



Talbot County

MARYLAND

Annual Comprehensive Financial Report
FISCAL YEAR ENDED JUNE 30, 2024



2001 – 2023



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TALBOT COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024



Prepared by the Talbot County Office of Finance

TALBOT COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED June 30, 2024

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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

FINANCE OFFICE
PHONE: 410-770-8020

11 N. WASHINGTON STREET, SUITE 9
EASTON, MARYLAND 21601

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

January 31, 2025

To the County Council and
Citizens of Talbot County, Maryland

Formal Transmittal of the Annual Comprehensive Financial Report (ACFR)

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) for Talbot County, Maryland for the fiscal year ended June 30, 2024, as required by both local and state statutes. These statutes require that Talbot County, Maryland annually issue financial statements presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants.

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

The County's financial statements have been audited by SB and Company, LLC, Independent Certified Public Accountants. SB and Company, LLC issued an unmodified opinion on the County's financial statements for the year ended June 30, 2024. The goal of the independent audit is to provide reasonable assurance that the financial statements of Talbot County, Maryland for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

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

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

Form of Government

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

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

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

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

Component Units

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

Budget Process

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

All County departments and agencies seeking funding, submit requests for appropriations to the

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

Factors Affecting Financial Condition

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

Local Economy – Like many state and local governments across the country, Talbot County is concerned about the National economy and the far reaching effects it has on Maryland's and Talbot County's overall economy. Of greatest concern are the 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 2024 actual property tax revenues totaled \$58.7 million or 40.3% 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 2024 Income Tax revenues accounted for 36.4% of the General Fund revenues. The County received \$53 million in Income Tax revenues in FY 2024, \$22 million more than budgeted and \$1.1 million more than the amount received in FY 2023. The County's housing market has stabilized as seen in the slight increase in Recordation and Transfer Tax revenues that were \$135 thousand more than that received in FY 2023 but \$4.4 million more than the amount budgeted for FY 2024. For FY 2024 the County is optimistic that the housing market will remain steady. The County continues to have a healthy mix of service related businesses, agriculture, and light manufacturing. Employment is anticipated to continue to improve in FY 2025.

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

Long Term Financial Planning - The economic outlook for the County is favorable. The COVID 19 public health emergency has had a major impact on all of our citizens and our economy. Record unemployment and the slow recovery of some businesses have had an impact on future revenues.

However, many years of conservative budgeting and prudent financial management have created a solid foundation for economic stability for the future of County. In addition, Talbot County has the 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.

Talbot County has a policy to allot a portion of the General Fund unassigned fund balance equal to 15% of actual General Fund expenditures, before other financing uses, to be used in case of fiscal emergencies. As of June 30, 2023, Talbot County's unassigned fund balance was 62.7% of actual expenditures, before other financing uses.

The FY 2024 General Fund Budget increased by \$16.2 million from the FY 2023 Approved Budget. The FY 2024 budget includes the transfer of \$9.6 million to the Capital Projects and Recreation Fund to fund projects including road and other infrastructure upgrades, new recreation facilities and Talbot County Public Schools capital projects. Excluding these transfers, the General Fund Budget for FY 2024 increased by 9.5%. Public Safety expenses rose \$7.8 million from the FY 2023 budget. The FY 2024 Budget includes funding for salary scale adjustments for some public safety positions, additional school resource officers and additional EMS positions to support call volumes and the expansion of service in the northern area of the county. The contingency reserves budgeted for FY 2024 remain at \$1.5 million. In addition, all proposed equipment purchases (Capital Outlay) of \$1.8 million are included in the County Administration department budget to allow the County the maximum oversight on all equipment purchases during FY 2024.

In FY 2024 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, 2023. 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-two (22) 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

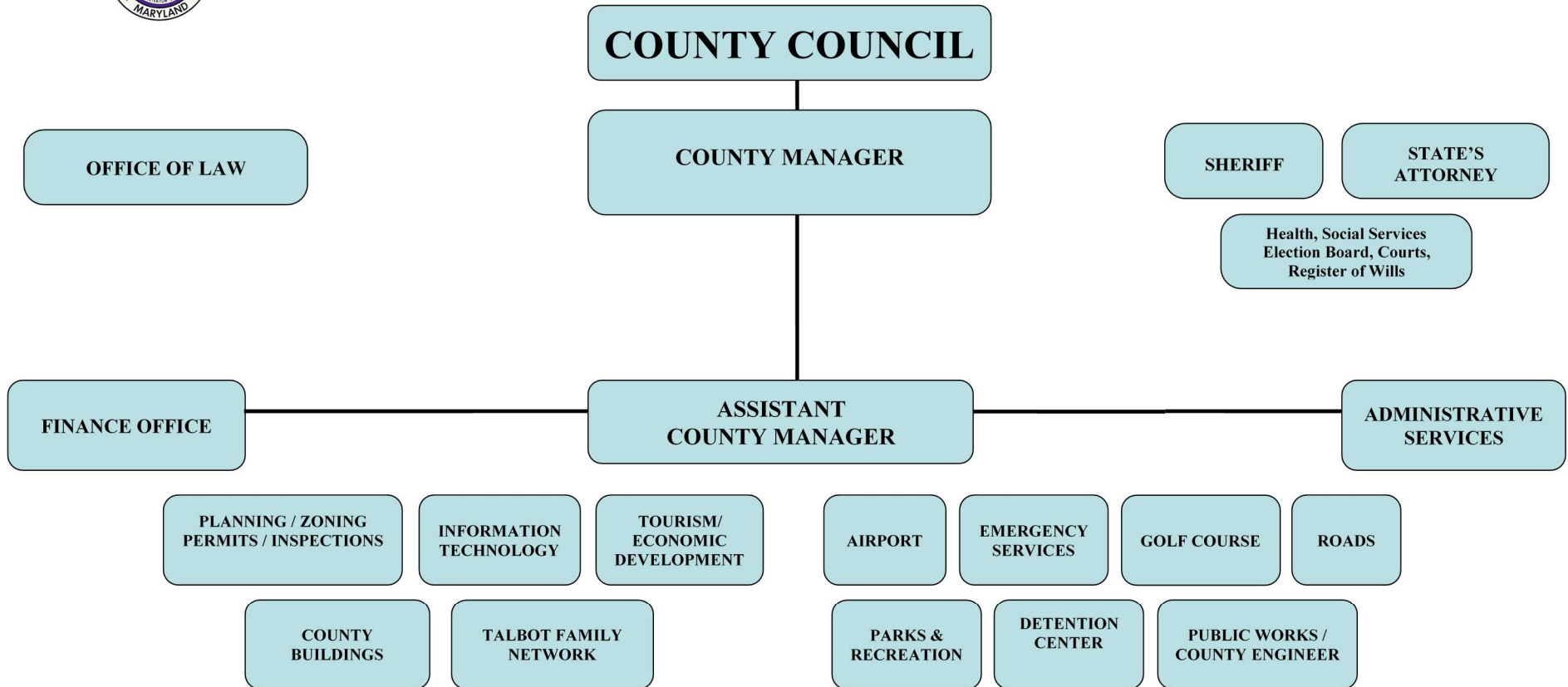
For its Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

Christopher P. Morill

Executive Director/CEO



TALBOT COUNTY GOVERNMENT ORGANIZATIONAL CHART



Talbot County, Maryland
Certain Elected and Other Officials
June 30, 2024

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, 2024, 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, 2024, 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 31, 2025





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, 2024. 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, 2024, by \$202.2 million (total net position), compared to \$174.0 million at June 30, 2023. For fiscal year ended June 30, 2024, the unrestricted portion of net position is a surplus of \$71.8 million and is comprised of \$78.8 million unrestricted net position in the governmental activities and \$7.0 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, 2024, the County included \$26.1 million of bonds payable in liabilities for school construction projects and no corresponding capital assets.
- The total net position increased by \$28.2 million or 16.2%.

Fund Level

- The General Fund had an increase in fund balance of \$22.2 million.
- As of June 30, 2024, the County's governmental funds reported combined fund balances of \$135.6 million, an increase of \$10.7 million from the prior year. Approximately 52.9% of the combined governmental fund balance (\$71.7 million), is available to meet the County's current and future needs (unassigned), while the remaining 47.1% is assigned, indicating that it is not available for new spending because it has already been assigned for items such as subsequent years expenditures, 28.8% is committed or restricted for future use and 1.6% is nonspendable meaning that it is in the form of prepaid items.
- The unassigned fund balance for the General Fund of \$71.7 million is 49.2 percent of general fund revenues, before Other Financing Sources, which is more than the Government Finance Officers Association's Best Practices recommendation that, at minimum, regardless of size, all governments maintain reserves equal to about 16 percent of revenues. The County has a policy of allotting a portion of the unassigned fund balance as a "rainy day fund". The amount allotted at June 30, 2024 for the "rainy day fund" is \$17.1 million (15 percent of the actual general fund expenditures before Other Financing Uses).
- The business-type activities operating revenues fell short of operating expenses resulting in an operating loss of \$4.2 million in these funds before transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 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, and an airport facility.

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

The basic proprietary fund financial statements can be found on pages 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 44-91 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 \$202.2 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 \$78.7 million reflects the surplus of assets without corresponding liabilities.

Restricted net position of \$3.2 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 \$71.8 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	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 152,518,673	\$ 143,892,726	\$ (1,767,740)	\$ 1,666,561	\$ 220,990,880	\$ 145,559,287
Capital Assets	95,983,528	81,416,811	68,472,207	60,006,250	94,215,788	141,423,061
Total Assets	248,502,201	225,309,537	66,704,467	61,672,811	315,206,668	286,982,348
Deferred Outflow of Resources	20,914,924	8,678,934	5,868	8,802	20,920,792	8,687,736
Non Current Liabilities	88,447,666	83,848,281	12,800,830	14,779,231	101,248,496	98,627,512
Other Liabilities	21,739,450	19,731,656	4,430,075	1,631,180	26,169,525	21,362,836
Total Liabilities	110,187,116	103,579,937	17,230,905	16,410,411	127,418,021	119,990,348
Deferred Inflow of Resources	6,487,591	1,693,830	-	-	6,487,591	1,693,830
Net Position:						
Net Investment in Capital Assets	72,855,800	81,381,854	54,294,836	45,365,882	127,150,636	126,747,736
Restricted	1,106,650	251,494	2,138,181	-	3,244,831	251,494
Unrestricted	78,779,968	47,081,356	(6,953,587)	(94,680)	71,826,381	46,986,676
Total Net Position	\$ 152,742,418	\$ 128,714,704	\$ 49,479,430	\$ 45,271,202	\$ 202,221,848	\$ 173,985,906

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	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 9,660,261	\$ 7,427,191	\$ 12,888,749	\$ 14,878,284	\$ 22,549,010	\$ 22,305,475
Operating Grants and Contributions	7,530,454	4,099,367	5,890,203	2,590,761	13,420,657	6,690,128
Capital Grants and Contributions	127,632	4,490,367	-	-	127,632	4,490,367
General Revenues:						
Property Taxes	58,660,845	51,470,500	-	-	58,660,845	51,470,500
Local Income Tax	53,013,098	51,874,354	-	-	53,013,098	51,874,354
Other Local Taxes	16,733,462	16,456,838	-	-	16,733,462	16,456,838
Investment Income	7,261,873	4,228,144	214,596	111,180	7,476,469	4,339,324
Miscellaneous	354,192	-	-	-	354,192	-
Total Revenues	153,341,817	140,046,761	18,993,548	17,580,225	172,335,365	157,626,986
Expenses:						
General Government	18,817,622	16,682,392	-	-	18,817,622	16,682,392
Public Safety	31,870,378	29,484,078	-	-	31,870,378	29,484,078
Public Works	10,237,251	7,115,544	-	-	10,237,251	7,115,544
Health	2,854,596	2,607,800	-	-	2,854,596	2,607,800
Social Services	2,613,921	1,789,068	-	-	2,613,921	1,789,068
Education	57,472,059	51,630,630	-	-	57,472,059	51,630,630
Recreation	1,533,277	2,106,797	-	-	1,533,277	2,106,797
Conservation of Natural Resources	358,600	324,905	-	-	358,600	324,905
Interest Charges	1,071,399	-	-	-	1,071,399	-
Recreation Facilities	-	-	4,128,565	3,852,300	4,128,565	3,852,300
Sanitary District	-	-	5,826,801	5,504,287	5,826,801	5,504,287
Airport	-	-	6,731,494	7,660,249	6,731,494	7,660,249
Repurposing Center	-	-	583,460	818,442	583,460	818,442
Total Expenses	126,829,103	111,741,214	17,270,320	17,835,278	144,099,423	129,576,492
Increase (Decrease) in Net Position before transfers	26,512,714	28,305,547	1,723,228	(255,053)	28,235,942	28,050,494
Transfers In (Out)	(2,485,000)	(952,892)	2,485,000	952,892	-	-
Increase (Decrease) in Net Position	24,027,714	27,352,655	4,208,228	697,839	28,235,942	28,050,494
Net Position – Beginning	128,714,704	101,362,049	45,271,202	44,573,363	173,985,906	145,935,412
Net Position - Ending	\$152,742,418	\$ 128,714,704	\$ 49,479,430	\$ 45,271,202	\$202,221,848	\$ 173,985,906

Governmental Activities. Governmental Activities increased the County's net position after transfers by \$24 million. Key elements of the increase in the net position of governmental activities are as follows:

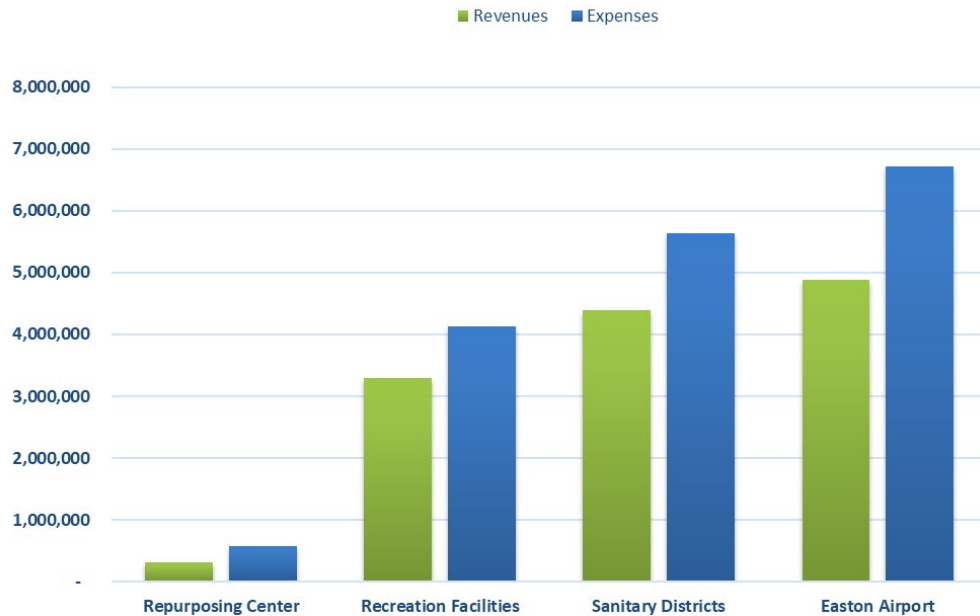
- Property tax revenues increased by \$7.2 million, a 12.3% percent increase from the prior fiscal year and were \$1.8 million more than originally budgeted.
- Local Income Tax revenues increased by \$1.1 million, a 2.2% increase from the prior year actual and \$22 million more than projected in the FY24 budget. Local income tax revenues in Talbot County can be volatile as a result of an atypical level of resident high-income earners.
- Recordation tax revenues decreased by \$181 thousand, a 2% decrease from the prior year actual but \$2.8 million more than projected in the FY24 budget.

- Transfer tax revenues increased by \$316 thousand, a 5.8% percent increase from the prior year actual but \$1.5 million more than originally budgeted for FY 2024.
- 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 \$5.8 million, an 11.3 percent increase from the prior year. Talbot County Schools were funded above the State mandated Adjusted Local Share.

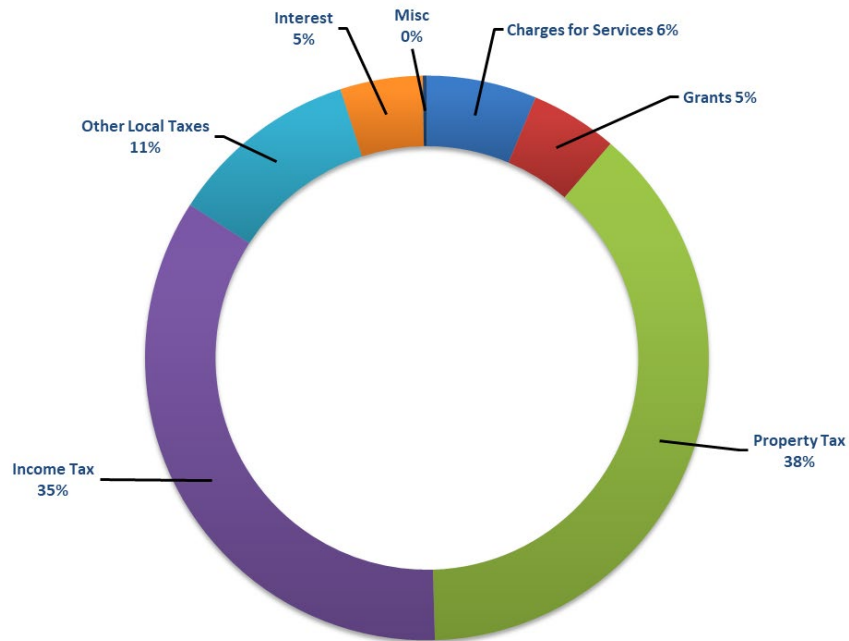
Business-type Activities. Business-type activities increased Talbot County's net position after transfers by \$4.2 million. Increases in grant revenues and charges for services were enough to offset the overall increase in cost of operations.

Fiscal year 2024 operating revenues and expenses for both the business-type and governmental activities are summarized in the charts on the following pages.

