	777,587	4,561
<b>Total expenditures</b>	<b>598,303</b>	<b>782,148</b>	<b>777,587</b>	<b>4,561</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,897</b>	<b>\$ 6,897</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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Miscellaneous	\$ 32,750	\$ 32,750	\$ 29,526	\$ (3,224)
Total revenues	32,750	32,750	29,526	(3,224)
<b>EXPENDITURES</b>				
Public safety	32,750	32,750	19,135	(13,615)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ 10,391	\$ 10,391

TALBOT COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
COMMUNITY REINVESTMENT  
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental - State	\$ -	\$ -	\$ 224,787	\$ 224,787
Interest	-	-	27,110	27,110
<hr/> Total revenues	<hr/> -	<hr/> -	<hr/> 251,897	<hr/> 251,897
<b>Net Change in Fund Balance</b>	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 251,897	<hr/> \$ 251,897

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
OPIOID RESTITUTION  
For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental - State	\$ -	\$ -	\$ 131,162	\$ 131,162
Miscellaneous	-	-	104,464	104,464
Interest	-	-	25,235	25,235
Total revenues	-	-	260,861	260,861
<b>EXPENDITURES</b>				
Social services	-	-	131,162	131,162
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ 129,699	\$ 129,699

TALBOT COUNTY, MARYLAND

SCHEDULE OF REVENUES AND EXPENSES  
 BUDGET AND ACTUAL  
 ENTERPRISE FUND – RECREATION FACILITIES  
 For the Year Ended June 30, 2025

	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	\$ 45,000	\$ 33,390	\$ (11,610)	\$ 384,000	\$ 416,788	\$ 32,788	\$ 429,000	\$ 450,178	\$ 21,178
Rents	74,000	28,337	(45,663)	91,000	109,021	18,021	165,000	137,358	(27,642)
Ice revenues	-	-	-	403,821	498,872	95,051	403,821	498,872	95,051
Pro shop and concessions	485,000	674,074	189,074	26,350	41,197	14,847	511,350	715,271	203,921
Green fees	1,600,000	1,965,123	365,123	-	-	-	1,600,000	1,965,123	365,123
Other operating	8,500	3,969	(4,531)	88,750	18,274	(70,476)	97,250	22,243	(75,007)
Total operating revenues	2,212,500	2,704,893	492,393	993,921	1,084,152	90,231	3,206,421	3,789,045	582,624
<b>OPERATING EXPENSES</b>									
Salaries and related expenses	1,267,092	1,181,828	85,264	576,402	633,072	(56,670)	1,843,494	1,814,900	28,594
Professional fees	7,000	8,355	(1,355)	27,500	21,536	5,964	34,500	29,891	4,609
Office	25,000	5,166	19,834	48,700	38,791	9,909	73,700	43,957	29,743
Insurance	8,000	4,266	3,734	24,300	22,766	1,534	32,300	27,032	5,268
Contracted services	78,000	15,153	62,847	-	83	(83)	78,000	15,236	62,764
Repairs and maintenance	139,000	180,985	(41,985)	85,000	96,632	(11,632)	224,000	277,617	(53,617)
Utilities	70,000	78,356	(8,356)	265,750	265,312	438	335,750	343,668	(7,918)
Supplies and equipment	378,900	337,155	41,745	7,792	542	7,250	386,692	337,697	48,995
Lessons and programs	-	654	(654)	157,500	142,761	14,739	157,500	143,415	14,085
Pro shop and concessions	150,000	260,790	(110,790)	26,000	33,213	(7,213)	176,000	294,003	(118,003)
Other operating	84,675	100,353	(15,678)	39,975	40,395	(420)	124,650	140,748	(16,098)
Total operating expenses	2,207,667	2,173,061	34,606	1,258,919	1,295,103	(36,184)	3,466,586	3,468,164	(1,578)
Operating income (loss) before depreciation	4,833	531,832	526,999	(264,998)	(210,951)	54,047	(260,165)	320,881	584,202
Depreciation	-	429,040	(429,040)	-	854,887	(854,887)	-	1,283,927	(1,283,927)
Net operating income (loss)	4,833	102,792	956,039	(264,998)	(1,065,838)	908,934	(260,165)	(963,046)	1,868,129
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Transfers from general fund	1,175	1,175	-	364,456	364,456	-	365,631	365,631	-
Transfers from special revenue fund	-	-	-	80,000	80,000	-	80,000	80,000	-
Appropriated Fund Balance	372,522	-	372,522	1,485,000	-	1,485,000	1,857,522	-	1,857,522
Gain (loss) on disposal of capital assets	-	-	-	-	(6,969)	6,969	-	(6,969)	6,969
Net non-operating revenues (expenses)	373,697	1,175	372,522	1,929,456	437,487	1,491,969	2,303,153	438,662	1,864,491
Change in net position	378,530	103,967	(274,563)	1,664,458	(628,350)	(2,292,808)	2,042,988	(524,384)	(2,567,372)
<b>OTHER BUDGETED EXPENSE</b>									
Capital Project Placeholder	200,000	-	200,000	-	-	-	200,000	-	(200,000)
Dehumidifier Replacement	-	-	-	600,000	-	600,000	600,000	-	(600,000)
Generator Replacement	-	-	-	400,000	20,125	379,875	400,000	20,125	(379,875)
Athletic Complex	-	-	-	-	14,189	(14,189)	-	14,189	14,189
Debt service	-	-	-	152,250	(1,595)	153,845	152,250	(1,595)	(153,845)
Capital outlay	178,530	1,125	177,405	512,208	50,976	461,232	690,738	52,100	(638,638)
Total other budgeted expenses	378,530	1,125	377,405	1,664,458	83,695	1,580,763	2,042,988	84,819	(1,958,169)
Budgeted net income (loss)	\$ -	\$ 102,842	\$ 102,842	\$ -	\$ (712,045)	\$ (712,045)	\$ -	\$ (609,203)	\$ (609,203)