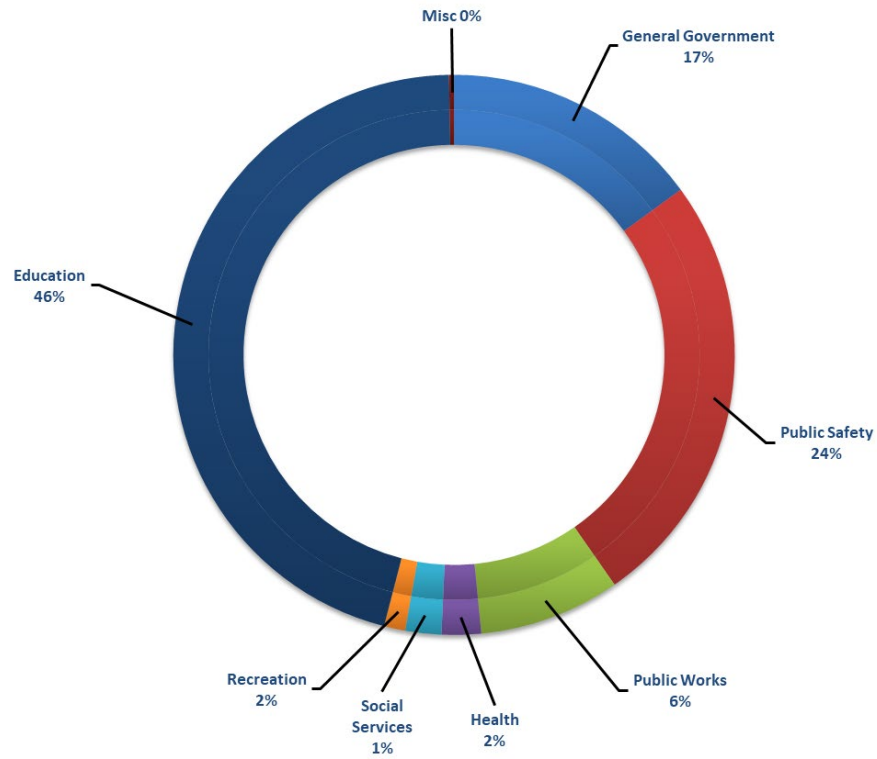
Program Revenues and Expenses - Business-Type Activities For the Year Ended June 30, 2024



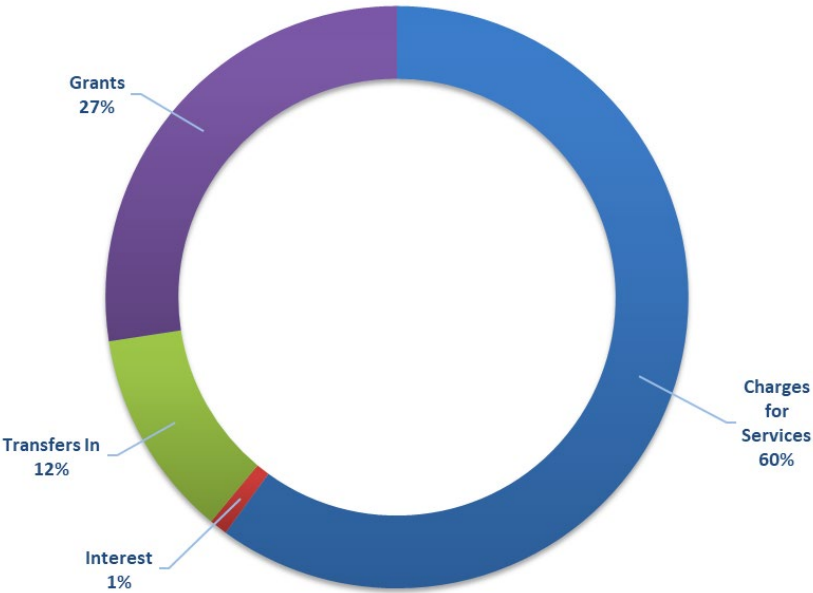
Revenues by Source - Governmental Activities For the Year Ended June 30, 2024



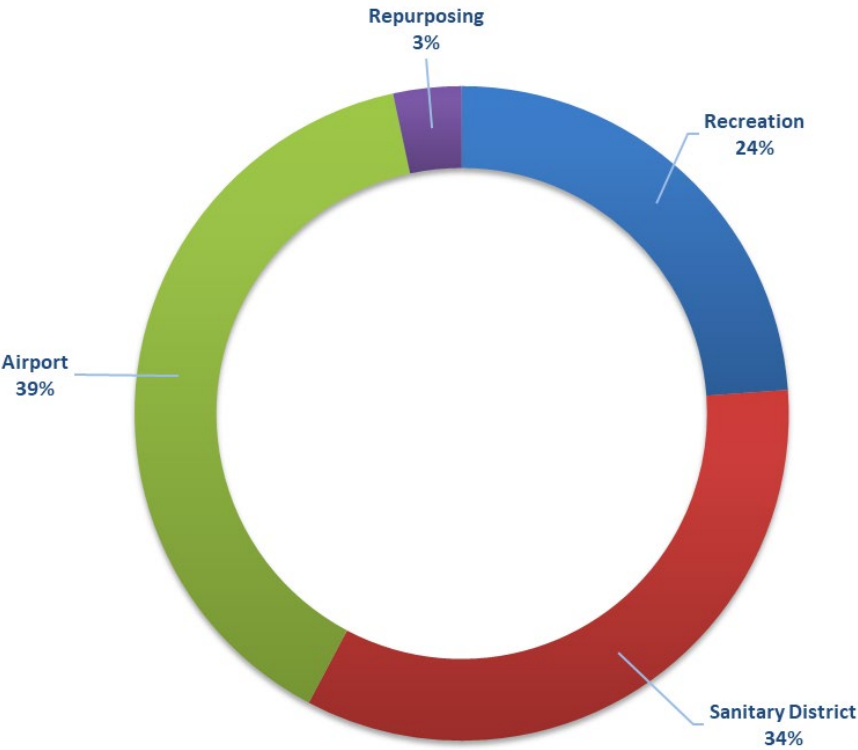
Expenses - Governmental Activities For the Year Ended June 30, 2024



Revenues by Source - Business-Type Activities
For the Year Ended June 30, 2024



Expenses - Business-Type Activities
For the Year Ended June 30, 2024



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 \$135.6 million. Approximately 52.9 percent of this total (\$71.7 million) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been classified to fund other purposes. Capital projects account for the majority of committed funds.

The General Fund is the primary operating fund of the Talbot County Government. At the end of the current fiscal year, the total fund balance was \$112.9 million, and the unassigned fund balance was \$71.7 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62.7 percent of total general fund expenditures before Other Financing Uses, while total fund balance represents 99 percent of total general fund expenditures before Other Financing Uses.

The fund balance of Talbot County's General Fund increased by \$22.2 million during FY 2024. This increase is a combination of increases in property tax, local income tax revenues and investment income.

The fund balance of the County's Capital Projects Fund decreased by \$12.4 million in FY 2024 following a year of heavy investment 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 FY23 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 \$49.5 million. There is a deficit of \$7.0 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 \$17.4 million at June 30, 2024.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final budget and the final actual results for the County totaled \$22.2 million. Revenues received were \$36.9 million more than final budgeted estimates. Expenditures were \$4.7 million less than final budgeted estimates. The major variances can be summarized as follows:

- **Revenues.** Revenues before Other Financing Sources were \$36.9 million more than originally budgeted for the year. As discussed earlier, the major differences between the budgeted amounts and the actual revenues are as follows:
 - Property tax revenues increased by \$7.2 million, a 12.3 percent increase from the prior fiscal year and were \$1.8 million more than originally budgeted.
 - Local income tax revenues increased by \$1.1 million, a 2.2 percent increase from the prior fiscal year and were \$22 million more than originally budgeted.
 - Recordation tax revenues decreased by \$181 thousand, a 2 percent decrease from the prior fiscal year and were \$2.8 million more than originally budgeted.
 - Transfer tax revenues increased by \$316 thousand, a 5.8 percent increase from the prior fiscal year and were \$1.5 million more than originally budgeted.
 - Investment income increased by \$3 million, a 71.3 percent increase from the prior fiscal year.
 - Other Local Tax revenues increased by \$1.4 million, a 190.4% increase from the prior fiscal year, mainly due to fluctuations in the collection of the accommodation tax.
- **Expenditures.** Expenditures were \$4.7 million less than budgeted for the year. Some County departments experienced higher fringe benefit costs than were originally budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Talbot County's investment in capital assets for its governmental and business-type activities as of June 30, 2024 totals \$164.3 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 \$23 million or 16.3 percent.

Capital assets are summarized as follows:

Talbot County Government's Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 16,080,257	\$ 10,056,446	\$ 3,642,512	\$ 3,642,512	\$ 19,722,769	\$ 13,698,958
Construction in progress	22,850,455	11,137,180	13,023,159	4,732,006	35,873,614	15,869,186
Buildings and improvements	18,265,492	20,234,239	45,444,067	44,836,772	63,709,559	65,071,011
Non-deprec. infrastructure	24,682,285	24,682,285	-	-	24,682,285	24,682,285
Infrastructure	7,760,155	8,479,293	-	-	7,760,155	8,479,293
Furniture and equipment	6,344,884	6,827,368	6,362,469	6,794,960	12,707,353	13,622,328
Total	\$ 95,983,528	\$ 81,416,811	\$ 68,472,207	\$ 60,006,250	\$ 164,455,735	\$ 141,423,061

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

- \$ 6.7 million additional investment in a new Talbot County Health Department.
- \$3.7 million additional investment in a new Public Safety Complex.
- \$4.6 million additional investment in upgrades and renovations to County Wastewater Collection Systems of Business Type Activities.
- \$6 million investment in land for future county needs.

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 \$67.4 million, a decrease of approximately \$3.9 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, \$14.2 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Bonds, Notes and Premiums	<u>\$ 53,249,404</u>	<u>\$ 56,674,627</u>	<u>\$ 14,183,243</u>	<u>\$ 14,640,368</u>	<u>\$ 67,432,647</u>	<u>\$ 71,314,995</u>

The County's most recent bond ratings from Moody's Investors Service and Fitch Ratings are Aa1 (Sept 2023) and AAA (Aug 2024), 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 2025 approved budget for the General Fund is \$164 million representing an increase of \$35.2 million from the FY 2024 original approved budget. This increase focuses on the County's priorities in Public Safety, infrastructure and facilities upgrades, along with employee recruitment and retention.
- The County's Real Property tax rates increased to \$.7910 per \$100 from \$.7434 in FY 2024.
- Real Property tax revenue is expected to generate \$5.2 million more than the FY 2024 actual collections and is \$7.0 million more than the FY 2024 budget.
- Income tax revenue in FY 2025 is budgeted to be \$16 million less than the actual FY 2024 collections but is \$6 million more than the FY 2024 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 \$39.1 million are used to balance the FY 2024 General Fund budget with \$27.5 million funding capital projects.
- The Operating Appropriation for Talbot County Public Schools increased by \$3.7 million or 7.2% from FY 2024.
- The budget for contingencies in the FY25 operating budget was increased to \$1.75 million from \$1.5 million in FY 2024.
- All these factors were considered in preparing the County's budget for FY 2025. 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.

REQUESTS FOR INFORMATION

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

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, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Board of Education	Library
ASSETS					
Cash and short-term investments	\$ 134,876,927	\$ 1,764,007	\$ 136,640,934	\$ 19,061,214	\$ 484,788
Investments	-	-	-	-	3,115,827
Receivables:					
Accounts receivable	1,956,586	3,499,811	5,456,397	-	119,794
Other	-	-	-	134,438	196,943
Intergovernmental:					
State	5,529,768	-	5,529,768	826,474	-
Federal	659,370	-	659,370	1,674,199	-
Local	-	-	-	79,052	-
Prepaid items	2,109,346	28,991	2,138,337	-	6,015
Internal balances	7,386,676	(7,386,676)	-	-	-
Inventories	-	326,127	326,127	-	-
Nondepreciable capital assets	63,612,997	16,665,671	80,278,668	2,045,108	291,332
Depreciable capital assets, net	32,370,531	51,806,536	84,177,067	96,268,650	427,542
TOTAL ASSETS	248,502,201	66,704,467	315,206,668	120,089,135	4,642,241
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	10,851,420	-	10,851,420	2,227,111	-
OPEB	9,845,794	-	9,845,794	25,037,915	302,342
Deferred charge on refunding	217,710	5,868	223,578	-	-
TOTAL DEFERRED OUTFLOWS	20,914,924	5,868	20,920,792	27,265,026	302,342
LIABILITIES					
Accounts payable and accrued liabilities	8,384,426	2,740,070	11,124,496	7,012,157	44,795
Other payables	-	-	-	-	196,943
Unearned revenue	9,459,757	150,207	9,609,964	2,608,787	-
Long-term liabilities, due within one year:					
Compensated absences	650,295	61,584	711,879	-	-
Bonds and notes payable	3,244,972	1,478,214	4,723,186	16,293	9,028
Obligations under state retirement system	-	-	-	55,310	-
Long-term liabilities, due in more than one year:					
Compensated absences	892,402	95,805	988,207	545,105	-
Bonds and notes payable	50,004,432	12,705,025	62,709,457	1,063,159	6,930
Obligations under state retirement system	-	-	-	491,615	-
Net pension liability	21,383,316	-	21,383,316	5,797,774	-
Net other post-employment benefit liability	16,167,516	-	16,167,516	71,854,402	1,963,892
TOTAL LIABILITIES	110,187,116	17,230,905	127,418,021	89,444,602	2,221,588
DEFERRED INFLOWS OF RESOURCES					
Pensions	4,830,728	-	4,830,728	268,088	-
OPEB	1,656,863	-	1,656,863	74,301,577	154,315
TOTAL DEFERRED INFLOWS	6,487,591	-	6,487,591	74,569,665	154,315
NET POSITION					
Net investment in capital assets	72,855,800	54,294,836	127,150,636	97,234,306	702,916
Restricted for:					
Capital projects	-	2,138,181	2,138,181	-	-
Social services	847,790	-	847,790	-	-
Public safety	258,860	-	258,860	-	-
Food services	-	-	-	1,967,926	-
Programs	-	-	-	-	1,884,282
Unrestricted (deficit)	78,779,968	(6,953,587)	71,826,381	(115,862,338)	(18,518)
TOTAL NET POSITION	\$ 152,742,418	\$ 49,479,430	\$ 202,221,848	\$ (16,660,106)	\$ 2,568,680

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

TALBOT COUNTY, MARYLAND

Statement of Activities For the Year Ended June 30, 2024

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	\$ 18,817,622	\$ 5,229,554	\$ 313,344	\$ 23	\$ (13,274,701)	\$ -	\$ (13,274,701)	\$ -	\$ -	-
Public safety	31,870,378	3,723,997	2,264,064	95,493	(25,786,824)	-	(25,786,824)	-	-	-
Public works	10,237,251	420,042	2,454,965	32,116	(7,330,128)	-	(7,330,128)	-	-	-
Health and hospitals	2,854,596	135,044	138,047	-	(2,581,505)	-	(2,581,505)	-	-	-
Social services	2,613,921	-	2,260,034	-	(353,887)	-	(353,887)	-	-	-
Education	57,472,059	-	-	-	(57,472,059)	-	(57,472,059)	-	-	-
Recreation	1,533,277	100,291	100,000	-	(1,332,986)	-	(1,332,986)	-	-	-
Conservation of natural resources	358,600	51,333	-	-	(307,267)	-	(307,267)	-	-	-
Interest on long-term debt	1,071,399	-	-	-	(1,071,399)	-	(1,071,399)	-	-	-
Total governmental activities	126,829,103	9,660,261	7,530,454	127,632	(109,510,756)	-	(109,510,756)	-	-	-
BUSINESS-TYPE ACTIVITIES										
Recreation facilities	4,128,565	3,296,471	-	-	-	(832,094)	(832,094)	-	-	-
Sanitary district	5,826,801	4,394,081	992,758	-	-	(439,962)	(439,962)	-	-	-
Easton airport	6,731,494	4,881,776	4,897,445	-	-	3,047,727	3,047,727	-	-	-
Repurposing center	583,460	316,421	-	-	-	(267,039)	(267,039)	-	-	-
Total business-type activities	17,270,320	12,888,749	5,890,203	-	-	1,508,632	1,508,632	-	-	-
Total primary government	\$ 144,099,423	\$ 22,549,010	\$ 13,420,657	\$ 127,632	(109,510,756)	1,508,632	(108,002,124)	-	-	-
COMPONENT UNITS										
Board of Education	\$ 83,565,567	\$ 720,681	\$ 16,805,610	\$ 3,751,591	-	-	-	(62,287,685)	-	-
Talbot County Free Library	2,503,402	-	2,784,786	-	-	-	-	-	281,384	-
Total component units	\$ 86,068,969	\$ 720,681	\$ 19,590,396	\$ 3,751,591	-	-	-	(62,287,685)	281,384	-
General Revenues										
Taxes:										
Property					58,660,845	-	58,660,845	-	-	-
Local income					53,013,098	-	53,013,098	-	-	-
Other:										
Admissions and amusements					41,776	-	41,776	-	-	-
Recordation					8,873,546	-	8,873,546	-	-	-
Transfer					5,746,741	-	5,746,741	-	-	-
Public accommodations					2,018,420	-	2,018,420	-	-	-
Mobile manufactured homes					52,979	-	52,979	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	70,939,065	-	-
Interest					7,261,873	214,596	7,476,469	1,219,031	256,284	-
Miscellaneous					354,192	-	354,192	132,162	-	-
Total general revenues					136,023,470	214,596	136,238,066	72,290,258	256,284	-
Transfers					(2,485,000)	2,485,000	-	-	-	-
Total general revenues and transfers					133,538,470	2,699,596	136,238,066	72,290,258	256,284	-
Change in net position					24,027,714	4,208,228	28,235,942	10,002,573	537,668	-
Net position, beginning of year					128,714,704	45,271,202	173,985,906	(26,662,679)	2,031,012	-
Net position, end of year					\$ 152,742,418	\$ 49,479,430	\$ 202,221,848	\$ (16,660,106)	\$ 2,568,680	-

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, 2024

	General Fund	Capital Projects Fund	Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short-term investments	\$ 104,574,432	\$ 19,746,581	\$ 6,659,874	\$ 3,896,040	\$ 134,876,927
Receivables:					
Accounts receivable	580,832	133,769	1,237,264	4,721	1,956,586
Intergovernmental:					
State	5,529,768	-	-	-	5,529,768
Federal	659,370	-	-	-	659,370
Prepaid items	2,108,437	-	909	-	2,109,346
Due from other funds	7,386,676	-	-	-	7,386,676
TOTAL ASSETS	<u>\$ 120,839,515</u>	<u>\$ 19,880,350</u>	<u>\$ 7,898,047</u>	<u>\$ 3,900,761</u>	<u>\$ 152,518,673</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,962,198	\$ 1,049,936	\$ 1,429,316	\$ 35,224	\$ 7,476,674
Unearned revenue	2,994,241	-	6,465,359	157	9,459,757
TOTAL LIABILITIES	<u>7,956,439</u>	<u>1,049,936</u>	<u>7,894,675</u>	<u>35,381</u>	<u>16,936,431</u>
FUND BALANCES					
Nonspendable	2,108,437	-	909	-	2,109,346
Restricted for:					
Social services	-	-	2,463	845,327	847,790
Public safety	-	-	-	258,860	258,860
Committed for:					
Capital projects	-	18,830,414	-	2,761,193	21,591,607
Assigned for:					
Future budget	39,093,752	-	-	-	39,093,752
Unassigned	71,680,887	-	-	-	71,680,887
TOTAL FUND BALANCES	<u>112,883,076</u>	<u>18,830,414</u>	<u>3,372</u>	<u>3,865,380</u>	<u>135,582,242</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 120,839,515</u>	<u>\$ 19,880,350</u>	<u>\$ 7,898,047</u>	<u>\$ 3,900,761</u>	<u>\$ 152,518,673</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, 2024

Total governmental funds balances		\$	135,582,242
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			95,983,528
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	\$	(53,249,404)	
Accrued interest on long-term debt		(907,752)	
Net pension liability		(21,383,316)	
Net OPEB liability		(16,167,516)	
Compensated absences		<u>(1,542,697)</u>	
			(93,250,685)
Deferred outflows - Maryland State Pension			10,851,420
Deferred inflows - Maryland State Pension			(4,830,728)
Deferred outflows - OPEB			9,845,794
Deferred inflows - OPEB			(1,656,863)
Deferred charge on refunding			<u>217,710</u>
Net position of governmental activities		\$	<u><u>152,742,418</u></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, 2024

	General Fund	Capital Projects	Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE					
Real property taxes	\$ 58,660,845	\$ -	\$ -	\$ -	\$ 58,660,845
Local income taxes	53,013,098	-	-	-	53,013,098
Other local taxes	16,707,168	-	-	-	16,707,168
Licenses and permits	1,259,460	-	-	769,787	2,029,247
Intergovernmental:					
Federal	95,492	-	1,922,457	-	2,017,949
State	2,717,719	-	2,809,169	615,752	6,142,640
Service charges	4,073,715	-	-	-	4,073,715
Fines and forfeitures	11,647	-	-	-	11,647
Miscellaneous	1,992,116	573,677	276,666	900,382	3,742,841
Interest	7,089,437	1,926	-	152,149	7,243,512
Total Revenue	145,620,697	575,603	5,008,292	2,438,070	153,642,662
EXPENDITURES					
Current:					
General government	10,909,291	7,030,409	607,979	-	18,547,679
Public safety	27,870,424	3,975,224	737,948	51,131	32,634,727
Public works	6,476,498	1,030,361	2,093,396	-	9,600,255
Health and hospitals	2,854,596	6,693,901	-	-	9,548,497
Social services	1,226,965	-	771,185	615,771	2,613,921
Education	58,209,818	1,864,422	-	-	60,074,240
Recreation	956,199	-	296,445	-	1,252,644
Conservation of natural resources	358,600	-	-	-	358,600
Employee benefits	1,898,794	-	-	-	1,898,794
Miscellaneous	185,363	-	384,349	-	569,712
Intergovernmental	1,513,596	-	-	-	1,513,596
Debt service interest	1,375,594	-	-	-	1,375,594
Debt service principal	517,719	-	-	-	517,719
Total Expenditures	114,353,457	20,594,317	4,891,302	666,902	140,505,978
Excess (Deficiency) of Revenue Over Expenditures	31,267,240	(20,018,714)	116,990	1,771,168	13,136,684
OTHER FINANCING SOURCES (USES)					
Transfers in	-	7,621,790	-	-	7,621,790
Transfers out	(9,100,000)	-	(116,990)	(889,800)	(10,106,790)
TOTAL OTHER FINANCING SOURCES (USES)	(9,100,000)	7,621,790	(116,990)	(889,800)	(2,485,000)
NET CHANGES IN FUND BALANCE	22,167,240	(12,396,924)	-	881,368	10,651,684
FUND BALANCES - BEGINNING OF YEAR	90,715,836	31,227,338	3,372	2,984,012	124,930,558
FUND BALANCES - END OF YEAR	\$ 112,883,076	\$ 18,830,414	\$ 3,372	\$ 3,865,380	\$ 135,582,242

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, 2024

Net change in fund balances - total governmental funds	\$	10,651,684
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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	\$	19,843,966	
Current year depreciation		(5,137,495)	
Disposals		(139,754)	
Total			14,566,717

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	3,031,828
Accrued interest on long-term debt	(138,264)

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	393,395
Change in deferred debt refunding costs	(108,856)
Change in net other post-employment benefits	(542,003)
Change in net pension liability	(3,699,590)
Change in compensated absences	(127,197)

Change in net position of governmental activities	\$	24,027,714
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The notes to financial statements are an integral part of this statement.