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2025**

	St. Michaels District			Royal Oak District			Tilghman District		
	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>									
State and Federal Grants	\$ -	\$ 1,058,228	\$ 1,058,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer service charges	1,743,700	1,695,571	(48,129)	479,120	442,190	(36,930)	481,270	485,870	4,600
Sewer connection charges	60,000	27,838	(32,162)	180,000	75,584	(104,416)	40,000	11,625	(28,375)
Residential benefit charges	-	-	-	-	-	-	-	-	-
Miscellaneous	33,600	167,036	133,436	1,700	6,831	5,131	2,700	8,773	6,073
<b>Total operating revenues</b>	<b>1,837,300</b>	<b>2,948,673</b>	<b>1,111,373</b>	<b>660,820</b>	<b>524,605</b>	<b>(136,215)</b>	<b>523,970</b>	<b>506,268</b>	<b>(17,702)</b>
<b>OPERATING EXPENSES</b>									
Salaries and related expenses	613,012	617,028	(4,016)	146,523	143,293	3,230	203,913	199,877	4,036
Professional fees	500	-	500	250	-	250	4,700	4,884	(184)
Office	41,360	30,298	11,062	4,785	4,705	80	-	-	-
Insurance	16,000	14,561	1,439	1,530	1,285	245	2,200	2,079	121
Contracted services	194,150	216,193	(22,043)	72,650	45,560	27,090	50,000	48,703	1,297
Repairs and maintenance	137,665	100,738	36,927	74,690	27,643	47,047	132,622	110,458	22,164
Utilities	75,450	56,103	19,347	30,850	23,853	6,997	51,835	34,135	17,700
Supplies and equipment	130,915	114,070	16,845	49,150	45,090	4,060	52,600	47,956	4,644
Other operating	10,300	3,273	7,027	920	1,392	(472)	1,500	20,346	(18,846)
<b>Total operating expenses</b>	<b>1,219,352</b>	<b>1,152,263</b>	<b>67,089</b>	<b>381,348</b>	<b>292,821</b>	<b>88,527</b>	<b>499,370</b>	<b>468,437</b>	<b>30,933</b>
Operating income (loss) before depreciation	617,948	1,796,410	1,178,462	279,472	231,784	(47,688)	24,600	37,831	13,231
Depreciation	60,000	1,102,308	(1,042,308)	43,338	152,922	(109,584)	28,019	164,487	(136,468)
<b>Net operating income (loss)</b>	<b>557,948</b>	<b>694,102</b>	<b>136,154</b>	<b>236,134</b>	<b>78,862</b>	<b>(157,272)</b>	<b>(3,419)</b>	<b>(126,656)</b>	<b>(123,237)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Appropriated Fund Balance	172,141	-	(172,141)	-	-	-	3,419	-	(3,419)
Interest income	-	-	-	-	50,207	50,207	-	35,040	35,040
Interest expense	(53,114)	(52,432)	(682)	-	-	-	-	-	-
<b>Net non-operating revenues (expenses)</b>	<b>119,027</b>	<b>(52,432)</b>	<b>(172,823)</b>	<b>-</b>	<b>50,207</b>	<b>50,207</b>	<b>3,419</b>	<b>35,040</b>	<b>31,621</b>
<b>Change in net position</b>	<b>676,975</b>	<b>641,670</b>	<b>(35,305)</b>	<b>236,134</b>	<b>129,069</b>	<b>(107,065)</b>	<b>-</b>	<b>(91,616)</b>	<b>(91,616)</b>
<b>OTHER BUDGETED EXPENSE</b>									
Debt service	586,975	-	(586,975)	-	-	-	-	-	-
Capital outlay	90,000	29,262	(60,738)	-	-	-	-	-	-
<b>Total other budgeted expenses</b>	<b>676,975</b>	<b>29,262</b>	<b>(647,713)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>\$ 612,407</b>	<b>\$ 612,407</b>	<b>\$ 236,134</b>	<b>\$ 129,069</b>	<b>\$ (107,065)</b>	<b>\$ -</b>	<b>\$ (91,616)</b>	<b>\$ (91,616)</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2025  
(continued)**

	Unionville District			Bio-solids Utilization Facility			Onsite Sewage Disposal		
	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>									
State and Federal Grants	\$ -	\$ 948,500	\$ 948,500	\$ -	\$ -	\$ -	\$ 900,000	\$ 681,740	\$ (218,260.30)
Sewer service charges	299,980	215,756	(84,224)	566,000	590,887	24,887	-	-	-
Sewer connection charges	840,000	91,771	(748,229)	-	-	-	-	-	-
Residential benefit charges	-	-	-	-	-	-	-	-	-
Miscellaneous	2,000	2,599	599	19,500	26,404	6,904	-	-	-
Total operating revenues	1,141,980	1,258,626	116,646	585,500	617,291	31,791	900,000	681,740	(218,260)
<b>OPERATING EXPENSES</b>									
Salaries and related expenses	69,141	67,384	1,757	221,735	212,191	9,544	56,777	56,294	483
Professional fees	300	-	300	-	-	-	200	-	200
Office	6,610	5,710	900	1,520	1,226	294	-	-	-
Insurance	1,000	525	475	20,000	18,187	1,813	-	-	-
Contracted services	50,600	37,002	13,598	45,450	46,494	(1,044)	805,000	577,808	227,192
Repairs and maintenance	55,165	25,193	29,972	17,225	42,999	(25,774)	-	-	-
Utilities	17,495	15,693	1,802	36,075	35,998	77	-	-	-
Supplies and equipment	30,200	32,042	(1,842)	78,000	46,030	31,970	-	-	-
Other operating	1,530	1,343	187	2,090	2,007	83	38,023	21,000	17,023
Total operating expenses	232,041	184,891	47,150	422,095	405,131	16,964	900,000	655,102	244,898
Operating income (loss) before depreciation	909,939	1,073,735	163,796	163,405	212,160	48,755	-	26,638	26,638
Depreciation	25,181	158,118	(132,937)	100,000	485,834	(385,834)	-	-	-
Net operating income (loss)	884,758	915,617	30,859	63,405	(273,674)	(337,079)	-	26,638	26,638
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Appropriated Fund Balance	-	-	-	258,988	-	(258,988)	-	-	-
Interest income	-	45	45	-	-	-	-	-	-
Interest expense	(2,524)	(2,458)	66	(92,282)	(92,054)	228	-	-	-
Net non-operating revenues (expenses)	(2,524)	(2,413)	111	166,706	(92,054)	(258,760)	-	-	-
Change in net position	882,234	913,204	30,970	230,111	(365,728)	(595,839)	-	26,638	26,638
<b>OTHER BUDGETED EXPENSE</b>									
Debt service	8,808	-	(8,808)	230,111	-	(230,111)	-	-	-
Capital outlay	172,000	141,686	(30,314)	-	-	-	-	-	-
Total other budgeted expenses	180,808	141,686	(39,122)	230,111	-	(230,111)	-	-	-
Budgeted net income (loss)	\$ 701,426	\$ 771,518	\$ 70,092	\$ -	\$ (365,728)	\$ (365,728)	\$ -	\$ 26,638	\$ 26,638

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2025  
(continued)**

	Martingham District			Preserve at Wye Mills			Combined Totals		
	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>									
State and Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900,000	\$ 2,688,468	\$ 1,788,468
Sewer service charges	345,560	348,748	3,188	106,200	97,200	(9,000)	4,021,830	3,876,221	(145,609)
Sewer connection charges	12,000	-	(12,000)	60,000	-	(60,000)	1,192,000	206,818	(985,182)
Residential benefit charges	-	-	-	-	-	-	-	-	-
Miscellaneous	58,000	60,804	2,804	200	-	(200)	117,700	272,448	154,748
Total operating revenues	415,560	409,552	(6,008)	166,400	97,200	(69,200)	6,231,530	7,043,955	812,425
<b>OPERATING EXPENSES</b>									
Salaries and related expenses	98,611	95,856	2,755	-	-	-	1,409,712	1,391,922	17,790
Professional fees	-	-	-	-	-	-	5,950	4,884	1,066
Office	3,136	3,750	(614)	620	2,554	(1,934)	58,031	48,242	9,789
Insurance	500	361	139	2,400	-	2,400	43,630	36,997	6,633
Contracted services	84,600	37,394	47,206	30,000	30,878	(878)	1,332,450	1,040,030	292,420
Repairs and maintenance	9,900	12,542	(2,642)	10,000	-	10,000	437,267	319,573	117,694
Utilities	40,112	32,808	7,304	8,865	7,242	1,623	260,682	205,831	54,851
Supplies and equipment	19,060	22,392	(3,332)	36,810	37,417	(607)	396,735	344,996	51,739
Other operating	920	1,346	(426)	13,672	1,871	11,801	68,955	52,579	16,376
Total operating expenses	256,839	206,448	50,391	102,367	79,962	22,405	4,013,412	3,445,055	568,357
Operating income (loss) before depreciation	158,721	203,104	44,383	64,033	17,238	46,795	2,218,118	3,598,900	1,380,782
Depreciation	50,000	114,098	(64,098)	9,133	2,969	6,164	315,671	2,180,737	(1,865,066)
Net operating income (loss)	108,721	89,006	(19,715)	54,900	14,269	(40,631)	1,902,447	1,418,163	(484,284)
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Appropriated Fund Balance	-	-	-	-	-	-	434,548	-	(434,548)
Interest income	-	20,596	20,596	-	2,129	2,129	-	108,017	108,017
Interest expense	(27,468)	(27,423)	(45)	(5,100)	-	(5,100)	(180,488)	(174,367)	(5,533)
Net non-operating revenues (expenses)	(27,468)	(6,827)	20,551	(5,100)	2,129	(2,971)	254,060	(66,350)	(332,064)
Change in net position	81,253	82,178	925	49,800	16,398	(33,402)	2,156,507	1,351,813	(804,694)
<b>OTHER BUDGETED EXPENSE</b>									
Debt service	77,492	-	(77,492)	23,900	-	(23,900)	927,286	-	(927,286)
Capital outlay	-	70,500	70,500	-	-	-	262,000	241,448	(20,552)
Total other budgeted expenses	77,492	70,500	(6,992)	23,900	-	(23,900)	1,189,286	241,448	(947,838)
Budgeted net income (loss)	\$ 3,761	\$ 11,678	\$ 7,917	\$ 25,900	\$ 16,398	\$ (9,502)	\$ 967,221	\$ 1,110,364	\$ 143,143

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – EASTON AIRPORT  
For the Year Ended June 30, 2025**

	<u>Revised Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>			
Charges - operations	\$ 622,766	\$ 498,087	\$ (124,679)
Charges - fuel facility	4,465,350	2,721,845	(1,743,505)
Charges - hangars	718,586	740,768	22,182
Other operating	-	20,322	20,322
<b>Total operating revenues</b>	<b>5,806,702</b>	<b>3,981,022</b>	<b>(1,825,680)</b>
<b>OPERATING EXPENSES</b>			
Salaries and related expenses	669,248	664,561	(4,687)
Cost of sales - fuel	4,200,000	2,357,985	(1,842,015)
Office	52,800	46,654	(6,146)
Insurance	21,100	32,057	10,957
Repairs and maintenance	220,000	134,653	(85,347)
Utilities	79,000	112,474	33,474
Supplies and equipment	3,500	3,315	(185)
Other operating	271,000	88,321	(182,679)
<b>Total operating expenses</b>	<b>5,516,648</b>	<b>3,440,020</b>	<b>(2,076,628)</b>
Operating income (loss) before depreciation	290,054	541,002	250,948
Depreciation	48,377	189,041	(140,664)
<b>Net operating income (loss)</b>	<b>241,677</b>	<b>351,961</b>	<b>110,284</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental revenues	-	9,263,453	9,263,453
Interest income	123,971	52,834	(71,137)
Interest expense	(8,671)	(8,649)	22
<b>Net non-operating revenues (expenses)</b>	<b>115,300</b>	<b>9,307,638</b>	<b>9,192,338</b>
<b>Change in net position</b>	<b>356,977</b>	<b>9,659,599</b>	<b>9,302,622</b>
<b>OTHER BUDGETED EXPENSE</b>			
Debt service	6,977	-	(6,977)
Local Match	350,000	-	(350,000)
<b>Total other budgeted expenses</b>	<b>356,977</b>	<b>-</b>	<b>(356,977)</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>\$ 9,659,599</b>	<b>\$ 9,659,599</b>

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – REPURPOSING FUND  
For the Year Ended June 30, 2025**

	<u>Revised Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>			
Crushed Concrete Sales	\$ 966,501	\$ 211,233	\$ (755,268)
<b>Total operating revenues</b>	<b>966,501</b>	<b>211,233</b>	<b>(755,268)</b>
<b>OPERATING EXPENSES</b>			
Salaries and related expenses	427,664	254,984	(172,680)
Office	8,700	5,609	(3,092)
Utilities	6,500	5,853	(647)
Insurance	12,000	2,989	(9,011)
Repairs and maintenance	119,500	65,669	(53,831)
Other operating	2,500	311	(2,189)
<b>Total operating expenses</b>	<b>576,864</b>	<b>335,414</b>	<b>(241,450)</b>
Operating income (loss) before depreciation	389,637	(124,182)	(513,819)
Depreciation	-	214,162	(214,162)
<b>Change in net position</b>	<b>389,637</b>	<b>(338,343)</b>	<b>(727,980)</b>
<b>OTHER BUDGETED EXPENSE</b>			
Debt service	389,637	30,332	359,305
<b>Total other budgeted expenses</b>	<b>389,637</b>	<b>30,332</b>	<b>(359,305)</b>
<b>Budgeted net income (loss)</b>	<b>\$ -</b>	<b>\$ (368,675)</b>	<b>\$ (368,675)</b>

## 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
- Narcotics Task Force
- Community Reinvestment
- Opioid Restitution
- Recreation Facilities
- Sanitary District
- Easton Airport
- Repurposing Fund