TALBOT COUNTY, MARYLAND

Statement of Fund Net Position – Business-Type Activities June 30, 2024

	Major Funds				
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	Total
ASSETS					
Current assets:					
Cash and short-term investments	\$ 4,605	\$ 98	\$ 1,759,304	\$ -	\$ 1,764,007
Accounts receivable:					
Accounts receivable, customers	47,100	624,518	2,828,193	-	3,499,811
Intergovernmental:					
Prepaid items	28,991	-	-	-	28,991
Inventories	93,548	93,447	139,132	-	326,127
Total current assets	<u>174,244</u>	<u>718,063</u>	<u>4,726,629</u>	<u>-</u>	<u>5,618,936</u>
Noncurrent assets:					
Land	450,000	2,463,800	728,712	-	3,642,512
Construction in progress	281,819	6,156,390	6,584,950	-	13,023,159
Buildings and improvements	24,396,465	58,889,874	49,705,500	212,758	133,204,597
Furniture and equipment	4,315,750	5,170,294	2,203,192	1,965,983	13,655,219
Less: accumulated depreciation	(16,747,846)	(33,876,038)	(43,894,143)	(535,253)	(95,053,280)
Total Noncurrent Assets	<u>12,696,188</u>	<u>38,804,320</u>	<u>15,328,211</u>	<u>1,643,488</u>	<u>68,472,207</u>
TOTAL ASSETS	<u>12,870,432</u>	<u>39,522,383</u>	<u>20,054,840</u>	<u>1,643,488</u>	<u>74,091,143</u>
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refundings	<u>5,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,868</u>
LIABILITIES					
Current liabilities:					
Accounts payable	320,959	1,187,617	1,217,407	14,087	2,740,070
Compensated absences	19,901	25,691	10,768	5,224	61,584
Due to other funds	1,831,685	3,917,809	-	1,637,182	7,386,676
Unearned revenue	62,207	88,000	-	-	150,207
Current maturities of long-term debt	207,531	903,386	6,977	360,320	1,478,214
Total current liabilities	<u>2,442,283</u>	<u>6,122,503</u>	<u>1,235,152</u>	<u>2,016,813</u>	<u>11,816,751</u>
Noncurrent liabilities:					
Compensated absences	25,914	42,291	23,522	4,078	95,805
Long-term debt, less current maturities	365,529	11,447,141	200,121	692,234	12,705,025
Total noncurrent liabilities	<u>391,443</u>	<u>11,489,432</u>	<u>223,643</u>	<u>696,312</u>	<u>12,800,830</u>
TOTAL LIABILITIES	<u>2,833,726</u>	<u>17,611,935</u>	<u>1,458,795</u>	<u>2,713,125</u>	<u>24,617,581</u>
NET POSITION					
Net investment in capital assets	12,128,996	26,453,793	15,121,113	590,934	54,294,836
Restricted	2,138,181	-	-	-	2,138,181
Unrestricted (deficit)	(4,224,603)	(4,543,345)	3,474,932	(1,660,571)	(6,953,587)
TOTAL NET POSITION	<u>\$ 10,042,574</u>	<u>\$ 21,910,448</u>	<u>\$ 18,596,045</u>	<u>\$ (1,069,637)</u>	<u>\$ 49,479,430</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, 2024

	Major Funds				
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	Total
OPERATING REVENUE					
Airport - operations	\$ -	\$ -	\$ 866,583	\$ -	\$ 866,583
Airport - fuel facility	-	-	3,469,192	-	3,469,192
Airport - hangars	-	-	515,975	-	515,975
Sewer service charges	-	3,864,151	-	-	3,864,151
Sewer connection charges	-	307,682	-	-	307,682
Wind/solar renewable energy	-	5,348	-	-	5,348
Admissions	389,754	-	-	-	389,754
Room rents	85,470	-	-	-	85,470
Ice revenue	446,745	-	-	-	446,745
Pro shop and concessions	582,526	-	-	-	582,526
Cart rentals	12,849	-	-	-	12,849
Green fees	1,679,507	-	-	-	1,679,507
Other operating	99,620	216,900	30,026	316,421	662,967
TOTAL OPERATING REVENUE	3,296,471	4,394,081	4,881,776	316,421	12,888,749
OPERATING EXPENSES					
Salaries and related expenses	1,457,313	1,249,071	566,331	222,128	3,494,843
Cost of sales - fuel	-	-	3,171,559	-	3,171,559
Professional fees	23,200	-	-	-	23,200
Office	44,179	19,084	44,377	-	107,640
Insurance	25,217	34,046	19,218	-	78,481
Contracted services	-	1,302,760	-	-	1,302,760
Repairs and maintenance	326,194	206,372	192,816	-	725,382
Utilities	316,484	202,479	200,312	-	719,275
Supplies and equipment	178,964	282,981	3,843	-	465,788
Lessons and programs	125,692	-	-	-	125,692
Concessions	284,497	-	-	-	284,497
Depreciation	1,140,595	2,112,145	2,321,526	214,520	5,788,786
Other operating	203,561	229,218	202,569	146,812	782,160
TOTAL OPERATING EXPENSES	4,125,896	5,638,156	6,722,551	583,460	17,070,063
OPERATING LOSS	(829,425)	(1,244,075)	(1,840,775)	(267,039)	(4,181,314)
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	992,758	4,897,445	-	5,890,203
Interest income	-	93,299	121,297	-	214,596
Interest expense	(2,669)	(188,645)	(8,943)	-	(200,257)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,669)	897,412	5,009,799	-	5,904,542
Income (Loss) Before Transfers	(832,094)	(346,663)	3,169,024	(267,039)	1,723,228
Transfers In	2,485,000	-	-	-	2,485,000
Change in Net Position	1,652,906	(346,663)	3,169,024	(267,039)	4,208,228
NET POSITION - BEGINNING OF YEAR	8,389,668	22,257,111	15,427,021	(802,598)	45,271,202
NET POSITION - END OF YEAR	\$ 10,042,574	\$ 21,910,448	\$ 18,596,045	\$ (1,069,637)	\$ 49,479,430

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, 2024

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
Cash flows from operating activities:					
Cash received from customers	\$ 3,289,607	\$ 4,682,195	\$ 2,516,940	\$ 316,421	\$ 10,805,163
Cash payments for salaries and related expenses	(1,456,196)	(1,239,527)	(556,856)	(223,828)	(3,476,407)
Cash payments to suppliers	(1,644,790)	(480,350)	(2,919,257)	(156,787)	(5,201,184)
Cash payments for contracted services	-	(1,302,760)	-	-	(1,302,760)
Payments to other funds	(3,506,468)	-	-	-	(3,506,468)
Receipts from other funds	-	2,103,004	-	412,832	2,515,836
Net Cash (used) provided by operating activities	(3,317,847)	3,762,562	(959,173)	348,638	(165,820)
Cash flows from noncapital financing activities:					
Transfers from other funds	2,485,000	-	-	-	2,485,000
Intergovernmental revenues	-	991,078	4,803,690	-	5,794,768
Net cash provided by noncapital financing activities	2,485,000	991,078	4,803,690	-	8,279,768
Cash flows from capital and related financing activities:					
Principal paid on long-term notes and bonds	(360,092)	(890,622)	(6,685)	(348,638)	(1,606,037)
Interest paid on long-term notes and bonds	-	(186,304)	(8,943)	-	(195,247)
Proceeds from long-term notes and bonds	-	880,000	-	-	880,000
Acquisition and construction of capital assets	(4,511,070)	(4,649,915)	(4,730,829)	-	(13,891,814)
Net cash (used) provided by capital and related financing activities	(4,871,162)	(4,846,841)	(4,746,457)	(348,638)	(14,813,098)
Cash flows from investing activities:					
Interest income on investments	-	93,299	121,297	-	214,596
Net cash provided (used) by investing activities	-	93,299	121,297	-	214,596
Increase (Decrease) in Cash and Cash Equivalents	(5,704,009)	98	(780,643)	-	(6,484,554)
Cash and Cash Equivalents at Beginning of Year	5,708,614	-	2,539,947	-	8,248,561
Cash and Cash Equivalents at End of Year	\$ 4,605	\$ 98	\$ 1,759,304	\$ -	\$ 1,764,007

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, 2024

	Major Funds				Total
	Recreation Facilities	Sanitary District	Easton Airport	Repurposing Center	
Reconciliation of operating loss to net cash (used)					
Provided by operating activities:					
Operating loss	\$ (829,425)	\$ (1,244,075)	\$ (1,840,775)	\$ (267,039)	\$ (4,181,314)
Adjustments to reconcile operating loss to net cash (used) provided by operating activities					
Depreciation	1,140,595	2,112,145	2,321,526	214,520	5,788,786
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable, customers	(15,599)	200,114	(2,320,072)	-	(2,135,557)
(Increase) decrease in inventories	33,150	-	(10,794)	-	22,356
(Increase) decrease in prepaids	(22,761)	-	-	32,470	9,709
Increase (decrease) in accounts payable	(127,191)	399,721	926,231	12,533	1,211,294
(Decrease) increase in compensated absences	1,117	9,544	9,475	(5,778)	14,358
(Decrease) increase in due to other funds	(3,506,468)	2,197,113	-	361,932	(947,423)
Increase (Decrease) in unearned revenue	8,735	88,000	(44,764)	-	51,971
Net cash (used) provided by operating activities	<u>\$ (3,317,847)</u>	<u>\$ 3,762,562</u>	<u>\$ (959,173)</u>	<u>\$ 348,638</u>	<u>\$ (165,820)</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, 2024**

	Other Post-Employment Benefits Trust Fund
ASSETS	
Cash and equivalents	\$ 1,340,019
Investments in pooled fund, at fair market value	
Debt securities	4,883,171
Fixed income funds	826,117
Mutual and global funds	6,400,471
International	3,994,389
TOTAL ASSETS	17,444,167
LIABILITIES	
Accrued expenses	22,526
NET POSITION	
Net Position Restricted for OPEB	\$ 17,421,641

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, 2024

	Other Post - Employment Benefits Trust Fund
ADDITIONS:	
Contributions	\$ 650,000
Investment earnings	
Interest	441,848
Net increase in the fair value of investments	1,275,001
Less: investment expenses	8,530
Net investment income	1,708,319
Total additions	2,358,319
DEDUCTIONS:	
Administrative expenses	76,944
Total deductions	76,944
Change in net position	2,281,375
Net position restricted for OPEB - beginning of year	15,140,266
Net position restricted for OPEB - end of year	\$ 17,421,641

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, 2024

1. REPORTING ENTITY

Talbot County, Maryland (the County) is a Charter Home Rule 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. The Library's financial statements include as a component unit the financial data of the Foundation. The Foundation is a separate legal entity from the library.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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, 2024

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, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting (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, 2024

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, 2024

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 these procedures in establishing the budgetary data:

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

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

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

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

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

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

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets (continued)

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.

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.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Accrued Liabilities and Long-Term Obligations (continued)

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, 2024

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.

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.

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.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.”

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, 2024, the County had deposits of \$114,269,023 with local banks (carrying value \$114,472,335). 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, 2024, all deposits were fully insured or collateralized with securities pledged in the County’s name. Petty cash totaled \$14,030 as of June 30, 2024.

Board of Education

As of June 30, 2024, the reported amount of the Board’s bank deposits (carrying value) was \$20,284,671 and the bank balance was \$21,499,293. These balances include \$473,456 of fiduciary cash and MLGIP of \$14,555,730. 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, 2024, the Library had deposits totaling \$607,505 (carrying value \$484,788), which were fully insured by federal depository insurance issued by the Federal Depository Insurance Corporation (FDIC).

TALBOT COUNTY, MARYLAND

Notes to Financial Statements
June 30, 2024

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, 2024, the County had investments in MLGIP of \$22,241,601, 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, 2024, the County had the following short-term investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (months)</u>
MLGIP	\$ 22,241,601	<2

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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, 2024, the weighted average maturity (WAM) for the MACO Trust's money market mutual fund was 36 days. At June 30, 2024, 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, 2024

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, 2024, of which Talbot County's portion was approximately 19% of the total:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt Securities				
U.S. Treasury Obligations	\$ -	\$ 8,115,276	\$ -	\$ 8,115,276
U.S. Governmental Agencies	-	5,223,664	-	5,223,664
Corporate & Foreign Bonds	-	10,317,988	-	10,317,988
Municipal Obligations	-	2,043,971	-	2,043,971
Equity and Mutual Fund Investments				
Taxable Fixed Income Securities	-	4,347,982	-	4,347,982
Mutual Funds	33,686,687	-	-	33,686,687
Global Funds	7,335,100	-	-	7,335,100
International Funds	13,688,002	-	-	13,688,002
Total	<u>\$ 54,709,789</u>	<u>\$ 30,048,881</u>	<u>\$ -</u>	<u>\$ 84,758,670</u>

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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, 2024:

	Investment Maturities (in Years)				Total
	Less than 1	1-5	6-10	More than 10	
Investments with maturities					
U.S. Treasury Obligations	\$ 89,715	\$ 1,142,971	\$ 2,083,854	\$ 4,798,736	\$ 8,115,276
U.S. Governmental Agencies	-	177,453	439,296	4,606,915	5,223,664
Corporate & Foreign Bonds	184,684	1,191,971	1,620,783	7,320,551	10,317,989
Municipal Obligations	-	-	-	2,043,971	2,043,971
Total	<u>\$ 274,399</u>	<u>\$ 2,512,395</u>	<u>\$ 4,143,933</u>	<u>\$ 18,770,173</u>	<u>\$ 25,700,900</u>

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

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, 2024, 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	\$7,540,277	\$ -	\$ -	\$ -	\$ 574,999	\$ 8,115,276
U.S. Governmental Agencies	-	-	-	-	5,223,664	5,223,664
Corporate & Foreign Bonds	165,928	1,860,253	5,240,382	2,779,504	271,922	10,317,989
Municipal Obligations	393,863	1,428,144	86,424	-	135,540	2,043,971
Total	<u>\$8,100,068</u>	<u>\$ 3,288,397</u>	<u>\$ 5,326,806</u>	<u>\$ 2,779,504</u>	<u>\$ 6,206,125</u>	<u>\$25,700,900</u>

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the 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, 2024, which are uninsured and unregistered:

	Fair Value June 30, 2024
U.S. Treasury Obligations	\$ 8,115,276
U.S. Governmental Agencies	5,223,664
Corporate & Foreign Bonds	10,317,989
Municipal Obligations	2,043,971
Taxable Fixed Income Securities	4,347,982
Mutual Funds	33,686,687
Global Funds	7,335,100
International	13,688,002
Total	<u>\$ 84,758,671</u>

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

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, 2024 that exceeded 5% of the total investment balances as of June 30, 2024:

<u>Name</u>	<u>Amount</u>
Vanguard 500 Index CL ADML	\$ 8,607,060
New World Fund-R6	7,335,100
FullerThaler Behavioral SC EQ R6	6,889,333
Transamerica TS&W International EQ-IS	6,864,353
Lazard International Strategic Equity FD CL-I	6,823,648
iShares MSCI USA Quality Factor ETF	5,655,059
Vanguard Mid-Cap Index Fund Admiral Shares	4,506,264
BlackRock High Yield Instl	4,347,982

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, 2024, 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, 2024, the Board had investments in MLGIP of \$14,555,73.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

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, 2024, 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	\$ 231,595	7%	\$ 231,595	\$ -	\$ -	\$ -	\$ 231,595
Fixed income	1,095,681	35%	299,039	267,463	448,098	81,081	1,095,681
Equities	1,182,377	38%	1,182,377	-	-	-	1,182,377
Equity funds	14,643	0%	14,643	-	-	-	14,643
Exchange traded funds	591,531	20%	591,531	-	-	-	591,531
Total	<u>\$3,115,827</u>	<u>100%</u>	<u>\$2,319,185</u>	<u>\$267,463</u>	<u>\$448,098</u>	<u>\$ 81,081</u>	<u>\$3,115,827</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, 2024

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 2024, to support operations, the general fund transferred \$2,420,000 to the recreation fund and \$6,680,000 to capital projects. In addition, to support operations, the developmental impact fund transferred \$65,000 to the recreation fund and \$824,800 to capital projects. Lastly, the grants fund transferred \$116,990 to capital projects.

Due from/to other funds balances as of June 30, 2024 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	\$ 7,386,676	\$ -
Enterprise Fund - Recreation Facilities	Transfers	-	1,831,685
Enterprise Fund - Sanitary District	Transfers	-	3,917,809
Enterprise Fund - Repurposing Center	Transfers	-	1,637,182
		<u>\$ 7,386,676</u>	<u>\$ 7,386,676</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, 2024

5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Transfers and Reductions	Balance June 30, 2024
Primary Government:				
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 10,056,446	\$ 6,023,811	\$ -	\$ 16,080,257
Infrastructure - road base	24,682,285	-	-	24,682,285
Construction in progress	11,137,180	11,853,029	(139,754)	22,850,455
Total Nondepreciable Capital Assets	45,875,911	17,876,840	(139,754)	63,612,997
Depreciable Capital Assets:				
Buildings and improvements	56,575,939	810,852	(50,829)	57,335,962
Infrastructure	21,623,545	190,760	-	21,814,305
Furniture and equipment	25,121,743	965,514	(1,074,066)	25,013,191
Total capital assets being depreciated	103,321,227	1,967,126	(1,124,895)	104,163,458
Less accumulated depreciation for:				
Buildings and improvements	36,341,700	2,779,599	(50,829)	39,070,470
Infrastructure	13,144,252	909,898	-	14,054,150
Furniture and equipment	18,294,375	1,447,998	(1,074,066)	18,668,307
Total accumulated depreciation	67,780,327	5,137,495	(1,124,895)	71,792,927
Total depreciable Capital Assets, Net	35,540,900	(3,170,369)	-	32,370,531
Total Governmental Activities, Net	\$ 81,416,811	\$ 14,706,471	\$ (139,754)	\$ 95,983,528
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 3,642,512	\$ -	\$ -	\$ 3,642,512
Construction in progress	4,732,006	9,681,702	(1,390,549)	13,023,159
Total Nondepreciable Capital Assets	8,374,518	9,681,702	(1,390,549)	16,665,671
Depreciable Capital Assets:				
Buildings and improvements	127,741,256	5,506,855	(43,514)	133,204,597
Furniture and equipment	13,377,904	493,458	(216,143)	13,655,219
Total capital assets being depreciated	141,119,160	6,000,313	(259,657)	146,859,816
Less accumulated depreciation for:				
Buildings and improvements	82,904,484	4,871,797	(15,751)	87,760,530
Furniture and equipment	6,582,944	916,989	(207,183)	7,292,750
Total accumulated depreciation	89,487,428	5,788,786	(222,934)	95,053,280
Total depreciable Capital Assets, Net	51,631,732	211,527	(36,723)	51,806,536
Total Business-Type Activities, Net	\$ 60,006,250	\$ 9,893,229	\$ (1,427,272)	\$ 68,472,207

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

5. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,008,991
Public Safety	2,180,514
Public Works	1,667,357
Recreation	280,633
Total Depreciation Expense - Governmental Activities	<u>\$ 5,137,495</u>

A summary of changes in capital assets for the component units at June 30, 2024 is as follows:

<u>Component Units</u>	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Transfers and Reductions</u>	<u>Balance June 30, 2024</u>
Board of Education				
Nondepreciable Capital Assets:				
Land	\$ 624,446	\$ -	\$ -	\$ 624,446
Construction in progress	5,000	1,420,662	(5,000)	1,420,662
Total Nondepreciable Capital Assets	<u>629,446</u>	<u>1,420,662</u>	<u>(5,000)</u>	<u>2,045,108</u>
Depreciable Capital Assets:				
Buildings and improvements	139,644,750	2,095,341	5,000	141,745,091
Furniture and equipment	32,840,064	2,820,920	(3,763,287)	31,897,697
Right-to-use lease equipment	476,792	-	-	476,792
Total capital assets being depreciated	<u>172,961,606</u>	<u>4,916,261</u>	<u>(3,758,287)</u>	<u>174,119,580</u>
Less accumulated depreciation for:				
Buildings and improvements	50,020,905	3,331,521	-	53,352,426
Furniture and equipment	25,835,054	1,991,660	(3,756,263)	24,070,451
Right-to-use lease equipment	332,694	95,359	-	428,053
Total accumulated depreciation	<u>76,188,653</u>	<u>5,418,540</u>	<u>(3,756,263)</u>	<u>77,850,930</u>
Total depreciable Capital Assets, Net	<u>96,772,953</u>	<u>(502,279)</u>	<u>(2,024)</u>	<u>96,268,650</u>
Capital assets, net	<u>\$ 97,402,399</u>	<u>\$ 918,383</u>	<u>\$ (7,024)</u>	<u>\$ 98,313,758</u>
	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Transfers and Reductions</u>	<u>Balance June 30, 2024</u>
Library				
Nondepreciable Capital Assets:				
Construction in progress	\$ 102,386	\$ 188,946	\$ -	\$ 291,332
Total Nondepreciable Capital Assets	<u>102,386</u>	<u>188,946</u>	<u>-</u>	<u>291,332</u>
Depreciable Capital Assets:				
Circulation materials	724,476	108,880	(89,623)	743,733
Buildings and improvements	465,898	-	-	465,898
Furniture and equipment	738,342	30,780	-	769,122
Right-to-use lease equipment	43,702	-	-	43,702
Total capital assets being depreciated	<u>1,972,418</u>	<u>139,660</u>	<u>(89,623)</u>	<u>2,022,455</u>
Less accumulated depreciation:	<u>1,488,676</u>	<u>195,860</u>	<u>(89,623)</u>	<u>1,594,913</u>
Total depreciable Capital Assets, Net	<u>483,742</u>	<u>(56,200)</u>	<u>-</u>	<u>427,542</u>
Capital assets, net	<u>\$ 586,128</u>	<u>\$ 132,746</u>	<u>\$ -</u>	<u>\$ 718,874</u>

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

6. LONG-TERM DEBT

The following is a summary of long-term debt at June 30, 2024:

	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Amount Due in One Year
Primary Government					
Governmental Activities:					
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.	\$ 27,300	\$ -	\$ 9,100	\$ 18,200	\$ 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.	1,132,327	-	84,109	1,048,218	87,253
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%.	7,105,000	-	1,665,000	5,440,000	1,565,000
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.	25,857	-	8,619	17,238	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%.	20,360,000	-	765,000	19,595,000	805,000
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%.	23,810,000	-	500,000	23,310,000	770,000
	52,460,484	-	3,031,828	49,428,656	3,244,972
Unamortized bond premium	4,214,143	-	393,395	3,820,748	-
Compensated absences	1,415,500	1,251,364	1,124,167	1,542,697	650,295
TOTAL GOVERNMENTAL ACTIVITIES	\$ 58,090,127	\$ 1,251,364	\$ 4,549,390	\$ 54,792,101	\$ 3,895,267
	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Amount Due in One Year
Business-type Activities:					
Recreation Facilities					
Golf Course equipment financed purchase; original issue of \$361,899, payable in monthly payments of \$5,594, which includes principal and interest at a rate of 2.92% with one final payment of \$122,203 through June 1, 2024.	\$ 179,628	\$ -	\$ 179,628	\$ -	\$ -
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%.	450,000	-	160,000	290,000	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%	-	268,912	8,927	259,985	62,531
Unamortized bond premium	34,613	-	11,537	23,076	-
Total Recreation Facilities	\$ 664,241	\$ 268,912	\$ 360,092	\$ 573,061	\$ 207,531

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

6. LONG-TERM DEBT (continued)

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2024</u>	<u>Amount Due in One Year</u>
Business-type Activities (continued):					
Sanitary District					
Royal Oak, Newcomb Wastewater System Farmers Home Administration Bond; ; original issue \$571,000, payable quarterly in payments of \$9,479 through March 2024, including interest at 5.25%.	\$ 8,076	\$ -	\$ 8,076	\$ -	\$ -
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%.	67,705	-	8,423	59,282	8,809
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%.	1,870,696	-	523,934	1,346,762	508,081
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%.	2,102,971	-	76,359	2,026,612	77,492
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%.	4,867,791	-	165,229	4,702,562	179,806
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%.	1,531,021	-	49,259	1,481,762	50,304
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%.	1,316,741	-	37,876	1,278,865	38,762
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%	596,151	-	15,392	580,759	15,691
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%	-	880,000	6,074	873,926	24,441
Total Sanitary District	<u>\$12,361,152</u>	<u>\$ 880,000</u>	<u>\$ 890,622</u>	<u>\$12,350,530</u>	<u>\$ 903,386</u>

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

6. LONG-TERM DEBT (continued)

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2024</u>	<u>Amount Due in One Year</u>
Business-type Activities (continued):					
Easton Airport					
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.	\$ 213,783	\$ -	\$ 6,685	\$ 207,098	\$ 6,977
Total Easton Airport	<u>213,783</u>	<u>-</u>	<u>6,685</u>	<u>207,098</u>	<u>6,977</u>
Repurposing Center					
Equipment Financed Purchase of 2022 payable in monthly principal and interest payments of \$32,470 beginning May 2022 through April 2027	1,401,192	-	348,638	1,052,554	360,320
Total Repurposing Center	<u>1,401,192</u>	<u>-</u>	<u>348,638</u>	<u>1,052,554</u>	<u>360,320</u>
Compensated absences	138,953	123,947	105,511	157,389	61,584
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 14,779,321</u>	<u>\$ 1,272,859</u>	<u>\$ 1,711,548</u>	<u>\$ 14,340,632</u>	<u>\$ 1,539,798</u>

The bonds outstanding as of June 30, 2024 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, 2024 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, 2024

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, 2024 is \$91,869.

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

Primary Government	Bonds/Financed Purchases			Notes from Direct Borrowing and Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
Governmental Activities						
Fiscal year Ending June 30,						
2025	\$ 3,227,253	\$ 1,948,098	\$ 5,175,351	\$ 17,719	\$ -	\$ 17,719
2026	3,370,791	1,809,981	5,180,772	17,719	-	17,719
2027	3,514,328	1,673,982	5,188,310	-	-	-
2028	2,488,258	1,548,409	4,036,667	-	-	-
2029	2,017,188	1,443,628	3,460,816	-	-	-
2030-2034	11,645,400	5,657,756	17,303,156	-	-	-
2035-2039	13,545,000	3,121,000	16,666,000	-	-	-
2040-2044	9,585,000	827,519	10,412,519	-	-	-
Total Governmental Activities	<u>\$ 49,393,218</u>	<u>\$ 18,030,373</u>	<u>\$ 67,423,591</u>	<u>\$ 35,438</u>	<u>\$ -</u>	<u>\$ 35,438</u>
Enterprise Fund - Recreation Facilities						
Fiscal year Ending June 30,						
2025	\$ 207,531	\$ 30,017	\$ 237,548	\$ -	\$ -	\$ -
2026	211,137	21,336	232,473	-	-	-
2027	69,952	15,347	85,299	-	-	-
2028	61,365	91,717	153,082	-	-	-
Total Recreation Facilities	<u>\$ 549,985</u>	<u>\$ 158,417</u>	<u>\$ 708,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Enterprise Fund - Sanitary District						
Fiscal year Ending June 30,						
2025	\$ -	\$ -	\$ -	\$ 903,386	\$ 175,383	\$ 1,078,769
2026	-	-	-	828,727	167,008	995,735
2027	-	-	-	819,721	158,828	978,549
2028	-	-	-	414,315	150,986	565,301
2029	-	-	-	421,421	143,881	565,302
2030-2034	-	-	-	2,162,294	618,895	2,781,189
2035-2039	-	-	-	2,323,195	446,665	2,769,860
2040-2044	-	-	-	2,509,340	260,520	2,769,860
2045-2049	-	-	-	1,698,234	73,885	1,772,119
2050-2054	-	-	-	269,897	8,472	278,369
Total Sanitary District	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,350,530</u>	<u>\$ 2,204,523</u>	<u>\$ 14,555,053</u>

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

6. LONG-TERM DEBT (continued)

Other Obligations (continued)

<u>Primary Government (continued)</u>		<u>Bonds/Financed Purchases</u>			<u>Notes from Direct Borrowing and Direct Placement</u>					
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>			
Enterprise Fund - Easton Airport										
Fiscal year Ending June 30,										
2025	\$	-	\$	-	\$	6,977	\$	8,671	\$	15,648
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 - 2034		-		-		47,033		31,207		78,240
2035 - 2039		-		-		58,151		20,089		78,240
2040 - 2044		-		-		63,867		6,420		70,287
Total Easton Airport		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>207,098</u>	<u>\$</u>	<u>97,909</u>	<u>\$</u>	<u>305,007</u>
Enterprise Fund - Repurposing										
Fiscal year Ending June 30,										
2025	\$	360,320	\$	29,317	\$	389,637	\$	-	\$	-
2026		372,392		17,245		389,637		-		-
2027		319,842		4,857		324,699		-		-
Total Repurposing		<u>\$ 1,052,554</u>	<u>\$</u>	<u>51,419</u>	<u>\$</u>	<u>1,103,973</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>
Obligations Under State Retirement System										
<u>Component Unit - Board of Education</u>										
State Retirement and Pension System of Maryland										
Payable annually through December 2035.	\$	546,925								

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

<u>Fiscal Year Ending June 30,</u>		
2025	\$	55,310
2026		58,075
2027		60,979
2028		64,028
2029		67,229
2030-2034		390,059
2035-2036		184,693
Total principal and interest		880,373
Amounts representing interest		(333,448)
Liability as of June 30, 2024	<u>\$</u>	<u>546,925</u>

The Board of Education obligation to the State Retirement System was \$546,925 as of June 30, 2024. There were payments of \$52,676 during fiscal year 2024.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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.

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:

Employees	Plan
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, 2024

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, 2024

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, 2024

7. PENSION PLANS (continued)

Teachers' and Employees' Retirement Systems (continued)

Employer Contributions:

For the year ended June 30, 2024, total payroll, covered payroll and State on-behalf payments were as follows:

	Total Payroll	Covered Payroll	On-Behalf By State
Talbot County	\$ 23,489,002	\$ 18,189,943	\$ -
Board of Education	47,611,084	45,321,909	3,436,259
Library	1,264,949	1,210,597	155,990

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 2024, the County reported pension expense of \$3,458,326 and the Board of Education reported pension expense of \$2,424,092 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 2024 payment was \$52,676. 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, 2024

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, 2024, the Board reported a liability for its proportionate share of the net pension liability. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of the net pension liability (Employees' Systems)	\$ 5,797,774
State's proportionate share of the net pension liability associated with the Board (Teachers' System)	31,937,449
Total	<u>\$ 37,735,223</u>

The net pension liability was measured as of June 30, 2023, 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, 2024, the Board's proportion was approximately .025%.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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, 2024, 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%	0.093%
Employer's proportionate share of the net pension liability	\$ 5,797,774	\$ 21,383,316
Deferred inflows of resources:		
Change in assumptions	20,584	76,042
Net difference between projected and actual investment earnings on pension plan investments	-	3,840,356
Differences between expected and actual results	247,504	914,330
Total deferred inflows of resources	<u>\$ 268,088</u>	<u>\$ 4,830,728</u>
Deferred outflows of resources:		
Change in assumptions	\$ 398,462	\$ 1,472,003
Change in proportionate share	448,809	-
Net difference between projected and actual investment earnings on pension plan investments	518,606	5,756,195
Differences between expected and actual results	203,775	752,786
Contributions subsequent to the measurement date	657,459	2,870,436
Total deferred outflows of resources	<u>\$ 2,227,111</u>	<u>\$ 10,851,420</u>

Fiscal Year Ending June 30,

	<u>Board</u>	<u>Total County</u>
2025	\$ 290,433	\$ 693,056
2026	214,869	535,544
2027	613,556	1,480,620
2028	161,144	378,031
2029	21,562	63,005

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 \$21,383,316. 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 \$31,758,839, or 1-percentage-point higher (7.80 percent) is \$12,837,240.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry age normal
Amortization method	Level percentage of payroll, closed
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%
Discount rate	6.80%
Investment rate of return	6.80%
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females.

Investments:

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

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

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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, 2024

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

Funding Policy

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

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

The Library pays for the cost of the Plan on a pay-as-you-go basis from the general fund. For fiscal year 2024, the Library contributed \$16,429 to the plan.

Net OPEB Liability of the County

The components of the net OPEB liability of the County as of June 30, 2024, were as follows:

Total OPEB liability	\$ 33,589,157
Plan fiduciary net position	(17,421,641)
County's net OPEB liability	<u>\$ 16,167,516</u>

Plan fiduciary net position as a percentage of the total OPEB liability	51.87%
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The County recognized OPEB expense of \$4,098,395 for the year ended June 30, 2024.

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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>
Fixed Income Investments	35%	5.5%
Equities	65%	7.8%
	100%	

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of expense was 11.23%.

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	\$ 12,715,083	\$ 16,167,516	\$ 20,300,449

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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	\$ 20,745,255	\$ 16,167,516	\$ 12,394,859

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, 2023	\$ 27,347,245	\$ 15,140,266	\$ 12,206,979
Changes for the year			
Service cost	590,432	-	590,432
Interest	1,850,024	-	1,850,024
Difference between expected and actual experience	4,831,093	-	4,831,093
Contributions	-	650,000	(650,000)
Changes of assumptions	807,030	-	807,030
Net investment income	-	1,708,319	(1,708,319)
Benefit payments	(1,836,667)	-	(1,836,667)
Administrative expenses	-	(76,944)	76,944
Net changes	6,241,912	2,281,375	3,960,537
Balance as of June 30, 2024	<u>\$ 33,589,157</u>	<u>\$ 17,421,641</u>	<u>\$ 16,167,516</u>

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

As of June 30, 2024, 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	\$ 6,216,125	\$ -
Change in assumptions	2,328,184	428,762
Difference between projected and actual earnings	1,301,485	1,228,101
	<u>\$ 9,845,794</u>	<u>\$ 1,656,863</u>

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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	\$ 1,532,961
2026	1,996,366
2027	1,207,446
2028	1,240,014
2029	1,051,103
Thereafter	1,161,041

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, 2022, the following employees were covered by the benefit terms:

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

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

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	2.50%
Salary Increases	2.50%
Discount Rate	3.86%
Healthcare Cost Trend Rates	Long Run Medical Cost Trend Model
Mortality	Pub-2010

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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, 2024

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

Component Units – Board of Education (continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2023	\$ 71,517,778	\$ 918,459	\$ 70,599,319
Changes for the Year:			
Service Cost	3,156,419	-	3,156,419
Interest	2,604,902	-	2,604,902
Experience Losses/(Gains)	(69,058)	-	(69,058)
Employer Trust Contribution	-	2,279,376	(2,279,376)
Net Investment Income	-	93,439	(93,439)
Changes in Assumptions	(2,064,365)	-	(2,064,365)
Benefit Payments	(1,779,376)	(1,779,376)	-
Net Changes	1,848,522	593,439	1,255,083
Balance as of June 30, 2024	<u>\$ 73,366,300</u>	<u>\$ 1,511,898</u>	<u>\$ 71,854,402</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 (2.86%) or 1% higher (4.86%) than the current discount rate:

	1% Decrease 2.86%	Discount Rate 3.86%	1% Increase 4.86%
Discount Rate			
Net OPEB Liability	\$ 85,234,950	\$ 71,854,402	\$ 61,174,033

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 (2.94%) or 1% higher (4.94%) than the current healthcare cost trend rates:

	1% decrease Healthcare Cost Trend Rate 2.94%	Healthcare Cost Trend Rate 3.94%	1% increase Healthcare Cost Trend Rate 4.94%
Ultimate Trend			
Net OPEB Liability	\$ 58,832,517	\$ 71,854,402	\$ 89,015,309

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

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, 2024, the Board recognized OPEB expense of \$1,934,933. As of June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 18,857,730	\$ 30,238,499
Net difference between projected and actual earnings	-	221,334
Differences between expected and actual experience	3,360,345	43,841,744
Board's contributions subsequent to measurement date	2,819,840	-
Total	<u>\$ 25,037,915</u>	<u>\$ 74,301,577</u>

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

<u>Year ending June 30:</u>	
2025	\$ (8,637,794)
2026	(8,639,114)
2027	(8,634,526)
2028	(8,262,207)
2029	(9,449,417)
Thereafter	(8,460,444)

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, 2024, the Library paid \$20,086 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, 2024

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

Component Units – Library (continued)

The number of covered employees are as follows:

Participants	
Active Employees	20
Inactive employees currently receiving benefits	5
TOTAL	25

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, 2024
Actuarial cost method	Entry Age Normal
Discount rate	4.21%
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, 2024

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:

	Discount Rate		
	1% Increase to 5.21%	Discount Rate 4.21%	1% Decrease to 3.21%
Net OPEB liability	\$ 1,731,773	\$ 1,963,892	\$ 2,249,855

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:

	Healthcare Trend		
	1% Increase to 8.00%	Discount Rate 7.00%	1% Decrease to 6.00%
Net OPEB liability	\$ 2,270,024	\$ 1,963,892	\$ 1,715,959

Changes in the net OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2023	\$ 1,601,169	\$ -	\$ 1,601,169
Changes for the year:			
Service cost	83,196	-	83,196
Interest on total OPEB liability	64,693	-	64,693
Differences between expected and actual experience	(68,361)	-	(68,361)
Changes of assumptions and other inputs	352,676	-	352,676
Benefits payments	(69,481)	-	(69,481)
Net changes	362,723	-	362,723
Balances as of June 30, 2024	\$ 1,963,892	\$ -	\$ 1,963,892

TALBOT COUNTY, MARYLAND

Notes to Financial Statements

June 30, 2024

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, 2024. Unearned revenue as of June 30, 2024 consisted of the following:

	County	Board of Education
Federal and state grants	<u>\$ 9,459,757</u>	<u>\$ 2,608,787</u>

TALBOT COUNTY, MARYLAND

Notes to Financial Statements June 30, 2024

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, 2024, total closure and post closure care costs were estimated at approximately \$24.6 million, with approximately \$6.5 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, 2024, a portion of these costs, \$12.2 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, 2024, total debt was approximately \$17.3 million, with approximately \$4.6 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, 2024. MES expects to satisfy these requirements as of June 30, 2025 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, 2024

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, 2024

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, 2024, the Recreation Facilities Fund, the Sanitary District Fund and Repurposing Center Fund had a deficit in unrestricted net position of \$4,224,603, \$4,543,345 and \$1,660,571, 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, 2024, the outstanding balance of these bonds and notes payables was \$26,083,218, 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, 2024

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued No. 101, *Compensated Absences*, GASB No. 102, *Certain Risk Disclosures*, GASB No. 103, *Financial Reporting Model Improvements*, and GASB No. 104, *Disclosure of Certain Capital Assets*, which will require adoption in the future, if applicable. The County will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

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, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
TAXES - LOCAL				
LOCAL PROPERTY TAXES				
Real property	\$ 51,968,228	\$ 51,968,228	\$ 53,376,153	\$ 1,407,925
Real property education supplement	3,850,245	3,850,245	3,962,118	111,873
Railroad and public utilities	1,200,000	1,200,000	1,570,459	370,459
Prior Years	-	-	(4,964)	(4,964)
Abatements	-	-	(101,130)	(101,130)
Penalties and interest	150,000	150,000	203,651	53,651
Business incentive tax credits	-	-	(6,802)	(6,802)
Semi annual service charges	2,496	2,496	59,954	57,458
Total property taxes	57,170,969	57,170,969	59,059,439	1,888,470
Less: Discount allowed on taxes	(310,000)	(310,000)	(398,594)	(88,594)
Net property taxes	56,860,969	56,860,969	58,660,845	1,799,876
LOCAL INCOME TAXES	31,000,000	31,000,000	53,013,098	22,013,098
OTHER LOCAL TAXES				
Admissions and amusements	20,000	20,000	41,776	21,776
Recordation	6,000,000	6,000,000	8,847,252	2,847,252
Transfer	4,200,000	4,200,000	5,746,741	1,546,741
Public accommodations	1,700,000	1,700,000	2,018,420	318,420
Mobile manufactured home	50,000	50,000	52,979	2,979
Total other local taxes	11,970,000	11,970,000	16,707,168	4,737,168
Total local taxes	99,830,969	99,830,969	128,381,111	28,550,142
LICENSES AND PERMITS				
Beer, wine and liquor licenses	150,000	150,000	197,590	47,590
Alcoholic beverages fines	-	-	500	500
Traders licenses	23,000	23,000	53,520	30,520
Animal tags and fines	2,500	2,500	2,862	362
Stormwater permits	12,000	12,000	40,560	28,560
Flood plain permits	2,000	2,000	7,000	5,000
Road construction permit	20,000	20,000	30,740	10,740
Boat ramp permits and violations	137,500	137,500	160,915	23,415
Marriage licenses	3,000	3,000	2,905	(95)
Plumbing permits	9,000	9,000	1,830	(7,170)
Gas permits and licenses	9,500	9,500	1,680	(7,820)
Plumbing licenses	5,000	5,000	12,750	7,750
PZ fines	40,000	40,000	59,750	19,750
HVAC inspections and registrations	13,500	13,500	2,570	(10,930)
Electrical inspections and licenses	23,000	23,000	36,330	13,330
Building permits	229,000	229,000	645,558	416,558
Total licenses and permits	679,000	679,000	1,257,060	578,060
INTERGOVERNMENTAL REVENUES				
FROM THE FEDERAL GOVERNMENT				
FEMA	75,000	75,000	68,365	(6,635)
Emergency management - DHS	45,000	45,000	27,127	(17,873)
Total Federal revenues	\$ 120,000	\$ 120,000	\$ 95,492	\$ (24,508)