Combining Balance Sheet - Other Governmental Funds

## STATISTICAL SECTION

## 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 78,908,012	\$ 80,610,059	\$ 78,664,492	\$ 76,175,840	\$ 73,539,157	\$ 72,756,832	\$ 71,352,834	\$ 81,381,854	\$ 72,855,800	\$ 82,969,375
Restricted	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494	1,106,650	1,503,089
Unrestricted	<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>	<u>78,779,968</u>	<u>80,359,525</u>
Total governmental activities net position	\$ 86,329,245	\$ 91,365,924	\$ 82,925,232	\$ 77,297,450	\$ 71,687,562	\$ 89,623,016	\$ 101,362,049	\$ 128,714,704	\$ 152,742,418	\$ 164,831,989
<b>Business-type activities</b>										
Net investment in capital assets	\$ 49,231,203	\$ 51,133,626	\$ 48,005,138	\$ 48,243,349	\$ 45,651,129	\$ 43,495,852	\$ 42,641,511	\$ 45,365,882	\$ 54,294,836	\$ 70,498,340
Restricted	-	-	-	-	-	-	-	-	2,138,181	2,138,181
Unrestricted	<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>	<u>(6,953,587)</u>	<u>(13,365,006)</u>
Total business-type activities net position	\$ 48,796,460	\$ 47,939,289	\$ 44,557,004	\$ 43,261,477	\$ 46,122,912	\$ 46,011,781	\$ 44,573,363	\$ 45,271,202	\$ 49,479,430	\$ 59,271,515
<b>Primary government</b>										
Net investment in capital assets	\$ 128,139,215	\$ 131,743,685	\$ 126,669,630	\$ 124,419,189	\$ 119,190,286	\$ 116,252,684	\$ 113,994,345	\$ 126,747,736	\$ 127,150,636	\$ 153,467,715
Restricted	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494	3,244,831	3,641,270
Unrestricted	<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>	<u>71,826,381</u>	<u>66,994,519</u>
Total primary government net position	<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>	<u>\$ 202,221,848</u>	<u>\$ 224,103,504</u>

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 11,224,921	\$ 11,325,690	\$ 12,144,928	\$ 14,456,714	\$ 14,183,030	\$ 18,181,279	\$ 17,104,866	\$ 16,682,392	\$ 18,817,622	\$ 22,914,519
Public safety	15,364,473	17,276,097	18,723,695	20,182,065	20,597,331	23,571,711	26,504,338	29,484,078	31,870,378	37,146,612
Public works	6,550,228	6,427,502	6,543,225	7,089,362	6,807,738	4,019,932	7,800,990	7,115,544	10,237,251	10,410,482
Health and hospitals	2,550,428	2,520,926	2,522,380	2,524,694	2,646,248	3,058,673	2,508,300	2,607,800	2,854,596	5,961,530
Social services	1,821,647	1,640,895	1,360,507	1,908,188	1,461,199	3,347,474	1,574,103	1,789,068	2,613,921	4,075,752
Education	41,025,371	42,249,348	43,745,918	52,481,151	66,549,527	48,364,006	51,984,991	51,630,630	57,472,059	62,474,705
Recreation	734,248	959,049	576,070	734,182	483,874	605,345	1,246,023	2,106,797	1,533,277	1,285,956
Conservation of natural resources	252,228	250,848	282,789	267,761	293,859	312,525	350,921	324,905	358,600	405,229
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	212,886	185,145	158,714	43,393	221,319	254,807	-	-	1,071,399	709,732
Total governmental activities expenses	<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>	<u>126,829,103</u>	<u>145,384,517</u>
Business-type activities:										
Recreation facilities	2,676,732	2,888,465	3,080,314	3,145,530	2,828,428	2,981,709	3,524,777	3,852,300	4,128,565	4,845,474
Sanitary district	3,883,742	4,366,586	4,511,793	4,855,689	5,003,390	5,118,423	5,487,509	5,504,287	5,826,801	6,041,606
Easton airport	4,312,785	4,525,433	5,805,247	5,704,850	5,502,918	5,957,958	7,894,770	7,660,249	6,731,494	3,637,710
Repurposing center	-	-	-	-	-	-	556,981	818,442	583,460	579,907
Total business-type activities expenses	<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>	<u>17,270,320</u>	<u>15,104,697</u>
Total primary government expenses	<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>	<u>\$ 144,099,423</u>	<u>\$ 160,489,214</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 799,385	\$ 876,513	\$ 571,155	\$ 647,619	\$ 656,526	\$ 1,160,575	\$ 102,683	\$ 1,693,558	\$ 5,229,554	\$ 3,234,446
Public safety	1,700,062	2,409,072	2,442,331	2,626,903	2,778,631	2,291,858	2,914,158	4,044,935	3,723,997	3,692,790
Public works	262,496	245,783	474,198	381,148	615,746	420,065	263,647	522,998	420,042	1,389,800
Health and hospitals	110,303	95,011	98,104	102,131	124,446	111,852	-	142,640	135,044	127,408
Social Services	-	-	-	-	-	-	-	-	-	-
Education	105,745	410,781	224,423	267,625	177,107	592,627	-	741,528	-	-
Recreation	183,097	240,526	167,724	146,030	28,241	373,711	-	250,708	100,291	146,944
Conservation of natural resources	-	-	71,959	32,254	48,311	79,241	36,386	30,824	51,333	77,059
Operating/Capital grants and contributions	<u>5,392,962</u>	<u>5,293,139</u>	<u>4,822,721</u>	<u>5,288,161</u>	<u>4,383,337</u>	<u>11,090,746</u>	<u>10,009,029</u>	<u>8,589,734</u>	<u>7,658,086</u>	<u>11,586,497</u>
Total governmental activities program revenues	<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>	<u>17,318,347</u>	<u>20,254,944</u>

(continued)

Business-type activities:

Charges for services										
Recreation facilities	1,845,663	2,050,009	2,021,416	2,070,881	1,903,200	2,343,632	2,688,318	3,716,856	3,296,471	3,789,045
Sanitary district	2,203,946	3,473,144	2,528,753	2,894,922	3,003,501	3,260,677	3,008,521	4,218,935	4,394,081	4,352,813
Easton airport	2,527,763	2,524,209	3,099,955	3,235,994	2,936,884	3,947,586	5,890,650	6,555,171	4,881,776	3,981,022
Repurposing center	-	-	-	-	-	-	185,503	387,322	316,421	211,232
Operating/Capital grants and contributions	1,223,632	2,300,676	1,496,336	3,680,423	7,743,927	3,619,694	1,889,095	2,590,761	5,890,203	11,951,921
Total business-type activities program revenues	<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>	<u>18,778,952</u>	<u>24,286,033</u>
Total primary government program revenues	<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>	<u>\$ 36,097,299</u>	<u>\$ 44,540,977</u>

Net (Expense)/Revenue

Governmental activities	\$ (71,182,380)	\$ (73,264,675)	\$ (77,185,611)	\$ (90,195,639)	\$ (104,431,780)	\$ (85,595,077)	\$ (95,748,629)	\$ (95,724,289)	\$ (109,510,756)	\$ (125,129,573)
Business-type activities	<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>	<u>1,508,632</u>	<u>9,181,336</u>
Total primary government net expense	<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>	<u>\$ (108,002,124)</u>	<u>\$ (115,948,237)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Property taxes	\$ 35,280,376	\$ 36,531,210	\$ 38,574,339	\$ 41,646,643	\$ 44,544,065	\$ 45,726,005	\$ 47,954,457	\$ 51,470,500	\$ 58,660,845	\$ 65,467,424
Local income tax	26,568,636	28,007,970	25,767,710	29,514,546	41,118,063	35,503,912	37,815,496	51,874,354	53,013,098	46,930,253
Other local taxes	11,340,994	12,859,841	12,354,244	12,107,793	12,281,446	22,249,580	22,958,657	16,456,838	16,733,462	17,259,911
Interest	132,640	231,807	604,834	901,297	533,739	115,878	231,485	4,228,144	7,261,873	6,652,529
Miscellaneous	1,317,542	1,206,986	1,309,428	883,578	852,690	707,496	884,237	-	354,192	1,357,330
Transfers in (out)	<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>	<u>(2,485,000)</u>	<u>(448,303)</u>
Total governmental activities	<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>	<u>133,538,470</u>	<u>137,219,144</u>

Business-type activities:

Gain on sale of asset	-	-	-	-	77,790	-	-	-	-	-
Interest	9,946	18,815	26,359	42,322	22,758	3,030	6,862	111,180	214,596	162,446
Miscellaneous	-	20,000	-	-	-	-	-	-	-	-
Transfers in (out)	<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>	<u>2,485,000</u>	<u>448,303</u>
Total business-type activities	<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>	<u>2,699,596</u>	<u>610,749</u>
Total primary government	<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>	<u>\$ 136,238,066</u>	<u>\$ 137,829,893</u>

Change in Net Position

Governmental activities	\$ 3,128,251	\$ 5,036,679	\$ 582,694	\$ (5,627,782)	\$ (5,609,888)	\$ 17,935,454	\$ 11,739,033	\$ 27,352,655	\$ 24,027,714	\$ 12,089,571
Business-type activities	<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>	<u>4,208,228</u>	<u>9,792,085</u>
Total primary government	<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>	<u>\$ 28,235,942</u>	<u>\$ 21,881,656</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Non spendable										
Prepaid	83,672	55,539	492,383	771,897	1,132,142	2,023,110	2,082,658	1,025,447	2,108,437	2,747,062
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	37,349,001
Assigned	2,156,000	2,526,000	7,775,000	3,963,460	6,743,000	20,765,000	14,300,000	20,061,000	39,093,752	21,656,693
Unassigned	<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>	<u>71,680,887</u>	<u>44,324,366</u>
Total General Fund	<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>	<u>\$ 112,883,076</u>	<u>\$ 106,077,122</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated - Capital Fund	-	-	-	-	-	-	-	-	-	-
Designated - Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Undesignated - Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Non spendable										
Prepaid	-	-	-	-	-	-	-	-	909	-
Restricted	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494	1,106,650	1,503,089
Committed	11,411,980	8,505,196	5,866,571	3,065,329	8,788,301	9,729,913	15,548,962	33,963,228	21,591,607	52,799,644
Assigned	246,000	320,000	1,553,000	435,000	685,000	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>3,372</u>							
Total all other governmental funds	<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>	<u>\$ 22,699,166</u>	<u>\$ 54,306,105</u>
Total Governmental Funds	<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>	<u>\$ 135,582,242</u>	<u>\$ 160,383,227</u>

**Schedule 4**  
**Talbot County, Maryland**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Revenues</b>										
Property tax	\$ 35,280,376	\$ 36,531,210	\$ 38,574,339	\$ 41,646,643	\$ 44,544,065	\$ 45,726,005	\$ 47,954,457	\$ 51,470,500	\$ 58,660,845	\$ 65,467,424
Income tax	26,568,636	28,007,970	25,767,710	29,514,546	41,118,063	35,503,912	37,815,496	51,874,354	53,013,098	46,930,253
Other local taxes	11,340,994	12,859,841	12,354,244	12,107,793	12,281,446	22,249,580	22,958,657	16,456,840	16,707,168	17,259,911
Licenses and permits	1,131,327	1,534,397	1,242,676	1,202,274	1,466,293	2,126,584	2,165,232	2,405,585	2,029,247	3,960,836
Intergovernmental:										
Federal	1,806,977	1,969,264	908,238	1,770,003	1,066,782	6,394,743	4,069,577	5,636,643	2,017,949	4,826,604
State	3,585,985	3,323,875	3,914,482	3,337,691	3,302,240	4,696,003	3,754,724	3,468,107	6,142,640	6,403,256
Contributions/Cost Sharing	-	-	-	-	-	-	-	-	-	-
Other Grants	-	-	-	-	-	-	-	-	-	-
Service charges	2,026,744	2,741,847	2,778,123	2,940,620	2,870,422	2,903,345	3,336,370	4,019,292	4,073,715	4,373,528
Fines and forfeitures	3,017	1,442	29,094	60,815	25,872	20,812	27,408	21,923	11,647	14,781
Miscellaneous	1,317,542	1,206,986	1,309,430	1,064,046	933,426	686,684	856,829	465,373	3,742,841	841,767
Interest Income	132,640	231,807	604,834	901,297	642,874	115,878	231,485	4,228,144	7,243,512	6,652,529
Total revenues	<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>	<u>153,642,662</u>	<u>156,730,889</u>
<b>Expenditures</b>										
General Government	7,642,163	8,802,050	9,300,739	9,330,699	8,722,903	13,871,821	15,121,846	25,515,012	29,304,876	18,769,002
Public Safety	17,363,993	17,499,498	16,961,686	18,493,023	21,302,987	21,881,480	24,008,382	27,171,242	29,689,864	39,309,708
Public Works*	7,006,063	7,982,257	6,203,408	6,826,823	5,977,886	4,802,216	6,041,847	5,310,702	8,569,894	10,269,287
Health and hospitals	2,544,168	2,520,926	2,522,380	2,524,694	2,655,831	3,058,673	2,508,300	2,607,800	2,854,596	6,541,496
Social services	1,821,647	1,640,895	1,360,507	1,908,188	1,450,117	3,347,474	1,574,103	1,789,068	2,613,921	4,910,727
Education*	43,247,006	44,193,888	46,535,733	54,696,071	66,549,524	50,709,864	55,085,588	54,060,029	59,986,168	68,709,345
Recreation	601,223	909,747	617,321	624,825	483,874	807,726	1,026,398	1,811,497	1,252,644	1,069,648
Economic Development <sup>a</sup>	-	-	-	-	-	-	-	-	-	612,947
Conservation of natural resources	252,228	250,848	266,938	267,761	293,859	312,525	350,921	324,905	358,600	405,229
Employee Benefits	1,695,449	825,003	1,037,594	1,010,251	1,161,280	949,926	1,315,373	2,045,717	1,898,794	1,623,535
Miscellaneous	74,127	130,261	110,226	132,842	167,164	269,318	260,795	244,486	569,712	275,856
Intergovernmental	948,472	964,560	1,203,193	1,176,405	877,568	1,107,959	1,528,832	1,475,028	1,513,596	1,543,658
Debt service interest*	212,886	185,145	158,714	43,393	122,095	92,284	62,000	30,670	1,375,594	1,105,625
Debt service principal*	799,855	835,569	861,726	889,579	917,703	947,294	977,796	954,864	517,719	3,244,972
Debt issuance costs	124,648	-	-	-	109,134	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	4,125,000
Contingencies	81,219	114,433	22,990	34,030	69,069	355	9,233	-	-	-
Total expenditures	<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>	<u>140,505,978</u>	<u>162,516,035</u>
Excess of revenues over (under) expenditures	<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>	<u>\$ 13,136,684</u>	<u>\$ (5,785,146)</u>