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
FROM THE STATE OF MARYLAND				
Police protection	\$ 110,000	\$ 110,000	\$ 191,696	\$ 81,696
State & Federal Grants	36,000	36,000	-	(36,000)
Sex offender grant	16,000	16,000	8,600	(7,400)
Sheriff grants other	40,000	40,000	-	(40,000)
Fire and rescue	316,000	316,000	317,754	1,754
911 grants and numbers system board	900,000	900,000	813,999	(86,001)
Circuit Court - Family Services	396,198	367,681	233,320	(134,361)
Number System Board	-	-	1,580	1,580
Drug court	220,527	176,296	167,093	(9,203)
Critical areas	9,000	9,000	9,000	-
Highway user revenues	905,203	905,203	915,957	10,754
Recordation	-	-	26,294	26,294
Public landing grants	110,000	110,000	32,116	(77,884)
DSS-Legal fees	95,000	95,000	-	(95,000)
Total State revenues	3,153,928	3,081,180	2,717,409	(363,771)
Total intergovernmental	3,273,928	3,201,180	2,812,901	(388,279)
SERVICES CHARGES				
GENERAL GOVERNMENT CHARGES				
Zoning fees and certificates	30,000	30,000	57,730	27,730
Rezoning applications	1,500	1,500	750	(750)
Zoning violations	3,000	3,000	-	(3,000)
Subdivision applications	20,000	20,000	10,467	(9,533)
Administrative variance	4,000	4,000	8,650	4,650
Board of appeals	6,000	6,000	5,920	(80)
Landscape planning	50	50	-	(50)
Site plan reviews	3,000	3,000	13,725	10,725
Forest conservation fees	500	500	1,300	800
Critical area preservation	50,000	50,000	79,660	29,660
Bed & breakfast license/home occupation	450	450	300	(150)
Short term rental fees	25,000	25,000	41,775	16,775
Mobile home fees	375	375	600	225
Roadside vendors and produce stand	500	500	1,500	1,000
Weed and litter enforcement	1,000	1,000	5,015	4,015
Weed control spraying	35,000	35,000	46,318	11,318
ESPP Payments	-	-	634,967	634,967
Economic development/tourism	15,000	15,000	31,991	16,991
Election filing and voter lists	450	450	850	400
Sheriff's fees	20,000	20,000	25,987	5,987
Emergency medical services	2,564,122	2,564,122	1,884,796	(679,326)
911 center	1,016,856	1,016,856	400,000	(616,856)
MIEMSS-EMS communications	125,000	125,000	125,000	-
Produce Stand & Use Fees	4,000	4,000	3,365	(635)
Total general government	3,925,803	3,925,803	3,380,666	(545,137)
PUBLIC SAFETY CHARGES				
Boarding of local prisoners	8,000	8,000	10,485	2,485
Live-in, work-out fees	9,000	9,000	20	(8,980)
Home detention program	-	-	3,820	3,820
Federal prisoner program	316,000	316,000	232,442	(83,558)
MD community crime treatment program	-	-	41,328	41,328
Community service fees	-	-	2,900	2,900
Rents	16,100	16,100	17,725	1,625
Total public safety charges	\$ 349,100	\$ 349,100	\$ 308,720	\$ (40,380)

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SERVICES CHARGES (continued)				
HEALTH				
Mosquito control fees	\$ 206,200	\$ 206,200	\$ 135,044	\$ (71,156)
RECREATION CHARGES				
Boat slips	115,000	115,000	125,388	10,388
Total recreation	115,000	115,000	125,388	10,388
Total 671 GP Murphy Pool fees	57,000	57,000	76,629	19,629
Total 672 Bay 100 Pool fees	54,000	54,000	86,101	32,101
Total service charges	4,707,103	4,707,103	4,112,548	(594,555)
FINES AND FORFEITURES	1,000	1,000	11,647	10,647
MISCELLANEOUS				
Rents	18,000	18,000	31,952	13,952
Bay Restoration Fund	3,000	3,000	3,127	127
Proceeds from sale of fixed assets	-	-	28,105	28,105
Insurance proceeds	-	-	1,000	1,000
Miscellaneous revenues	150,000	150,000	1,889,335	1,739,335
Other- PIA/FOIA and Vending -EA	-	-	924	924
Total miscellaneous	171,000	171,000	1,954,443	1,783,443
INTEREST	125,000	125,000	7,089,437	6,964,437
TOTAL REVENUES	108,788,000	108,715,252	145,619,147	36,903,895
Appropriated Fund Balance	20,061,000	20,061,000	-	(20,061,000)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 128,849,000	\$ 128,776,252	\$ 145,619,147	\$ 16,842,895

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024**

	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>EXPENDITURES</u>				
GENERAL GOVERNMENT				
LEGISLATIVE				
County Council:				
Salaries and fringe benefits	\$ 150,714	\$ 174,214	\$ 173,794	\$ 420
Other operating	68,100	68,100	69,949	(1,849)
Total legislative	218,814	242,314	243,743	(1,429)
JUDICIAL				
Circuit Court:				
Salaries and fringe benefits	304,313	304,313	289,524	14,789
Other operating	51,666	54,666	49,498	5,168
Capital outlay	569	86,269	83,001	3,268
Court Stenographer:				
Salaries and fringe benefits	123,547	144,547	144,187	360
Family Services:				
Salaries and fringe benefits	108,083	113,841	117,122	(3,281)
Other operating	179,500	145,225	119,479	25,746
Problem Solving Court:				
Salaries and fringe benefits	138,865	144,860	147,297	(2,437)
Other operating	80,566	31,840	19,386	12,454
Capital outlay	1,500	-	1,059	(1,059)
Orphan's Court:				
Salaries and fringe benefits	50,254	50,254	30,509	19,745
Other operating	2,500	2,500	3,601	(1,101)
State's Attorney:				
Salaries and fringe benefits	1,308,946	1,308,946	1,156,357	152,589
Other operating	83,600	83,600	80,850	2,750
Capital outlay	-	4,200	-	4,200
Victim Witness Program:				
Salaries and fringe benefits	214,659	246,159	246,028	131
Other operating	11,315	11,315	5,212	6,103
Bar Library:				
Other operating	18,750	18,750	20,976	(2,226)
Total judicial	2,678,633	2,751,285	2,514,086	237,199
EXECUTIVE				
County Administration:				
Salaries and fringe benefits	1,092,429	1,120,429	1,078,409	42,020
Other operating	301,600	236,600	120,511	116,089
Capital outlay	-	-	-	-
Total executive	1,394,029	1,357,029	1,198,920	158,109
ELECTIONS				
Board of Supervisors of Elections:				
Salaries and fringe benefits	514,684	514,684	385,592	129,092
Other operating	332,786	332,786	209,570	123,216
Capital outlay	-	-	-	-
Registration and elections:				
Salaries and fringe benefits	81,100	101,100	100,760	340
Other operating	7,200	7,200	5,100	2,100
Total elections	935,770	955,770	701,022	254,748
FINANCIAL ADMINISTRATION				
Finance Office:				
Salaries and fringe benefits	1,074,192	1,074,192	1,050,943	23,249
Other operating	551,574	521,588	469,359	52,229
MD State Department of Assessments and Taxation:				
Other operating	200,000	194,414	194,414	-
Total financial administration	\$ 1,825,766	\$ 1,790,194	\$ 1,714,716	\$ 75,478

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024**

GENERAL GOVERNMENT (continued)	Original Budget	Final Budget	Actual	Variance with Final Budget
LAW				
County Attorney:				
Salaries and fringe benefits	\$ 69,936	\$ 71,936	\$ 71,708	\$ 228
Other operating	193,775	193,775	176,514	17,261
Total law	263,711	265,711	248,222	17,489
Police Accountability Board				
Accountability Board				
Salaries and fringe benefits	\$ 36,692	\$ 36,692	\$ 31,941	4,751
Other operating	14,000	14,000	816	13,184
Total Accountability Board	50,692	50,692	32,757	17,935
PLANNING AND ZONING				
Planning Office:				
Salaries and fringe benefits	968,824	968,824	823,662	145,162
Other operating	273,975	242,625	102,370	140,255
Board of Appeals:				
Salaries and fringe benefits	108,641	110,141	109,862	279
Other operating	32,550	32,550	21,139	11,411
Total planning and zoning	1,383,990	1,354,140	1,057,033	297,107
GENERAL SERVICES				
Historic District Commission:				
Other operating	1,075	1,075	-	1,075
County Buildings:				
Salaries and fringe benefits	503,555	521,555	521,504	51
Other operating	382,080	461,080	460,367	713
Capital outlay	47,000	156,750	164,360	(7,610)
Library Maintenance:				
Other operating	146,800	146,800	122,509	24,291
Capital outlay	-	12,600	10,145	2,455
Information Technology:				
Salaries and fringe benefits	447,547	447,547	362,047	85,500
Other operating	202,400	174,996	174,426	570
Capital outlay	35,000	386,724	386,740	(16)
Insurance:	237,400	237,400	222,997	14,403
Liquor Board:				
Salaries and fringe benefits	15,753	15,753	12,075	3,678
Other operating	2,875	2,875	951	1,924
Total general services	2,021,485	2,565,155	2,438,121	127,034
ECONOMIC DEVELOPMENT				
Office of Economic Development:				
Salaries and fringe benefits	241,524	241,524	72,299	169,225
Other operating	128,950	128,950	189,480	(60,530)
Tourism:				
Salaries and fringe benefits	236,461	236,461	204,617	31,844
Other operating	367,500	367,500	279,275	88,225
Total economic development	974,435	974,435	745,671	228,764
Total general government	11,747,325	12,306,725	10,894,291	1,412,434
PUBLIC SAFETY				
SHERIFF				
Salaries and fringe benefits	7,231,675	7,231,675	6,272,407	959,268
Other operating	1,409,692	1,369,692	1,347,773	21,919
Capital outlay	43,335	83,335	81,191	2,144
Total sheriff	8,684,702	8,684,702	7,701,371	983,331
MUNICIPAL INSTITUTIONS				
Detention Center:				
Salaries and fringe benefits	4,371,981	4,371,981	3,735,884	636,097
Other operating	1,681,647	1,681,647	1,490,892	190,755
Capital outlay	22,000	22,000	25,257	(3,257)
Total municipal institutions	\$ 6,075,628	\$ 6,075,628	\$ 5,252,033	\$ 823,595
Permits & Inspections:				
Salaries and fringe benefits	532,813	532,813	530,585	2,228
Other operating	29,350	29,350	8,223	21,127
Capital outlay	-	31,350	31,350	-
Total permits & inspections	\$ 562,163	\$ 593,513	\$ 570,158	\$ 23,355

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC SAFETY (continued)				
OTHER PUBLIC SAFETY				
School Crossing Guards	\$ 72,200	\$ 72,200	\$ 72,200	\$ -
Animal Control Program:				
Other operating	455,360	455,360	445,578	9,782
Capital outlay	50,800	50,800	-	50,800
Emergency Management:				
Salaries and fringe benefits	2,715,554	2,715,554	2,620,972	94,582
Other operating	1,119,135	1,119,135	1,193,021	(73,886)
Volunteer Fire Companies:				
Salaries and fringe benefits	35,000	35,000	20,314	14,686
Other operating	2,841,491	2,841,491	2,809,445	32,046
Emergency Medical Services:				
Salaries and fringe benefits	6,876,537	6,876,537	6,010,839	865,698
Other operating	859,746	859,746	1,086,089	(226,343)
Capital outlay	-	73,000	75,343	(2,343)
Hazardous Materials:				
Salaries and fringe benefits	1,140	1,140	-	1,140
Other operating	14,900	14,900	8,101	6,799
Total other public safety	15,041,863	15,114,863	14,341,902	772,961
PROTECTIVE INSPECTION				
Electrical Inspection:				
Salaries and fringe benefits	6,760	6,760	4,846	1,914
Other operating	1,540	1,540	111	1,429
Total protective inspection	8,300	8,300	4,957	3,343
Total public safety	30,372,656	30,477,006	27,870,421	2,606,585
PUBLIC WORKS				
PUBLIC WORKS - GENERAL				
Salaries and fringe benefits	695,763	817,763	817,529	234
Other operating	87,290	87,290	45,368	41,922
Capital outlay	-	-	-	-
Roads Department:				
Salaries and fringe benefits	1,879,635	1,879,635	1,805,309	74,326
Other operating	1,746,250	1,746,250	2,244,107	(497,857)
Capital outlay	545,000	635,000	408,553	226,447
Total public works - general	4,953,938	5,165,938	5,320,866	(154,928)
PUBLIC LANDINGS AND WHARVES				
Salaries and fringe benefits	305,886	305,886	292,853	13,033
Other operating	70,300	70,300	66,760	3,540
Capital outlay	110,000	110,000	-	110,000
Total public landings and wharves	486,186	486,186	359,613	126,573
SOLID WASTE DISPOSAL				
Salaries and fringe benefits	38,987	38,987	31,392	7,595
Other operating	790,450	790,450	764,625	25,825
Capital outlay	-	-	-	-
Total solid waste disposal	829,437	829,437	796,017	33,420
Total public works	\$ 6,269,561	\$ 6,481,561	\$ 6,476,496	\$ 5,065

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
HEALTH AND HOSPITALS				
Health department	\$ 2,924,124	\$ 2,924,124	\$ 2,854,596	\$ 69,528
Total health and hospitals	2,924,124	2,924,124	2,854,596	69,528
SOCIAL SERVICES				
Senior services program	-	-	-	-
Social services legal	95,000	95,000	-	95,000
Social Services - operating	61,000	61,000	61,000	-
Social Services - other	511,181	511,181	511,181	-
Commission on aging	654,784	654,784	654,784	-
Total social services	1,321,965	1,321,965	1,226,965	95,000
EDUCATION				
Board of Education:				
Operating appropriation	50,636,429	50,636,429	50,636,429	-
Supplemental appropriation	286,000	286,000	286,000	-
Debt Service	3,338,150	3,338,150	3,338,150	-
Library:				
Operating appropriation	1,827,862	1,827,862	1,827,862	-
Miscellaneous appropriations	2,000	2,000	-	2,000
Capital outlay	11,052	11,052	10,700	352
Community College:				
Operating appropriation	1,761,258	1,761,258	1,761,258	-
Debt Service	126,781	126,781	126,781	-
Capital outlay	100,122	100,122	100,122	-
Chesapeake Developmental Center	-	-	-	-
Drug Abuse Resistance Education (DARE):				
Salaries and fringe benefits	111,586	112,586	112,274	312
Other operating	14,310	14,310	10,242	4,068
Total education	58,215,550	58,216,550	58,209,818	6,732
RECREATION				
Parks and Recreation:				
Salaries and fringe benefits	263,474	263,474	262,034	1,440
Other operating	264,000	264,000	283,090	(19,090)
Capital outlay	125,000	125,000	41,667	83,333
Pools:				
Salaries and fringe benefits	72,044	72,044	40,434	31,610
Other operating	302,792	302,792	315,431	(12,639)
Capital outlay	12,000	27,000	28,543	(1,543)
Total recreation	\$ 1,039,310	\$ 1,054,310	\$ 971,199	\$ 83,111

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CONSERVATION OF NATURAL RESOURCES				
Agricultural Extension Service	\$ 244,712	\$ 244,712	\$ 244,783	\$ (71)
Agricultural Preservation	-	-	7,880	(7,880)
Other	5,000	5,000	3,906	1,094
Weed Control:				
Salaries and fringe benefits	69,683	70,183	69,969	214
Other operating	33,735	33,735	32,064	1,671
Capital outlay	-	-	-	-
Total conservation of natural resources	353,130	353,630	358,602	(4,972)
HOUSING				
Housing:				
Salaries and fringe benefits	76,780	76,780	-	76,780
Total Housing	76,780	76,780	-	76,780
INTERGOVERNMENTAL				
Payments to Municipalities:				
Fire, rescue and ambulance fund	19,000	19,000	17,092	1,908
Bank stock	7,535	7,535	7,535	-
Public accommodations tax	1,200,000	1,200,000	1,488,969	(288,969)
Total intergovernmental	1,226,535	1,226,535	1,513,596	(287,061)
EMPLOYEE BENEFITS				
Health insurance, retirees	2,018,500	2,396,500	2,275,014	121,486
Other operating	-	-	(376,220)	376,220
Total employee benefits	2,018,500	2,396,500	1,898,794	497,706
MISCELLANEOUS	276,197	276,197	183,814	92,383
DEBT SERVICE				
Principal on long-term debt	517,719	517,719	517,719	-
Interest on long-term debt	1,375,594	1,375,594	1,375,594	-
Total debt service	1,893,313	1,893,313	1,893,313	-
RESERVE				
Reserve for contingencies	1,500,000	-	-	-
Small business housing reserve	-	-	-	-
Total reserve	1,500,000	-	-	-
TOTAL EXPENDITURES	119,234,946	119,005,196	114,351,905	4,653,291
OTHER FINANCING USES				
Transfers:				
Capital projects - Operating appropriation	6,680,000	6,680,000	6,680,000	-
Recreation - Operating appropriation	2,934,054	3,091,056	2,420,000	671,056
Total other financing uses	9,614,054	9,771,056	9,100,000	671,056
TOTAL EXPENDITURES AND OTHER FINANCING USES	128,849,000	128,776,252	123,451,905	5,324,347
Net change in fund balances	\$ -	\$ -	\$ 22,167,243	\$ 22,167,243

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental - Federal and State	\$ 909,800	\$ 909,800	\$ 287	\$ (909,513)
Contributions and cost sharing	824,800	824,800	1,515,754	690,954
Interest	-	-	1,926	1,926
Total revenues	1,734,600	1,734,600	1,517,967	(216,633)
EXPENDITURES				
General government	6,354,600	6,354,600	17,787,605	(11,433,005)
Public Works	500,000	500,000	1,030,360	(530,360)
Education	1,760,000	1,760,000	1,776,351	(16,351)
Recreation	500,000	500,000	-	500,000
Total expenditures	9,114,600	9,114,600	20,594,316	(11,479,716)
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	700,000	700,000	-	(700,000)
Transfer from general fund	6,680,000	6,680,000	6,680,000	-
Proceeds from debt	-	-	-	-
Total other financing sources (uses)	7,380,000	7,380,000	6,680,000	(700,000)
Net Change in Fund Balance	\$ -	\$ -	\$ (12,396,349)	\$ (12,396,349)

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GRANTS FUND
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental - Federal	\$ 550,000	\$ 550,000	\$ 1,777,294	\$ 1,227,294
Intergovernmental - State	495,000	496,773	1,092,537	\$ 595,764
Miscellaneous	134,000	134,000	2,138,461	\$ 2,004,461
Total revenues	1,179,000	1,180,773	5,008,292	3,827,519
EXPENDITURES				
General Government	1,179,000	1,180,773	5,008,292	3,827,519
Total expenditures	1,179,000	1,180,773	5,008,292	(3,827,519)
OTHER FINANCING SOURCES (USES)				
Transfer to capital project fund	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