(continued)

**Other Financing Sources (Uses)**

Issuance of long-term debt	\$ 15,243,760	\$ -	\$ -	\$ -	\$ 21,775,000	\$ -	\$ -	\$ 25,024,589	\$ -	\$ 25,820,000
Payment to refunded debt escrow agent	(16,410,830)	-	-	-	-	-	-	-	-	-
Bond premium	1,327,418	4,158	-	-	3,144,540	-	-	-	-	1,089,415
Leases issued	-	-	-	-	-	-	-	-	-	4,125,000
Proceeds from Sale of Land	3,510,650	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	11,250,000	-	-	-
Pools	(191,030)	-	-	-	-	-	-	-	-	-
Sanitary District	-	-	-	-	-	-	-	-	-	(2,672)
Recreation Facilities	(597,790)	(536,460)	(842,250)	(486,000)	(508,111)	(772,340)	(13,606,670)	(952,892)	(2,485,000)	(445,631)
Total other financing sources (uses)	<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>	<u>(2,485,000)</u>	<u>30,586,112</u>
Net change in fund balances	\$ 1,661,269	\$ 1,021,257	\$ (522,235)	\$ (3,898,856)	\$ 21,801,918	\$ 17,492,291	\$ 10,942,151	\$ 40,777,438	\$ 10,651,684	\$ 24,800,966

<sup>a</sup> Prior to 2025, Economic Development expenditures are reported within General Government.

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

**Total Governmental Principal Payments**

Education	\$ 2,705,900	\$ 2,653,858	\$ 2,739,243	\$ 2,214,920	\$ 2,311,732	\$ 2,345,858	\$ 3,100,597	\$ 2,429,400	\$ 2,514,109	\$ 2,457,253
General Government	799,855	835,569	861,726	889,579	917,703	947,294	977,796	954,864	517,719	787,719
Public Works	<u>48,610</u>	<u>49,582</u>	<u>50,572</u>	<u>47,239</u>	-	-	-	-	-	-
Total Principal	\$ 3,554,365	\$ 3,539,009	\$ 3,651,541	\$ 3,151,738	\$ 3,229,435	\$ 3,293,152	\$ 4,078,393	\$ 3,384,264	\$ 3,031,828	\$ 3,244,972

**Total Governmental Interest Payments**

Education	\$ 711,277	\$ 798,087	\$ 707,174	\$ 554,921	\$ 511,651	\$ 850,902	\$ 1,136,909	\$ 1,043,139	\$ 950,822	\$ 842,473
General Government	212,886	185,145	158,714	43,393	122,095	92,284	62,000	30,670	1,375,594	1,105,625
Public Works	<u>3,618</u>	<u>2,429</u>	<u>1,438</u>	<u>267</u>	-	-	-	-	-	-
Total Interest	\$ 927,781	\$ 985,661	\$ 867,326	\$ 598,581	\$ 633,746	\$ 943,186	\$ 1,198,909	\$ 1,073,809	\$ 2,326,416	\$ 1,948,098

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total expenditures (Schedule 4)	\$ 84,415,147	\$ 86,855,080	\$ 87,163,155	\$ 97,958,584	\$ 110,860,994	\$ 102,158,915	\$ 109,871,414	\$ 123,341,020	\$ 140,505,978	\$ 162,516,035
Less Capital Outlay Expenditures	<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>	<u>19,843,966</u>	<u>20,727,583</u>
Non-Capital Expenditures	\$ 79,738,881	\$ 81,721,850	\$ 84,962,298	\$ 96,409,083	\$ 109,394,039	\$ 96,523,653	\$ 106,742,631	\$ 108,873,821	\$ 120,662,012	\$ 141,788,452
Debt Service Expenditures (Schedule 4)										
Principal	\$ 3,554,365	\$ 3,539,009	\$ 3,651,541	\$ 3,151,738	\$ 3,229,435	\$ 3,293,152	\$ 4,078,393	\$ 3,384,264	\$ 3,031,828	\$ 3,244,972
Interest	<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>	<u>2,326,416</u>	<u>1,948,098</u>
Total Debt Service Expenditures	\$ 4,482,146	\$ 4,524,670	\$ 4,518,867	\$ 3,750,319	\$ 3,863,181	\$ 4,236,338	\$ 5,277,302	\$ 4,458,073	\$ 5,358,244	\$ 5,193,070
Debt service as a percentage of										
Non-capital expenditures	5.62%	5.54%	5.32%	3.89%	3.53%	4.39%	4.94%	4.09%	4.44%	3.66%

**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>	
2025	\$ 9,888,946,259	\$ 9,888,946,259	0.7910	0.7394	\$ 84,882,630	\$ 84,882,630	1.9775	\$ 9,973,828,889
2024	9,402,177,332	9,402,177,332	0.7434	0.6928	86,650,280	86,650,280	1.8585	9,488,827,612
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

**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)

Fiscal Year Ending June 30	Talbot County Direct Real Property Tax Rate							Overlapping Real Property Tax Rates					Total					
	Unincorporated Area of County	Easton	Oxford	Queen Anne	St. Michaels	Trappe	Weighted Average Tax Rate	Easton	Oxford	Queen Anne	St. Michaels	Trappe	Unincorporated Area of County	Easton	Oxford	Queen Anne	St. Michaels	Trappe
2025	0.7910	0.6580	0.6730	0.7309	0.6640	0.6930	0.7394	0.520	0.3200	0.180	0.470	0.330	0.7910	1.1780	0.9930	0.9109	1.1340	1.0230
2024	0.7434	0.6105	0.6255	0.6834	0.6165	0.6455	0.6928	0.520	0.3200	0.180	0.470	0.330	0.7434	1.1305	0.9455	0.8634	1.0865	0.9755
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	0.5851	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	0.5460	0.4791	0.5081	0.5572	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	0.5214	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	0.4990	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	0.4884	0.520	0.2952	0.180	0.450	0.290	0.5360	0.9230	0.7142	0.6550	0.8590	0.7280