TALBOT COUNTY, MARYLAND

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 590,432	\$ 564,712	\$ 501,967	\$ 548,155	\$ 502,715	\$ 558,117	\$ 506,402
Interest	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	4,831,093	-	2,793,117	-	1,091,207	-	-
Benefit payments	(1,836,667)	(1,350,971)	(1,245,758)	(733,090)	(709,922)	(614,622)	(597,317)
Other changes	807,030	-	1,754,969	-	787,799	218,536	226,021
Net changes in total OPEB liability	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	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>\$ 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>
Plan fiduciary net position							
Contributions - employer	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Difference between expected and actual experience	-	488,594	3,253,714	-	(624,893)	-	-
Net investment income	1,708,319	1,503,608	(2,204,179)	3,422,311	252,448	724,755	790,394
Benefit payments	-	-	-	-	-	-	-
Administrative expense	(76,944)	(69,485)	(70,447)	(56,843)	(61,805)	(60,695)	(55,961)
Other changes	-	(488,594)	(3,253,714)	-	625,032	-	-
Net changes in plan fiduciary net position	2,281,375	1,434,123	(2,274,626)	3,365,468	190,782	664,060	734,433
Plan fiduciary net position - beginning	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>\$ 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>
County's net OPEB liability - ending (a) - (b)	\$ 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	51.87%	55.36%	52.04%	75.74%	63.34%	72.77%	74.32%
Covered payroll	\$ 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	73.39%	65.26%	73.17%	35.70%	50.14%	33.75%	31.12%
Annual money-weighted rate of return, net of investment expense	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, 2024**

Fiscal Year	Measurement Date	County's Proportion (Percentage) of the NPL A	County's Proportionate Share of the NPL B	County's Covered Payroll C	Proportionate Share as a Percentage of Covered Payroll (B/C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D/E)
2015	June 30, 2014	0.04601%	\$ 8,165,742	\$ 11,581,689	70.51%	\$ 45,339,988,000	\$ 63,086,719,000	71.87%
2016	June 30, 2015	0.05197%	10,800,677	11,581,689	93.26%	45,789,840,000	66,571,552,000	68.78%
2017	June 30, 2016	0.05245%	12,374,154	11,975,128	103.33%	45,365,927,000	68,959,954,000	65.79%
2018	June 30, 2017	0.04929%	10,657,934	12,090,510	88.15%	48,987,184,000	70,610,885,000	69.38%
2019	June 30, 2018	0.05546%	11,636,717	13,376,509	86.99%	51,827,233,000	72,808,833,000	71.18%
2020	June 30, 2019	0.05796%	11,954,141	13,771,675	86.80%	53,943,420,000	74,569,030,000	72.34%
2021	June 30, 2020	0.06278%	14,188,998	17,047,994	83.23%	54,586,037,000	77,187,397,000	70.72%
2022	June 30, 2021	0.06742%	10,113,853	15,378,354	65.77%	67,604,500,000	82,606,805,000	81.84%
2023	June 30, 2022	0.06800%	13,551,175	16,664,139	81.32%	64,310,991,000	84,319,523,000	76.27%
2024	June 30, 2023	0.09300%	21,383,316	18,189,943	117.56%	64,892,973,000	87,923,284,000	73.81%

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, 2024**

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)
2015	June 30, 2014	\$ 1,095,431	\$ 1,095,431	\$ -	\$ 11,581,689	9.46%
2016	June 30, 2015	1,021,694	1,021,694	-	11,975,128	8.53%
2017	June 30, 2016	1,003,183	1,003,183	-	12,090,510	8.30%
2018	June 30, 2017	1,105,945	1,105,945	-	13,376,509	8.27%
2019	June 30, 2018	1,190,162	1,190,162	-	13,771,675	8.64%
2020	June 30, 2019	1,346,030	1,346,030	-	14,239,334	9.45%
2021	June 30, 2020	1,460,440	1,460,440	-	17,047,994	8.57%
2022	June 30, 2021	1,571,374	1,571,374	-	15,378,354	10.22%
2023	June 30, 2022	1,522,361	1,522,361	-	16,664,139	9.14%
2024	June 30, 2023	2,870,436	2,870,436	-	18,189,943	15.78%

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, 2024

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 \$5,324,347 for the year ended June 30, 2024. There was an excess of actual revenues over budgeted revenues of \$16,842,895 for the year ended June 30, 2024.

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, 2024

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, 2024

	Developmental Impact	Talbot Family Network	Narcotic Task Force	Community Reinvestment	Opioid Restitution	Total Other Governmental Funds
ASSETS						
Cash and short -term investments	\$ 2,761,193	\$ 144,901	\$ 259,129	\$ 506,836	\$ 223,981	\$ 3,896,040
Receivables:						
Accounts receivable	-	4,721	-	-	-	4,721
Intergovernmental:						
State	-	-	-	-	-	-
Federal	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,761,193</u>	<u>\$ 149,622</u>	<u>\$ 259,129</u>	<u>\$ 506,836</u>	<u>\$ 223,981</u>	<u>\$ 3,900,761</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable & accrued liabilities	\$ -	34,955	\$ 250	\$ -	\$ -	\$ 35,205
Unearned revenue	-	157	-	-	-	157
TOTAL LIABILITIES	<u>-</u>	<u>35,112</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>35,362</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Social Services	-	114,510	-	506,836	223,981	845,327
Public Safety	-	-	258,879	-	-	258,879
Committed for:						
Capital projects	2,761,193	-	-	-	-	2,761,193
Assigned for:						
Future budget	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<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>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,761,193</u>	<u>\$ 149,622</u>	<u>\$ 259,129</u>	<u>\$ 506,836</u>	<u>\$ 223,981</u>	<u>\$ 3,900,761</u>

TALBOT COUNTY, MARYLAND

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

OTHER GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

	Developmental Impact	Talbot Family Network	Narcotic Task Force	Community Reinvestment	Opioid Restitution	Total Other Governmental Funds
REVENUE						
Intergovernmental:						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	615,752	-	-	-	615,752
Licences and permits	769,787	-	-	-	-	769,787
Miscellaneous	-	-	169,565	506,836	223,981	900,382
Interest	145,316	6,833	-	-	-	152,149
Total Revenue	<u>915,103</u>	<u>622,585</u>	<u>169,565</u>	<u>506,836</u>	<u>223,981</u>	<u>2,438,070</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	51,112	-	-	51,112
Public works	-	-	-	-	-	-
Health and hospitals	-	-	-	-	-	-
Social services	-	615,771	-	-	-	615,771
Total Expenditures	<u>-</u>	<u>615,771</u>	<u>51,112</u>	<u>-</u>	<u>-</u>	<u>666,883</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>915,103</u>	<u>6,814</u>	<u>118,453</u>	<u>506,836</u>	<u>223,981</u>	<u>1,771,187</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(889,800)	-	-	-	-	(889,800)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(889,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(889,800)</u>
NET CHANGES IN FUND BALANCE	<u>25,303</u>	<u>6,814</u>	<u>118,453</u>	<u>506,836</u>	<u>223,981</u>	<u>881,387</u>
FUND BALANCES - BEGINNING OF YEAR	<u>2,735,890</u>	<u>107,696</u>	<u>140,426</u>	<u>-</u>	<u>-</u>	<u>2,984,012</u>
FUND BALANCES - END OF YEAR	<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>

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENTAL IMPACT FUND
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Licenses and permits:				
Impact fees:				
General government	\$ 95,000	\$ 95,000	\$ 125,817	\$ 30,817
Public works	214,000	214,000	181,551	(32,449)
Education:				
Public schools	150,000	150,000	319,634	169,634
Library	25,000	25,000	61,069	36,069
Community College	7,500	7,500	12,861	5,361
Recreation	30,000	30,000	68,855	38,855
Appropriated Fund Balance	365,300	365,300	-	(365,300)
Interest	3,000	3,000	154,225	151,225
Total revenues	889,800	889,800	924,012	34,212
EXPENDITURES				
OTHER FINANCING SOURCES (USES)				
Transfers:				
Capital project fund	(824,800)	(824,800)	(824,800)	-
Recreation fund	(65,000)	(65,000)	(65,000)	-
Total other financing sources (uses)	(889,800)	(889,800)	(889,800)	-
Net Change in Fund Balance	\$ -	\$ -	\$ 34,212	\$ 34,212

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
TALBOT FAMILY NETWORK
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental - Federal and State	\$ 598,303	\$ 598,303	\$ 622,585	\$ 24,282
Total revenues	598,303	598,303	622,585	24,282
EXPENDITURES				
Social Services	598,303	598,303	615,770	(17,467)
Total expenditures	598,303	598,303	615,770	(17,467)
Net Change in Fund Balance	\$ -	\$ -	\$ 6,815	\$ 6,815

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
NARCOTICS TASK FORCE
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Miscellaneous	\$ 20,150	\$ 20,150	\$ 169,565	\$ 149,415
Total revenues	20,150	20,150	169,565	149,415
EXPENDITURES				
Public safety	\$ 20,150	\$ 20,150	51,131	30,981
Net Change in Fund Balance	\$ -	\$ -	\$ 118,434	\$ 118,434

TALBOT COUNTY, MARYLAND

SCHEDULE OF REVENUES AND EXPENSES BUDGET AND ACTUAL ENTERPRISE FUND – RECREATION FACILITIES For the Year Ended June 30, 2024

	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
OPERATING REVENUES									
Program fees and revenues	\$ -	\$ -	\$ -	\$ 240,000	\$ 389,271	\$ 149,271	\$ 240,000	\$ 389,271	\$ 149,271
Rents	8,000	2,397	(5,603)	65,000	83,073	18,073	73,000	85,470	12,470
Ice revenues	-	-	-	330,500	446,743	116,243	330,500	446,743	116,243
Pro shop and concessions	486,000	579,081	93,081	-	-	-	486,000	579,081	93,081
Cart rentals	55,000	12,849	(42,151)	-	-	-	55,000	12,849	(42,151)
Green fees	1,400,000	1,679,507	279,507	-	-	-	1,400,000	1,679,507	279,507
Other operating	23,500	22,667	(833)	55,000	67,658	12,658	78,500	90,325	11,825
Total operating revenues	1,972,500	2,296,501	324,001	690,500	986,746	296,246	2,663,000	3,283,246	620,246
OPERATING EXPENSES									
Salaries and related expenses	1,092,801	1,001,970	90,831	503,185	455,343	47,842	1,595,986	1,457,313	138,673
Professional fees	7,000	8,213	(1,213)	22,500	14,987	7,513	29,500	23,200	6,300
Office	27,000	10,627	16,373	39,700	32,855	6,845	66,700	43,482	23,218
Insurance	5,200	6,375	(1,175)	17,000	18,842	(1,842)	22,200	25,216	(3,016)
Repairs and maintenance	186,000	296,965	(110,965)	55,000	135,067	(80,067)	241,000	432,032	(191,032)
Utilities	64,000	69,013	(5,013)	170,750	247,471	(76,721)	234,750	316,484	(81,734)
Supplies and equipment	262,793	104,650	158,143	43,536	4,524	39,012	306,329	109,173	197,156
Lessons and programs	27,000	28,892	(1,892)	127,500	129,288	(1,788)	154,500	158,180	(3,680)
Pro shop and concessions	140,000	261,892	(121,892)	20,000	17,733	2,267	160,000	279,624	(119,624)
Other operating	52,500	52,136	364	34,500	27,376	7,124	87,000	79,512	7,488
Total operating expenses	1,864,294	1,840,733	23,561	1,033,671	1,083,484	(49,813)	2,897,965	2,924,217	(26,252)
Operating income (loss) before depreciation	108,206	455,768	347,562	(343,171)	(96,738)	246,433	(234,965)	359,029	646,498
Depreciation	-	385,176	(385,176)	-	755,419	(755,419)	-	1,140,595	(1,140,595)
Net operating income (loss)	108,206	70,592	732,738	(343,171)	(852,157)	1,001,851	(234,965)	(781,565)	1,787,093
NON-OPERATING REVENUES (EXPENSES)									
Transfers from general fund	50,794	-	50,794	620,262	-	620,262	671,056	-	671,056
Transfers from special revenue fund	-	-	-	65,000	65,000	-	65,000	65,000	-
Gain (loss) on disposal of capital assets	-	(1,052)	1,052	-	13,223	(13,223)	-	12,171	(12,171)
Net non-operating revenues (expenses)	50,794	(1,052)	51,846	685,262	78,223	607,039	736,056	77,171	658,885
Change in net position	159,000	69,540	(89,460)	342,091	(773,934)	(1,116,025)	501,091	(704,394)	(1,205,485)
OTHER BUDGETED EXPENSE									
Debt service	-	-	-	172,625	2,669	169,956	172,625	2,669	(169,956)
Capital outlay	159,000	11,253	147,747	169,466	48,815	120,651	328,466	-	(328,466)
Total other budgeted expenses	159,000	11,253	147,747	342,091	51,485	290,606	501,091	2,669	(498,422)
Budgeted net income (loss)	\$ -	\$ 58,287	\$ 58,287	\$ -	\$ (825,418)	\$ (825,418)	\$ -	\$ (707,063)	\$ (707,063)

TALBOT COUNTY, MARYLAND

SCHEDULE OF REVENUES AND EXPENSES BUDGET AND ACTUAL ENTERPRISE FUND – SANITARY DISTRICT For the Year Ended June 30, 2024

	St. Michaels District			Royal Oak District			Tilghman District		
	Revised Final Budget	Actual	Variance with Final Budget	Revised Final Budget	Actual	Variance with Final Budget	Revised Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES									
Sewer service charges	\$ 1,675,553	\$ 1,703,637	\$ 28,084	\$ 441,725	\$ 439,881	\$ (1,844)	\$ 461,833	\$ 467,419	\$ 5,586
Sewer connection charges	180,000	56,579	(123,421)	120,000	36,000	(84,000)	27,424	70,650	43,226
Residential benefit charges	-	-	-	-	-	-	-	-	-
Miscellaneous	1,100	101,990	100,890	500	4,790	4,290	4,186	31,801	27,615
Total operating revenues	1,856,653	1,862,206	5,553	562,225	480,671	(81,554)	493,443	569,870	76,427
OPERATING EXPENSES									
Salaries and related expenses	610,217	574,636	35,581	147,922	124,489	23,433	213,911	172,835	41,076
Professional fees	850	67	783	6,600	4,848	1,752	100	33	67
Office	7,700	5,694	2,006	900	1,212	(312)	4,900	3,211	1,689
Insurance	-	(287)	287	-	(287)	287	-	(287)	287
Contracted services	251,600	288,231	(36,631)	67,000	58,523	8,477	25,000	46,892	(21,892)
Repairs and maintenance	57,000	28,075	28,925	51,000	43,587	7,413	50,000	55,392	(5,392)
Utilities	88,025	83,622	4,403	21,700	25,020	(3,320)	26,000	28,906	(2,906)
Supplies and equipment	133,650	113,281	20,369	41,000	43,204	(2,204)	61,000	46,736	14,264
Other operating	10,000	912	9,088	2,300	1,928	372	1,500	842	658
Total operating expenses	1,159,042	1,094,231	64,811	338,422	302,524	35,898	382,411	354,560	27,851
Operating income (loss) before depreciation	697,611	767,975	70,364	223,803	178,147	(45,656)	111,032	215,310	104,278
Depreciation	131,179	1,032,762	(901,583)	43,338	152,611	(109,273)	95,641	164,476	(68,835)
Net operating income (loss)	566,432	(264,787)	(831,219)	180,465	25,536	(154,929)	15,391	50,834	35,443
NON-OPERATING REVENUES (EXPENSES)									
Intergovernmental revenues	192,400	45,917	(146,483)	-	-	-	-	-	-
Interest income	-	-	-	-	44,108	44,108	-	28,437	28,437
Interest expense	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	192,400	45,917	(146,483)	-	44,108	44,108	-	28,437	28,437
Change in net position	758,832	(218,870)	(977,702)	180,465	69,644	(110,821)	15,391	79,271	63,880
OTHER BUDGETED EXPENSE									
Debt service	557,932	50,047	(507,885)	171,465	(299)	(171,764)	-	-	-
Capital outlay	200,900	26,910	(173,990)	9,000	-	(9,000)	15,500	11,792	(3,708)
Total other budgeted expenses	758,832	76,957	(681,875)	180,465	(299)	(180,764)	15,500	11,792	(3,708)
Budgeted net income (loss)	\$ -	\$ (295,827)	\$ (295,827)	\$ -	\$ 69,943	\$ 69,943	\$ (109)	\$ 67,479	\$ 67,588

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND – SANITARY DISTRICT
For the Year Ended June 30, 2024
(continued)**

	Unionville District			Bio-solids Utilization Facility			Onsite Sewage Disposal		
	Revised Final Budget	Actual	Variance with Final Budget	Revised Final Budget	Actual	Variance with Final Budget	Revised Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES									
Sewer service charges	\$ 200,850	\$ 210,427	\$ 9,577	\$ 566,758	\$ 571,744	\$ 4,986	\$ -	\$ -	\$ -
Sewer connection charges	122,000	136,407	14,407	360,000	-	(360,000)	-	-	-
Residential benefit charges	-	-	-	22,599	5,348	(17,251)	-	-	-
Miscellaneous	-	8,777	8,777	5,000	2,852	(2,148)	-	-	-
Total operating revenues	322,850	355,611	32,761	954,357	579,944	(374,413)	-	-	-
OPERATING EXPENSES									
Salaries and related expenses	67,804	57,007	10,797	195,359	195,174	185	48,611	49,974	(1,363)
Professional fees	250	33	217	-	-	-	350	-	350
Office	3,800	1,700	2,100	1,250	1,525	(275)	-	18	(18)
Insurance	-	(287)	287	-	(287)	287	-	-	-
Contracted services	28,350	52,011	(23,661)	79,000	84,602	(5,602)	650,000	790,332	(140,332)
Repairs and maintenance	45,000	33,389	11,611	10,000	24,311	(14,311)	-	-	-
Utilities	11,050	7,171	3,879	10,050	20,548	(10,498)	-	-	-
Supplies and equipment	34,400	34,728	(328)	12,900	45,303	(32,403)	-	-	-
Other operating	1,500	842	658	2,050	756	1,294	100,000	32,400	67,600
Total operating expenses	192,154	186,594	5,560	310,609	371,932	(61,323)	798,961	872,724	(73,763)
Operating income (loss) before depreciation	130,696	169,017	38,321	643,748	208,012	(435,736)	(798,961)	(872,724)	(73,763)
Depreciation	25,181	156,498	(131,317)	321,298	490,115	(168,817)	9,039	-	9,039
Net operating income (loss)	105,515	12,519	(92,996)	322,450	(282,103)	(604,553)	(808,000)	(872,724)	(64,724)
NON-OPERATING REVENUES (EXPENSES)									
Intergovernmental revenues	-	-	-	-	-	-	808,000	931,841	123,841
Interest income	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	-	-	-	-	-	-	808,000	931,841	123,841
Change in net position	105,515	12,519	(92,996)	322,450	(282,103)	(604,553)	-	59,117	59,117
OTHER BUDGETED EXPENSE									
Debt service	89,015	2,660	(86,355)	322,450	107,680	(214,770)	-	-	-
Capital outlay	16,500	23,130	6,630	-	-	-	-	-	-
Total other budgeted expenses	105,515	25,790	(79,725)	322,450	107,680	(214,770)	-	-	-
Budgeted net income (loss)	\$ -	\$ (13,271)	\$ (13,271)	\$ -	\$ (389,783)	\$ (389,783)	\$ -	\$ 59,117	\$ 59,117