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 Taxpayers,**  
**Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>Fiscal Year 2025</u>			<u>Fiscal Year 2016</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
RDC Inn at Perry Cabin LLC	\$ 27,720,200	1	0.28%	\$ 15,449,000	1	0.18%
Remco Properties, LLC	15,885,000	2	0.16%	10,251,500	6	0.12%
8223 Elliot Rd LLC	15,404,500	3	0.16%			
Intergrace, Inc	12,442,300	4	0.13%			
Tidewater Inn LLC	11,214,300	5	0.11%			
Lowe's Home Centers, Inc.	10,779,800	6	0.11%	11,923,900	4	0.14%
Target Corporation	10,715,400	7	0.11%	10,108,500	7	0.12%
Chosen Easton LLC	10,653,000	9	0.11%			
FRE USA LLC	10,548,500	8	0.11%	10,649,000	5	0.13%
Easton RIK MP LLC	10,087,700	10	0.10%			
Bayleigh Chase, Inc.				15,175,400	2	0.18%
Easton Shoppes Business Trust				13,933,900	3	0.17%
Wal Mart Real Estate Business Trust				9,660,600	8	0.12%
Tred Avon LLC				8,666,800	9	0.10%
Achievement Park LLC				8,354,200	10	0.10%
<b>Total</b>	<b>\$ 135,450,700</b>		<b>1.37%</b>	<b>\$ 114,172,800</b>		<b>1.37%</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>
2025	\$ 65,607,091	\$ 65,575,130	99.95%	\$ -	\$ 65,575,130	99.95%
2024	58,933,616	58,908,730	99.96%	(20,987)	58,887,743	99.92%
2023	51,680,677	51,654,487	99.95%	(4,964)	51,649,523	99.94%
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%

**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
2024	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
2023	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%
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%

Tax Year	Talbot County Income Tax Direct Rate
2024	2.40%
2023	2.40%
2022	2.40%
2021	2.40%
2020	2.40%
2019	2.40%
2018	2.40%
2017	2.40%
2016	2.40%
2015	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>
2023	15,627	\$ 2,056,023,580	\$ 1,821,934,771	\$ 71,605,204	\$ 42,553,733	\$ 114,158,937	2.40%
2022	15,449	2,125,674,083	1,893,552,968	88,098,357	44,239,465	132,337,822	2.40%
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%

**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**

<b>Tax Year 2023</b>						
	<b>Number of Taxable Returns</b>	<b>Percentage of Total</b>	<b>Net Taxable Income</b>	<b>Percentage of Total</b>	<b>Local Tax Liability</b>	<b>Percentage of Total</b>
<b>Adjusted Gross Income Level</b>						
\$500,000 and higher	510	3.3%	\$ 648,339,934	35.6%	\$ 14,925,771	35.1%
\$250,000 - 499,999	899	5.8%	283,752,295	15.6%	6,745,647	15.9%
\$100,000 - 249,999	3,677	23.5%	502,854,853	27.6%	12,016,247	28.2%
\$50,000 - 99,999	4,261	27.3%	248,101,215	13.6%	5,920,356	13.9%
\$25,000 - 49,999	4,179	26.7%	115,335,047	6.3%	2,446,662	5.7%
\$5,000 - 24,999	2,059	13.2%	23,466,935	1.3%	497,065	1.2%
Under \$5,000	42	0.3%	84,492	0.0%	1,985	0.0%
Totals	15,627	100.0%	\$ 1,821,934,771	100.0%	\$ 42,553,733	100.0%

<b>Tax Year 2014</b>						
	<b>Number of Taxable Returns</b>	<b>Percentage of Total</b>	<b>Net Taxable Income</b>	<b>Percentage of Total</b>	<b>Local Tax Liability</b>	<b>Percentage of Total</b>
<b>Adjusted Gross Income Level</b>						
\$500,000 and higher	264	1.8%	\$ 340,698,889	30.0%	\$ 7,841,257	29.5%
\$250,000 - 499,999	531	3.6%	161,221,998	14.2%	3,867,369	14.6%
\$100,000 - 249,999	2,528	17.3%	308,322,564	27.1%	7,398,391	27.8%
\$50,000 - 99,999	3,670	25.1%	194,333,575	17.1%	4,664,002	17.5%
\$25,000 - 49,999	4,121	28.2%	99,118,115	8.7%	2,185,993	8.2%
\$5,000 - 24,999	3,411	23.4%	31,841,725	2.8%	617,859	2.3%
Under \$5,000	78	0.5%	125,703	0.0%	2,906	0.0%
Totals	14,603	100.0%	\$ 1,135,662,569	100.0%	\$ 26,577,777	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
	General Obligation Bonds	Notes Payable	Financed Purchases	
	2025	\$ 76,526,916	\$ 4,142,719	
2024	53,213,966	35,438	-	53,249,404
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

Fiscal Year	Business-Type Activities				Total Primary Government	Ratios	
	General Obligation Bonds	Notes Payable	Financed Purchases	Total Business Type Activities		Debt to Personal Income (a)	Outstanding Debt Per Capita (a)
	2025	\$ 10,965,121	\$ 838,681	\$ 889,688		\$ 12,693,490	\$ 93,363,125
2024	11,523,942	1,346,762	1,312,538	14,183,242	67,432,646	1.82%	1,773
2023	11,188,852	1,870,696	1,580,820	14,640,368	71,314,995	1.92%	1,885
2022	11,159,528	2,392,543	1,980,450	15,532,521	50,899,488	1.47%	1,346
2021	11,856,157	2,912,311	297,638	15,066,106	54,844,132	1.71%	1,453
2020	12,532,031	3,437,063	356,429	16,325,523	59,729,367	2.03%	1,593
2019	12,019,254	3,675,961	149,448	15,844,663	37,733,841	1.36%	1,003
2018	12,413,393	4,511,607	242,299	17,167,299	42,383,654	1.65%	1,132
2017	11,277,933	5,044,069	324,066	16,646,068	45,689,403	1.84%	1,222
2016	3,232,573	5,573,527	151,602	8,957,702	41,711,327	1.70%	1,114

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:

2023, 2024 and 2025 percentages calculated using 2023 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>
2025	\$ 87,492,037	\$ 9,973,828,889	0.88%	38,366	\$ 2,280
2024	64,737,908	9,488,827,612	0.68%	38,024	1,703
2023	67,810,322	9,102,721,588	0.74%	37,823	1,793
2022	45,518,475	8,863,543,087	0.51%	37,814	1,204
2021	49,700,997	8,713,440,395	0.57%	37,756	1,316
2020	53,106,280	8,571,516,752	0.62%	37,488	1,417
2019	30,210,274	8,454,094,031	0.36%	37,610	803
2018	33,042,752	8,430,129,867	0.39%	37,429	883
2017	34,868,199	8,432,769,892	0.41%	37,389	933
2016	29,697,506	8,417,243,821	0.35%	37,456	793