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND – SANITARY DISTRICT
For the Year Ended June 30, 2024
(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
OPERATING REVENUES									
Sewer service charges	\$ 362,865	\$ 348,250	\$ (14,615)	\$ 95,400	\$ 111,182	\$ 15,782	\$ 3,804,984	\$ 3,852,540	\$ 47,556
Sewer connection charges	10	13,299	13,289	60,000	-	(60,000)	869,434	312,935	(556,499)
Residential benefit charges	-	58,948	58,948	-	194	194	22,599	64,490	41,891
Miscellaneous	-	18,679	18,679	-	30,973	30,973	10,786	199,863	189,077
Total operating revenues	362,875	439,176	76,301	155,400	142,349	(13,051)	4,707,803	4,429,828	(277,975)
OPERATING EXPENSES									
Salaries and related expenses	99,581	84,458	15,123	-	-	-	1,383,405	1,258,573	124,832
Professional fees	-	-	-	-	-	-	8,150	4,981	3,169
Office	2,850	1,810	1,040	500	647	147	21,900	15,817	6,083
Insurance	-	-	-	-	-	-	-	(1,435)	1,435
Contracted services	6,000	21,017	(15,017)	58,763	27,680	(31,083)	1,165,713	1,369,288	(203,575)
Repairs and maintenance	9,000	34,357	(25,357)	3,000	5,321	2,321	225,000	224,432	568
Utilities	29,390	37,589	(8,199)	18,700	15,882	(2,818)	204,915	218,738	(13,823)
Supplies and equipment	4,500	4,252	248	7,400	17,269	9,869	294,850	304,773	(9,923)
Other operating	800	942	(142)	13,404	1,180	(12,224)	131,554	39,802	91,752
Total operating expenses	152,121	184,425	(32,304)	101,767	67,979	(33,788)	3,435,487	3,434,969	518
Operating income (loss) before depreciation	210,754	254,751	43,997	53,633	74,371	20,738	1,272,316	994,860	(277,456)
Depreciation	53,653	114,198	(60,545)	9,133	1,485	(7,648)	679,329	2,110,660	(1,431,331)
Net operating income (loss)	157,101	140,553	(16,548)	44,500	72,886	28,386	592,987	(1,115,800)	(1,708,787)
NON-OPERATING REVENUES (EXPENSES)									
Intergovernmental revenues	-	-	-	-	-	-	1,000,400	977,758	(22,642)
Interest income	-	-	-	-	-	-	-	72,545	72,545
Interest expense	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	-	-	-	-	-	-	1,000,400	1,050,303	49,903
Change in net position	157,101	140,553	(16,548)	44,500	72,886	28,386	1,593,387	(65,497)	(1,658,884)
OTHER BUDGETED EXPENSE									
Debt service	127,101	28,557	(98,544)	29,000	-	(29,000)	1,267,963	188,645	(1,079,318)
Capital outlay	30,000	30,697	697	15,500	8,012	(7,488)	271,900	92,529	(179,372)
Total other budgeted expenses	157,101	59,254	(97,848)	44,500	8,012	(36,488)	1,539,863	281,174	(1,258,690)
Budgeted net income (loss)	\$ -	\$ 81,300	\$ 81,300	\$ -	\$ 64,874	\$ 64,874	\$ 53,524	\$ (346,671)	\$ (400,195)

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND – EASTON AIRPORT
For the Year Ended June 30, 2024**

	Revised <u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
OPERATING REVENUES			
Charges - operations	\$ 1,044,267	\$ 786,595	\$ (257,672)
Charges - fuel facility	4,752,667	3,469,118	(1,283,549)
Charges - hangars	689,466	719,789	30,323
Other operating	25,000	27,499	-
Total operating revenues	6,511,400	5,003,001	(1,510,898)
OPERATING EXPENSES			
Salaries and related expenses	540,277	566,329	26,052
Cost of sales - fuel	4,462,667	3,171,558	(1,291,109)
Office	48,800	40,391	(8,409)
Insurance	11,500	19,218	7,718
Repairs and maintenance	261,500	193,409	(68,091)
Utilities	210,000	207,554	(2,446)
Supplies and equipment			-
Other operating	84,000	53,971	(30,029)
Total operating expenses	5,618,744	4,252,430	(1,366,314)
Operating income (loss) before depreciation	892,656	750,571	(142,085)
Depreciation	877,364	2,321,527	(1,444,163)
Net operating income (loss)	15,292	(1,570,956)	(1,586,248)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental revenues	6,675,787	5,175,958	(1,499,829)
Interest income	-	121,297	121,297
Interest expense	(15,642)	(8,943)	(6,699)
Net non-operating revenues (expenses)	6,660,145	5,288,312	(1,385,231)
Change in net position	6,675,437	3,717,356	(2,958,081)
Budgeted net income (loss)	\$ 6,675,437	\$ 3,717,356	\$ (2,958,081)

TALBOT COUNTY, MARYLAND

**SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND – REPURPOSING FUND
For the Year Ended June 30, 2024**

	<u>Revised Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES			
Crushed Concrete Sales	\$ 1,078,273	\$ 316,421	\$ (761,852)
Total operating revenues	1,078,273	316,421	(761,852)
OPERATING EXPENSES			
Salaries and related expenses	351,751	220,229	(131,522)
Repairs and maintenance	146,564	53,034	(93,530)
Other operating	190,321	44,749	(145,572)
Total operating expenses	688,636	318,012	(370,624)
Operating income (loss) before depreciation	389,637	(1,591)	(391,228)
Depreciation	-	214,520	(214,520)
Change in net position	389,637	(216,111)	(605,748)
OTHER BUDGETED EXPENSE			
Debt service	389,637	40,998	348,639
Total other budgeted expenses	389,637	40,998	(348,639)
Budgeted net income (loss)	\$ -	\$ (257,109)	\$ (257,109)

TALBOT COUNTY, MARYLAND

NOTE TO OTHER SUPPLEMENTARY INFORMATION

Note 1. Budgetary Basis

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

Budgetary Comparison Schedules:

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

Combining Balance Sheet - Other Governmental Funds

STATISTICAL SECTION

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

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

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

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

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

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

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities										
Net investment in capital assets	\$ 80,132,665	\$ 78,908,012	\$ 80,610,059	\$ 78,664,492	\$ 76,175,840	\$ 73,539,157	\$ 72,756,832	\$ 71,352,834	\$ 81,381,854	\$ 72,855,800
Restricted	94,396	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494	1,106,650
Unrestricted	<u>2,973,933</u>	<u>7,325,290</u>	<u>10,659,249</u>	<u>4,162,871</u>	<u>1,021,733</u>	<u>(2,017,870)</u>	<u>16,697,479</u>	<u>29,778,660</u>	<u>47,081,356</u>	<u>78,779,968</u>
Total governmental activities net position	\$ 83,200,994	\$ 86,329,245	\$ 91,365,924	\$ 82,925,232	\$ 77,297,450	\$ 71,687,562	\$ 89,623,016	\$ 101,362,049	\$ 128,714,704	\$ 152,742,418
Business-type activities										
Net investment in capital assets	\$ 52,050,922	\$ 49,231,203	\$ 51,133,626	\$ 48,005,138	\$ 48,243,349	\$ 45,651,129	\$ 43,495,852	\$ 42,641,511	\$ 45,365,882	\$ 54,294,836
Restricted	-	-	-	-	-	-	-	-	-	2,138,181
Unrestricted	<u>(521,710)</u>	<u>(434,743)</u>	<u>(3,194,337)</u>	<u>(3,448,134)</u>	<u>(4,981,872)</u>	<u>471,783</u>	<u>2,515,929</u>	<u>1,931,852</u>	<u>(94,680)</u>	<u>(6,953,587)</u>
Total business-type activities net position	\$ 51,529,212	\$ 48,796,460	\$ 47,939,289	\$ 44,557,004	\$ 43,261,477	\$ 46,122,912	\$ 46,011,781	\$ 44,573,363	\$ 45,271,202	\$ 49,479,430
Primary government										
Net investment in capital assets	\$ 132,183,587	\$ 128,139,215	\$ 131,743,685	\$ 126,669,630	\$ 124,419,189	\$ 119,190,286	\$ 116,252,684	\$ 113,994,345	\$ 126,747,736	\$ 127,150,636
Restricted	94,396	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494	3,244,831
Unrestricted	<u>2,452,223</u>	<u>6,890,547</u>	<u>7,464,912</u>	<u>714,737</u>	<u>(3,960,139)</u>	<u>(1,546,087)</u>	<u>19,213,408</u>	<u>31,710,512</u>	<u>46,986,676</u>	<u>71,826,381</u>
Total primary government net position	<u>\$ 134,730,206</u>	<u>\$ 135,125,705</u>	<u>\$ 139,305,213</u>	<u>\$ 127,482,236</u>	<u>\$ 120,558,927</u>	<u>\$ 117,810,474</u>	<u>\$ 135,634,797</u>	<u>\$ 145,935,412</u>	<u>\$ 173,985,906</u>	<u>\$ 202,221,848</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Expenses										
Governmental activities:										
General government	\$ 10,360,176	\$ 11,224,921	\$ 11,325,690	\$ 12,144,928	\$ 14,456,714	\$ 14,183,030	\$ 18,181,279	\$ 17,104,866	\$ 16,682,392	\$ 18,817,622
Public safety	14,798,173	15,364,473	17,276,097	18,723,695	20,182,065	20,597,331	23,571,711	26,504,338	29,484,078	31,870,378
Public works	5,919,975	6,550,228	6,427,502	6,543,225	7,089,362	6,807,738	4,019,932	7,800,990	7,115,544	10,237,251
Health and hospitals	4,394,559	2,550,428	2,520,926	2,522,380	2,524,694	2,646,248	3,058,673	2,508,300	2,607,800	2,854,596
Social services	936,371	1,821,647	1,640,895	1,360,507	1,908,188	1,461,199	3,347,474	1,574,103	1,789,068	2,613,921
Education	39,518,549	41,025,371	42,249,348	43,745,918	52,481,151	66,549,527	48,364,006	51,984,991	51,630,630	57,472,059
Recreation	541,540	734,248	959,049	576,070	734,182	483,874	605,345	1,246,023	2,106,797	1,533,277
Conservation of natural resources	242,700	252,228	250,848	282,789	267,761	293,859	312,525	350,921	324,905	358,600
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	173,141	212,886	185,145	158,714	43,393	221,319	254,807	-	-	1,071,399
Total governmental activities expenses	<u>76,885,184</u>	<u>79,736,430</u>	<u>82,835,500</u>	<u>86,058,226</u>	<u>99,687,510</u>	<u>113,244,125</u>	<u>101,715,752</u>	<u>109,074,532</u>	<u>111,741,214</u>	<u>126,829,103</u>
Business-type activities:										
Recreation facilities	2,647,744	2,676,732	2,888,465	3,080,314	3,145,530	2,828,428	2,981,709	3,524,777	3,852,300	4,128,565
Sanitary district	3,710,861	3,883,742	4,366,586	4,511,793	4,855,689	5,003,390	5,118,423	5,487,509	5,504,287	5,826,801
Airport	4,464,150	4,312,785	4,525,433	5,805,247	5,704,850	5,502,918	5,957,958	7,894,770	7,660,249	6,731,494
Pool	249,430	-	-	-	-	-	-	-	-	-
Repurposing Center	-	-	-	-	-	-	-	556,981	818,442	583,460
Total business-type activities expenses	<u>11,072,185</u>	<u>10,873,259</u>	<u>11,780,484</u>	<u>13,397,354</u>	<u>13,706,069</u>	<u>13,334,736</u>	<u>14,058,090</u>	<u>17,464,037</u>	<u>17,835,278</u>	<u>17,270,320</u>
Total primary government expenses	<u>\$ 87,957,369</u>	<u>\$ 90,609,689</u>	<u>\$ 94,615,984</u>	<u>\$ 99,455,580</u>	<u>\$ 113,393,579</u>	<u>\$ 126,578,861</u>	<u>\$ 115,773,842</u>	<u>\$ 126,538,569</u>	<u>\$ 129,576,492</u>	<u>\$ 144,099,423</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 879,528	\$ 799,385	\$ 876,513	\$ 571,155	\$ 647,619	\$ 656,526	\$ 1,160,575	\$ 102,683	\$ 1,693,558	\$ 5,229,554
Public safety	1,716,348	1,700,062	2,409,072	2,442,331	2,626,903	2,778,631	2,291,858	2,914,158	4,044,935	3,723,997
Public works	416,507	262,496	245,783	474,198	381,148	615,746	420,065	263,647	522,998	420,042
Health and hospitals	115,961	110,303	95,011	98,104	102,131	124,446	111,852	-	142,640	135,044
Social Services	-	-	-	-	-	-	-	-	-	-
Education	99,143	105,745	410,781	224,423	267,625	177,107	592,627	-	741,528	-
Recreation	97,455	183,097	240,526	167,724	146,030	28,241	373,711	-	250,708	100,291
Conservation of natural resources	-	-	-	71,959	32,254	48,311	79,241	36,386	30,824	51,333
Operating/Capital grants and contributions	<u>5,813,482</u>	<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>
Total governmental activities program revenues	<u>9,138,424</u>	<u>8,554,050</u>	<u>9,570,825</u>	<u>8,872,615</u>	<u>9,491,871</u>	<u>8,812,345</u>	<u>16,120,675</u>	<u>13,325,903</u>	<u>16,016,925</u>	<u>17,318,347</u>

(continued)

Business-type activities:

Charges for services										
Recreation facilities	1,445,070	1,845,663	2,050,009	2,021,416	2,070,881	1,903,200	2,343,632	2,688,318	3,716,856	3,296,471
Sanitary district	2,440,190	2,203,946	3,473,144	2,528,753	2,894,922	3,003,501	3,260,677	3,008,521	4,218,935	4,394,081
Easton airport	2,992,658	2,527,763	2,524,209	3,099,955	3,235,994	2,936,884	3,947,586	5,890,650	6,555,171	4,881,776
Repurposing Center	-	-	-	-	-	-	-	185,503	387,322	316,421
Pool	108,506	-	-	-	-	-	-	-	-	-
Operating/Capital grants and contributions	<u>3,098,649</u>	<u>1,223,632</u>	<u>2,300,676</u>	<u>1,496,336</u>	<u>3,680,423</u>	<u>7,743,927</u>	<u>3,619,694</u>	<u>1,889,095</u>	<u>2,590,761</u>	<u>5,890,203</u>
Total business-type activities program revenues	<u>10,085,073</u>	<u>7,801,004</u>	<u>10,348,038</u>	<u>9,146,460</u>	<u>11,882,220</u>	<u>15,587,512</u>	<u>13,171,589</u>	<u>13,662,087</u>	<u>17,469,045</u>	<u>18,778,952</u>
Total primary government program revenues	<u>\$ 19,223,497</u>	<u>\$ 16,355,054</u>	<u>\$ 19,918,863</u>	<u>\$ 18,019,075</u>	<u>\$ 21,374,091</u>	<u>\$ 24,399,857</u>	<u>\$ 29,292,264</u>	<u>\$ 26,987,990</u>	<u>\$ 33,485,970</u>	<u>\$ 36,097,299</u>

Net (Expense)/Revenue

Governmental activities	\$ (67,746,760)	\$ (71,182,380)	\$ (73,264,675)	\$ (77,185,611)	\$ (90,195,639)	\$ (104,431,780)	\$ (85,595,077)	\$ (95,748,629)	\$ (95,724,289)	\$ (109,510,756)
Business-type activities	<u>(987,112)</u>	<u>(3,072,255)</u>	<u>(1,432,446)</u>	<u>(4,250,894)</u>	<u>(1,823,849)</u>	<u>2,252,776</u>	<u>(886,501)</u>	<u>(3,801,950)</u>	<u>(366,233)</u>	<u>1,508,632</u>
Total primary government net expense	<u>\$ (68,733,872)</u>	<u>\$ (74,254,635)</u>	<u>\$ (74,697,121)</u>	<u>\$ (81,436,505)</u>	<u>\$ (92,019,488)</u>	<u>\$ (102,179,004)</u>	<u>\$ (86,481,578)</u>	<u>\$ (99,550,579)</u>	<u>\$ (96,090,522)</u>	<u>\$ (108,002,124)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Property taxes	\$ 34,726,851	\$ 35,280,376	\$ 36,531,210	\$ 38,574,339	\$ 41,646,643	\$ 44,544,065	\$ 45,726,005	\$ 47,954,457	\$ 51,470,500	\$ 58,660,845
Local income tax	28,562,934	26,568,636	28,007,970	25,767,710	29,514,546	41,118,063	35,503,912	37,815,496	51,874,354	53,013,098
Other local taxes	10,706,846	11,340,994	12,859,841	12,354,244	12,107,793	12,281,446	22,249,580	22,958,657	16,456,838	16,733,462
Interest	91,344	132,640	231,807	604,834	901,297	533,739	115,878	231,485	4,228,144	7,261,873
Miscellaneous	514,997	1,317,542	1,206,986	1,309,428	883,578	852,690	707,496	884,237	-	354,192
Transfers in (out)	<u>(622,350)</u>	<u>(329,557)</u>	<u>(536,460)</u>	<u>(842,250)</u>	<u>(486,000)</u>	<u>(508,111)</u>	<u>(772,340)</u>	<u>(2,356,670)</u>	<u>(952,892)</u>	<u>(2,485,000)</u>
Total governmental activities	<u>73,980,622</u>	<u>74,310,631</u>	<u>78,301,354</u>	<u>77,768,305</u>	<u>84,567,857</u>	<u>98,821,892</u>	<u>103,530,531</u>	<u>107,487,662</u>	<u>123,076,944</u>	<u>133,538,470</u>

Business-type activities:

Gain on sale of asset	-	-	-	-	-	77,790	-	-	-	-
Interest	6,195	9,946	18,815	26,359	42,322	22,758	3,030	6,862	111,180	214,596
Miscellaneous	4,500	-	20,000	-	-	-	-	-	-	-
Transfers in (out)	<u>622,350</u>	<u>329,557</u>	<u>536,460</u>	<u>842,250</u>	<u>486,000</u>	<u>508,111</u>	<u>772,340</u>	<u>2,356,670</u>	<u>952,892</u>	<u>2,485,000</u>
Total business-type activities	<u>633,045</u>	<u>339,503</u>	<u>575,275</u>	<u>868,609</u>	<u>528,322</u>	<u>608,659</u>	<u>775,370</u>	<u>2,363,532</u>	<u>1,064,072</u>	<u>2,699,596</u>
Total primary government	<u>\$ 74,613,667</u>	<u>\$ 74,650,134</u>	<u>\$ 78,876,629</u>	<u>\$ 78,636,914</u>	<u>\$ 85,096,179</u>	<u>\$ 99,430,551</u>	<u>\$ 104,305,901</u>	<u>\$ 109,851,194</u>	<u>\$ 124,141,016</u>	<u>\$ 136,238,066</u>

Prior Period Restatement*

<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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Change in Net Position

Governmental activities	\$ 6,233,862	\$ 3,128,251	\$ 5,036,679	\$ 582,694	\$ (5,627,782)	\$ (5,609,888)	\$ 17,935,454	\$ 11,739,033	\$ 27,352,655	\$ 24,027,714
Business-type activities	<u>(354,067)</u>	<u>(2,732,752)</u>	<u>(857,171)</u>	<u>(3,382,285)</u>	<u>(1,295,527)</u>	<u>2,861,435</u>	<u>(111,131)</u>	<u>(1,438,418)</u>	<u>697,839</u>	<u>4,208,228</u>
Total primary government	<u>\$ 5,879,795</u>	<u>\$ 395,499</u>	<u>\$ 4,179,508</u>	<u>\$ (2,799,591)</u>	<u>\$ (6,923,309)</u>	<u>\$ (2,748,453)</u>	<u>\$ 17,824,323</u>	<u>\$ 10,300,615</u>	<u>\$ 28,050,494</u>	<u>\$ 28,235,942</u>