**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, 2025**

	Gross Debt
Talbot County:	
County Government	
Total Net Direct Debt (a)	<u>\$ 80,669,635</u>
Towns: (b)	
Easton (100%)	\$ 13,505,361
Oxford (100%)	5,443
Queen Anne (100%)	-
St. Michaels (100%)	-
Trappe (100%)	<u>11,495</u>
Total Net Overlapping Debt	<u>\$ 13,522,299</u>
Total Net Direct and Overlapping Debt	94,191,934

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Taxable Real Property Assessable Base *	\$ 8,354,091	\$ 8,367,983	\$ 8,365,734	\$ 8,384,994	\$ 8,499,253	\$ 8,637,352	\$ 8,784,257	\$ 9,018,441	\$ 9,402,177	\$ 9,888,946
Debt Limit, 15% of Assessable Base	1,253,114	1,255,197	1,254,860	1,257,749	1,274,888	1,295,603	1,317,639	1,352,766	1,410,327	1,483,342
Amount of Debt Applicable to Limit										
General Obligation Bonds	32,754	29,043	25,216	21,889	43,404	39,778	35,367	56,675	53,249	80,670
Legal Debt Margin	<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>	<u>\$ 1,357,077</u>	<u>\$ 1,402,672</u>
Total net debt applicable to the limit as a percentage of debt limit	2.61%	2.31%	2.01%	1.74%	3.40%	3.07%	2.68%	4.19%	3.78%	5.44%

**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>
2025	38,366	a	*	*	4,485	3.4%
2024	38,024	a	*	*	4,502	3.2%
2023	37,823		3,712,937	98,166	4,523	1.6%
2022	37,814		3,466,402	91,670	4,533	4.7%
2021	37,756		3,205,553	84,902	4,524	4.6%
2020	37,488		2,942,829	78,501	4,703	7.1%
2019	37,610		2,784,168	74,027	4,674	3.6%
2018	37,429		2,568,460	68,622	4,646	4.1%
2017	37,389		2,484,846	66,459	4,593	4.0%
2016	37,456		2,448,566	65,372	4,625	4.1%

**Sources:**

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

<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>2025</b>			<b>2016</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	711	1	4.34%	1,641	1	8.98%
Shore Bancshares	243	2	1.48%	177	6	0.97%
Qlarant	125	3	0.76%			
Inn at Perry Cabin	240	4	1.47%			
Aphena Pharma Solutions	230	5	1.40%	150	9	0.82%
ACTS/Bayleigh Chase	230	6	1.40%	220	3	1.20%
Chesapeake Building Components	205	7	1.25%	156	8	0.85%
Easton Utilities Commission	170	8	1.04%			
Bluepoint Hospitality	160	9	0.98%			
Tidewater Inn	148	10	0.90%			
Genesis Healthcare/The Pines				250	2	1.37%
Walmart				205	4	1.12%
Quality Health Strategies				185	5	1.01%
EAG Laboratories				160	7	0.88%
Target				150	10	0.82%
	<u>2,462</u>		<u>15.04%</u>	<u>3,294</u>		<u>18.03%</u>

**Source:** Maryland Department of Commerce

**Schedule 19**  
**Talbot County, Maryland**  
**Full-time Equivalent County Government Employees by Function,**  
**Last Ten Fiscal Years**

<b><u>Function/Program</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><u>2024</u></b>	<b><u>2025</u></b>
General Government	65.4	66.8	65.7	68.9	65.9	72.5	68.0	67.8	70.1	73.4
Public Safety	170.2	161.3	164.2	177.4	213.3	209.8	212.5	216.2	227.4	246.7
Public Works	44.7	46.1	46.8	46.9	46.5	44.9	46.9	50.0	53.9	52.9
Social Services	-	-	-	-	-	-	-	-	1.0	1.0
Recreation	35.6	38.0	37.2	34.9	24.2	28.0	27.3	27.7	31.1	34.4
Airport	<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>	<u>5.9</u>	<u>6.2</u>
Total	<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>	<u>389.4</u>	<u>414.6</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>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><u>2024</u></b>	<b><u>2025</u></b>
<b>General Government</b>										
Building Permits issued	259	294	299	408	493	690	445	876	832	757
Value of new construction (000's)	34,149	58,099	38,235	34,598	40,477	65,511	60,792	109,724	112,709	136,877
<b>Public Safety</b>										
Detention Center										
Avg. daily population	67	75	69	72	72	99	88	100	80	89
Bookings	775	727	626	935	961	855	669	660	700	501
Police Protection										
Sworn Officers										
9-1-1 Calls Answered										
Fire	2,523	3,338	2,070	2,088	2,067	1,954	1,985	1,960	2,014	2,011
Emergency Medical Services	4,682	3,894	5,897	5,973	5,726	5,946	6,714	6,572	6,619	6,447
Sheriff	14,896	16,879	20,167	26,083	23,733	22,175	23,210	27,410	29,299	28,195
Other Police	11,834	32,403	29,852	33,902	29,329	33,927	35,399	39,009	37,098	31,807
<b>Education</b>										
Students	4,625	4,593	4,646	4,674	4,703	4,524	4,533	4,523	4,502	4,485
Teachers Instructional	326	327	325	326	336	341	333	334	339	345
<b>Recreation Facilities</b>										
Boat ramp permits	5,886	3,957	3,581	3,540	3,531	3,745	3,189	3,336	3,336	3,302
Golf rounds	35,998	37,903	31,140	29,838	31,282	30,684	38,474	39,971	41,344	49,087
<b>Public Works</b>										
Centerline miles of road maintained	373	373	373	373	373	378	370	370	370	370
Wastewater treated (mgd)	0.428	0.401	0.382	0.552	0.304	0.542	0.401	0.412	0.424	0.440
<b>Airport</b>										
Based aircraft	229	233	224	225	203	206	195	188	190	182
Takeoffs and landings										
Gallons of fuel sold	660,362	642,921	748,246	709,282	591,963	820,519	1,067,598	1,068,065	939,812	824,343

**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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Public Safety</b>										
Detention center capacity	145	145	145	145	145	148	148	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	5	5	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	287	302	302
Public Landings & Wharves	30	30	30	30	29	29	26	25	25	25
Boat Slips	136	136	136	136	136	136	126	126	129	127
Public Pools	2	2	2	2	2	2	2	2	2	2
<b>Public Works</b>										
Centerline miles of county roads	373	373	373	373	373	378	370	370	370	370
Bridges	9	9	9	9	9	9	9	9	9	9
Wastewater Treatment Plants	3	2	2	2	2	2	2	3	3	3
Miles of mains	40	42	42	43	43	44	44	46	53	79
Pump stations	12	12	12	12	12	12	12	12	12	15
<b>Airport</b>										
Number of Runways	2	2	2	2	2	4	4	4	4	4

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



# Talbot County, Maryland

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