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

Fiscal year 2018 reflects GASB 75

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Non spendable										
Prepaid	205,551	83,672	55,539	492,383	771,897	1,132,142	2,023,110	2,082,658	1,025,447	2,108,437
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,290,000	2,156,000	2,526,000	7,775,000	3,963,460	6,743,000	20,765,000	14,300,000	20,061,000	39,093,752
Unassigned	<u>23,744,224</u>	<u>23,322,998</u>	<u>26,834,499</u>	<u>22,030,792</u>	<u>25,581,196</u>	<u>38,203,960</u>	<u>40,524,241</u>	<u>51,990,945</u>	<u>69,629,389</u>	<u>71,680,887</u>
Total General Fund	<u>\$ 25,239,775</u>	<u>\$ 25,562,670</u>	<u>\$ 29,416,038</u>	<u>\$ 30,298,175</u>	<u>\$ 30,316,553</u>	<u>\$ 46,079,102</u>	<u>\$ 63,312,351</u>	<u>\$ 68,373,603</u>	<u>\$ 90,715,836</u>	<u>\$ 112,883,076</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated - Capital Fund	-	-	-	-	-	-	-	-	-	-
Designated - Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Undesignated - Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Non spendable										
Prepaid	-	-	-	-	-	-	-	-	-	909
Restricted	94,396	95,943	96,616	97,869	99,877	166,275	168,705	230,555	251,494	1,106,650
Committed	9,883,203	11,411,980	8,505,196	5,866,571	3,065,329	8,788,301	9,729,913	15,548,962	33,963,228	21,591,607
Assigned	437,950	246,000	320,000	1,553,000	435,000	685,000	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 10,415,549</u>	<u>\$ 11,753,923</u>	<u>\$ 8,921,812</u>	<u>\$ 7,517,440</u>	<u>\$ 3,600,206</u>	<u>\$ 9,639,576</u>	<u>\$ 9,898,618</u>	<u>\$ 15,779,517</u>	<u>\$ 34,214,722</u>	<u>\$ 22,699,166</u>
Total Governmental Funds	<u><u>\$ 35,655,324</u></u>	<u><u>\$ 37,316,593</u></u>	<u><u>\$ 38,337,850</u></u>	<u><u>\$ 37,815,615</u></u>	<u><u>\$ 33,916,759</u></u>	<u><u>\$ 55,718,678</u></u>	<u><u>\$ 73,210,969</u></u>	<u><u>\$ 84,153,120</u></u>	<u><u>\$ 124,930,558</u></u>	<u><u>\$ 135,582,242</u></u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues										
Property tax	\$ 34,726,851	\$ 35,280,376	\$ 36,531,210	\$ 38,574,339	\$ 41,646,643	\$ 44,544,065	\$ 45,726,005	\$ 47,954,457	\$ 51,470,500	\$ 58,660,845
Income tax	28,562,934	26,568,636	28,007,970	25,767,710	29,514,546	41,118,063	35,503,912	37,815,496	51,874,354	53,013,098
Other local taxes	10,706,846	11,340,994	12,859,841	12,354,244	12,107,793	12,281,446	22,249,580	22,958,657	16,456,840	16,707,168
Licenses and permits	1,197,384	1,131,327	1,534,397	1,242,676	1,202,274	1,466,293	2,126,584	2,165,232	2,405,585	2,029,247
Intergovernmental:										
Federal	2,711,862	1,806,977	1,969,264	908,238	1,770,003	1,066,782	6,394,743	4,069,577	5,636,643	2,017,949
State	3,096,220	3,585,985	3,323,875	3,914,482	3,337,691	3,302,240	4,696,003	3,754,724	3,468,107	6,142,640
Contributions/Cost Sharing	-	-	-	-	-	-	-	-	-	-
Other Grants	5,400	-	-	-	-	-	-	-	-	-
Service charges	2,124,798	2,026,744	2,741,847	2,778,123	2,940,620	2,870,422	2,903,345	3,336,370	4,019,292	4,073,715
Fines and forfeitures	2,760	3,017	1,442	29,094	60,815	25,872	20,812	27,408	21,923	11,647
Miscellaneous	514,997	1,317,542	1,206,986	1,309,430	1,064,046	933,426	686,684	856,829	465,373	3,742,841
Interest Income	91,344	132,640	231,807	604,834	901,297	642,874	115,878	231,485	4,228,144	7,243,512
Total revenues	<u>83,741,396</u>	<u>83,194,238</u>	<u>88,408,639</u>	<u>87,483,170</u>	<u>94,545,728</u>	<u>108,251,483</u>	<u>120,423,546</u>	<u>123,170,235</u>	<u>140,046,761</u>	<u>153,642,662</u>
Expenditures										
General Government	6,350,740	7,642,163	8,802,050	9,300,739	9,330,699	8,722,903	13,871,821	15,121,846	25,515,012	29,304,876
Public Safety	20,277,465	17,363,993	17,499,498	16,961,686	18,493,023	21,302,987	21,881,480	24,008,382	27,171,242	29,689,864
Public Works*	5,833,477	7,006,063	7,982,257	6,203,408	6,826,823	5,977,886	4,802,216	6,041,847	5,310,702	8,569,894
Health and hospitals	4,416,125	2,544,168	2,520,926	2,522,380	2,524,694	2,655,831	3,058,673	2,508,300	2,607,800	2,854,596
Social services	936,371	1,821,647	1,640,895	1,360,507	1,908,188	1,450,117	3,347,474	1,574,103	1,789,068	2,613,921
Education*	42,060,240	43,247,006	44,193,888	46,535,733	54,696,071	66,549,524	50,709,864	55,085,588	54,060,029	59,986,168
Recreation	490,067	601,223	909,747	617,321	624,825	483,874	807,726	1,026,398	1,811,497	1,252,644
Conservation of natural resources	242,700	252,228	250,848	266,938	267,761	293,859	312,525	350,921	324,905	358,600
Employee Benefits	4,038,964	1,695,449	825,003	1,037,594	1,010,251	1,161,280	949,926	1,315,373	2,045,717	1,898,794
Miscellaneous	101,568	74,127	130,261	110,226	132,842	167,164	269,318	260,795	244,486	569,712
Intergovernmental	1,068,923	948,472	964,560	1,203,193	1,176,405	877,568	1,107,959	1,528,832	1,475,028	1,513,596
Debt service interest*	173,141	212,886	185,145	158,714	43,393	122,095	92,284	62,000	30,670	1,375,594
Debt service principal*	50,680	799,855	835,569	861,726	889,579	917,703	947,294	977,796	954,864	517,719
Debt issuance costs	-	124,648	-	-	-	109,134	-	-	-	-
Contingencies	41,972	81,219	114,433	22,990	34,030	69,069	355	9,233	-	-
Total expenditures	<u>86,082,433</u>	<u>84,415,147</u>	<u>86,855,080</u>	<u>87,163,155</u>	<u>97,958,584</u>	<u>110,860,994</u>	<u>102,158,915</u>	<u>109,871,414</u>	<u>123,341,020</u>	<u>140,505,978</u>
Excess of revenues over (under) expenditures	<u>(2,341,037)</u>	<u>(1,220,909)</u>	<u>1,553,559</u>	<u>320,015</u>	<u>(3,412,856)</u>	<u>(2,609,511)</u>	<u>18,264,631</u>	<u>13,298,821</u>	<u>16,705,741</u>	<u>13,136,684</u>

(continued)

Other Financing Sources (Uses)

Issuance of long-term debt	\$ 6,750,209	\$ 15,243,760	\$ -	\$ -	\$ -	\$ 21,775,000	\$ -	\$ -	\$ 25,024,589	\$ -
Payment to refunded debt escrow agent	-	(16,410,830)	-	-	-	-	-	-	-	-
Bond premium	-	1,327,418	4,158	-	-	3,144,540	-	-	-	-
Proceeds from Sale of Land	-	3,510,650	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	11,250,000	-	-
Pools	(107,950)	(191,030)	-	-	-	-	-	-	-	-
Recreation	(514,400)	(597,790)	(536,460)	(842,250)	(486,000)	(508,111)	(772,340)	(13,606,670)	(952,892)	(2,485,000)
Total other financing sources (uses)	6,127,859	2,882,178	(532,302)	(842,250)	(486,000)	24,411,429	(772,340)	(2,356,670)	24,071,697	(2,485,000)
Net change in fund balances	\$ 3,786,822	\$ 1,661,269	\$ 1,021,257	\$ (522,235)	\$ (3,898,856)	\$ 21,801,918	\$ 17,492,291	\$ 10,942,151	\$ 40,777,438	\$ 10,651,684

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

Total Governmental Principal Payments

Education	\$ 2,464,368	\$ 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
General Government	50,680	799,855	835,569	861,726	889,579	917,703	947,294	977,796	954,864	517,719
Public Works	47,658	48,610	49,582	50,572	47,239	-	-	-	-	-
Total Principal	2,562,706	3,554,365	3,539,009	3,651,541	3,151,738	3,229,435	3,293,152	4,078,393	3,384,264	3,031,828

Total Governmental Interest Payments

Education	1,022,369	711,277	798,087	707,174	554,921	511,651	850,902	1,136,909	1,043,139	950,822
General Government	173,141	212,886	185,145	158,714	43,393	122,095	92,284	62,000	30,670	1,375,594
Public Works	4,555	3,618	2,429	1,438	267	-	-	-	-	-
Total Interest	\$ 1,200,065	\$ 927,781	\$ 985,661	\$ 867,326	\$ 598,581	\$ 633,746	\$ 943,186	\$ 1,198,909	\$ 1,073,809	\$ 2,326,416

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total expenditures (Schedule 4)	\$ 86,082,433	\$ 84,415,147	\$ 86,855,080	\$ 87,163,155	\$ 97,958,584	\$ 110,860,994	\$ 102,158,915	\$ 109,871,414	\$ 123,341,020	\$ 140,505,978
Less Capital Outlay Expenditures	<u>10,214,790</u>	<u>4,676,266</u>	<u>5,133,230</u>	<u>2,200,857</u>	<u>1,549,501</u>	<u>1,466,955</u>	<u>5,635,262</u>	<u>3,128,783</u>	<u>14,467,199</u>	<u>19,843,966</u>
Non-Capital Expenditures	75,867,643	79,738,881	81,721,850	84,962,298	96,409,083	109,394,039	96,523,653	106,742,631	108,873,821	120,662,012
Debt Service Expenditures (Schedule 4)										
Principal	2,562,706	3,554,365	3,539,009	3,651,541	3,151,738	3,229,435	3,293,152	4,078,393	3,384,264	3,031,828
Interest	<u>1,200,065</u>	<u>927,781</u>	<u>985,661</u>	<u>867,326</u>	<u>598,581</u>	<u>633,746</u>	<u>943,186</u>	<u>1,198,909</u>	<u>1,073,809</u>	<u>2,326,416</u>
Total Debt Service Expenditures	3,762,771	4,482,146	4,524,670	4,518,867	3,750,319	3,863,181	4,236,338	5,277,302	4,458,073	5,358,244
Debt service as a percentage of										
Non-capital expenditures	4.96%	5.62%	5.54%	5.32%	3.89%	3.53%	4.39%	4.94%	4.09%	4.44%

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

Fiscal Year	Real Property ^a				Public Utility Personal Property ^b			Total Estimated Market Value
	Assessed Value	Estimated Market Value	Tax Rate ^c	Weighted Average Tax Rate ^d	Assessed Value	Estimated Market Value	Tax Rate ^c	
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
2015	8,494,000,738	8,494,000,738	0.5270	0.4805	62,229,920	62,229,920	1.3175	8,556,230,658

Source: Talbot County Finance Office

Notes:

^a Real Property is reassessed every three years. Real Property is assessed at market value.

^b Public Utility Personal Property is assessed at market value.

^c Per \$100 of value. Direct tax rate for properties located in the unincorporated areas of the County

^d 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)

-----Talbot County Direct Real Property Tax Rate-----								-----Overlapping Real Property Tax Rates-----					-----Total-----					
Fiscal Year Ending June 30	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
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	0.5572	0.520	0.3047	0.180	0.524	0.330	0.6372	1.0242	0.8239	0.7571	1.0342	0.8692
2019	0.6061	0.4731	0.4891	0.5460	0.4791	0.5081	0.5214	0.520	0.3047	0.180	0.524	0.330	0.6061	0.9931	0.7938	0.7260	1.0031	0.8381
2018	0.5708	0.4378	0.4538	0.5098	0.4438	0.4728	0.4990	0.520	0.3000	0.180	0.524	0.330	0.5708	0.9578	0.7538	0.6898	0.9678	0.8028
2017	0.5471	0.4142	0.4302	0.4862	0.4202	0.4492	0.4884	0.520	0.2952	0.180	0.460	0.310	0.5471	0.9342	0.7254	0.6662	0.8802	0.7592
2016	0.5360	0.4030	0.4190	0.4750	0.4090	0.4380	0.4805	0.520	0.2952	0.180	0.450	0.290	0.5360	0.9230	0.7142	0.6550	0.8590	0.7280
2015	0.5270	0.3950	0.4100	0.4660	0.4000	0.4300	0.4660	0.520	0.2783	0.180	0.450	0.290	0.5270	0.9150	0.6883	0.6460	0.8500	0.7200

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 2024</u>			<u>Fiscal Year 2015</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	\$ 25,029,933	1	0.27%	\$ 14,767,700	2	0.17%
Remco Properties, LLC	15,885,000	2	0.17%	10,213,867	6	0.12%
8223 Elliot Rd LLC	15,404,500	3	0.16%			
Intergrace, Inc	12,442,300	4	0.13%			
Tidewater Inn LLC	11,091,167	5	0.12%			
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%
FRE USA LLC	10,472,467	8	0.11%			
Chosen Easton LLC	10,311,600	9	0.11%			
Easton RIK MP LLC	10,087,700	10	0.11%			
William Hill Manor, Inc				15,175,400	1	0.18%
Easton Shoppes Business Trust				13,733,267	3	0.16%
Individual				10,649,000	5	0.13%
Wal Mart Real Estate Business Trust				9,407,900	8	0.11%
Tred Avon LLC				8,666,800	9	0.10%
Individual				8,517,300	10	0.10%
Total	<u><u>\$ 132,219,867</u></u>		<u><u>1.41%</u></u>	<u><u>\$ 113,163,634</u></u>		<u><u>1.33%</u></u>

Source: Talbot County Finance Office

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

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections/(Refunds/ Adjustments) in Subsequent Years	Total Collections to Date				
			Amount	Percentage of Levy		Amount	Percentage of Levy			
2024	\$	58,933,616	\$	58,908,730	99.96%	\$	-	\$	58,908,730	99.96%
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%
2015		34,024,027		33,996,787	99.92%		5,080		34,001,867	99.93%

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
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%
2014	2.00%	3.00%	4.00%	4.75%	5.00%	5.25%	5.50%	5.75%

Tax Year	Talbot County Income Tax Direct Rate
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%
2014	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

Tax Year	Number of Taxable Returns	Maryland Adjusted Gross Income	Net Taxable Income	Net State Income Tax	Local Income Tax	Total Tax Liability	Talbot County Income Tax Direct Rate
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%
2013	14,331	1,386,024,598	1,111,304,912	50,085,415	26,353,729	76,439,144	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

	Tax Year 2022					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$500,000 and higher	479	3.1%	\$ 754,553,070	39.8%	\$ 17,437,098	39.4%
\$250,000 - 499,999	893	5.8%	286,312,561	15.1%	6,775,082	15.3%
\$100,000 - 249,999	3,442	22.3%	472,774,042	25.0%	11,296,947	25.5%
\$50,000 - 99,999	4,158	26.9%	242,083,620	12.8%	5,778,089	13.1%
\$25,000 - 49,999	4,175	27.0%	113,038,310	6.0%	2,431,250	5.5%
\$5,000 - 24,999	2,254	14.6%	24,709,819	1.3%	519,046	1.2%
Under \$5,000	48	0.3%	81,546	0.0%	1,953	0.0%
Totals	15,449	100.0%	\$ 1,893,552,968	100.0%	\$ 44,239,465	100.0%

	Tax Year 2013					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$500,000 and higher	232	1.6%	\$ 354,114,837	31.9%	\$ 8,498,756	32.2%
\$250,000 - 499,999	496	3.5%	149,434,826	13.4%	3,586,434	13.6%
\$100,000 - 249,999	2,373	16.6%	286,453,365	25.8%	6,874,880	26.1%
\$50,000 - 99,999	3,666	25.6%	191,863,848	17.3%	4,604,722	17.5%
\$25,000 - 49,999	4,107	28.7%	97,984,506	8.8%	2,178,816	8.3%
\$5,000 - 24,999	3,385	23.6%	31,344,344	2.8%	607,578	2.3%
Under \$5,000	72	0.5%	109,186	0.0%	2,539	0.0%
Totals	14,331	100.0%	\$ 1,111,304,912	100.0%	\$ 26,353,725	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	
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
2015	28,310,754	6,861,049	196,003	35,367,806

Fiscal Year	Business-Type Activities			Total Business Type Activities	Total Primary Government	Ratios	
	General Obligation Bonds	Notes Payable	Financed Purchases			Debt to Personal Income (a)	Outstanding Debt Per Capita (a)
2024	\$ 11,523,942	\$ 1,346,762	\$ 1,312,538	\$ 14,183,242	\$ 67,432,646	1.82%	\$ 1,778
2023	11,188,852	1,870,696	1,580,820	14,640,368	71,314,995	1.92%	1,896
2022	11,159,528	2,392,543	1,980,450	15,532,521	50,899,488	1.52%	1,352
2021	11,856,157	2,912,311	297,638	15,066,106	54,844,132	1.72%	1,458
2020	12,532,031	3,437,063	356,429	16,325,523	59,729,367	2.11%	1,592
2019	12,019,254	3,675,961	149,448	15,844,663	37,733,841	1.36%	1,015
2018	12,413,393	4,511,607	242,299	17,167,299	42,383,654	1.57%	1,146
2017	11,277,933	5,044,069	324,066	16,646,068	45,689,403	1.73%	1,231
2016	3,232,573	5,573,527	151,602	8,957,702	41,711,327	1.67%	1,119
2015	3,541,302	6,099,800	193,364	9,834,466	45,202,272	1.86%	1,205

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 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

Fiscal Year	General Obligation Bonds^a	Total Taxable Assessable Base^b	Percentage of Total Taxable Assessable Base	Population^c	General Obligation Debt Per Capita
2024	\$ 64,737,908	\$ 9,488,827,612	0.68%	37,935	\$ 1,707
2023	67,810,322	9,102,721,588	0.74%	37,611	1,803
2022	45,518,475	8,863,543,087	0.51%	37,636	1,209
2021	49,700,997	8,713,440,395	0.57%	37,626	1,321
2020	53,106,280	8,571,516,752	0.62%	37,526	1,415
2019	30,210,274	8,454,094,031	0.36%	37,181	813
2018	33,042,752	8,430,129,867	0.39%	36,968	894
2017	34,868,199	8,432,769,892	0.41%	37,103	940
2016	29,697,506	8,417,243,821	0.35%	37,278	797
2015	31,852,056	8,556,230,658	0.37%	37,512	849

Sources:

^a Talbot County Finance Office

^b State of Maryland, Department of Assessments and Taxation

^c U.S. Census Bureau.

Schedule 15
Talbot County, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

	<u>Gross Debt</u>
Talbot County:	
County Government	
Total Net Direct Debt (a)	<u>\$ 53,249,404</u>
 Towns: (b)	
Easton (100%)	\$ 14,294,298
Oxford (100%)	10,360 (c)
Queen Anne (100%)	-
St. Michaels (100%)	-
Trappe (100%)	15,166
Total Net Overlapping Debt	<u>\$ 14,319,824</u>
 Total Net Direct and Overlapping Debt	<u>\$ 67,569,228</u>

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.

c: Based on municipality's financial report for fiscal year ended June 30, 2023.
Fiscal Year 2024 financial information not available.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Taxable Real Property Assessable Base *	\$ 8,494,001	\$ 8,354,091	\$ 8,367,983	\$ 8,365,734	\$ 8,384,994	\$ 8,499,253	\$ 8,637,352	\$ 8,784,257	\$ 9,018,441	\$ 9,402,177
Debt Limit, 15% of Assessable Base	1,274,100	1,253,114	1,255,197	1,254,860	1,257,749	1,274,888	1,295,603	1,317,639	1,352,766	1,410,327
Amount of Debt Applicable to Limit										
General Obligation Bonds	35,368	32,754	29,043	25,216	21,889	43,404	39,778	35,367	56,675	53,249
Legal Debt Margin	<u>\$ 1,238,732</u>	<u>\$ 1,220,360</u>	<u>\$ 1,226,154</u>	<u>\$ 1,229,644</u>	<u>\$ 1,235,860</u>	<u>\$ 1,231,484</u>	<u>\$ 1,255,825</u>	<u>\$ 1,282,272</u>	<u>\$ 1,296,091</u>	<u>\$ 1,357,077</u>
Total net debt applicable to the limit as a percentage of debt limit	2.78%	2.61%	2.31%	2.01%	1.74%	3.40%	3.07%	2.68%	4.19%	3.78%

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

Year	Population ^b	Personal Income ^b <i>(thousands of dollars)</i>	Per Capita Personal Income ^b	Public School Enrollment ^c	Unemployment Rate ^d	
2024	37,935	a	*	*	4,502	3.2%
2023	37,611		3,712,937	98,166	4,523	1.6%
2022	37,636		3,355,057	88,449	4,533	4.7%
2021	37,626		3,186,725	84,695	4,524	4.6%
2020	37,526		2,829,386	76,528	4,703	7.1%
2019	37,181		2,777,842	74,711	4,674	3.6%
2018	36,968		2,707,240	73,232	4,646	4.1%
2017	37,103		2,643,437	71,246	4,593	4.0%
2016	37,278		2,496,549	66,971	4,625	4.1%
2015	37,512		2,430,909	64,804	4,630	5.2%

Sources:

^a Maryland Department of Commerce - for years not available from Bureau of Economic Analysis, U.S. Department of Commerce.

^b Bureau of Economic Analysis, U.S. Department of Commerce.

^c Maryland State Department of Education.

^d 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

<u>Employer</u>	<u>2024</u>			<u>2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Univ. of MD/Shore Regional Health	1,340	1	7.88%	1,641	1	8.98%
Inn at Perry Cabin	250	2	1.47%			
Genesis Healthcare/The Pines	200	3	1.18%	250	2	1.37%
Qlarant	196	4	1.15%			
Target	175	5	1.03%	150	10	0.82%
Shore United Bank	165	6	0.97%			
Walmart	163	7	0.96%	205	4	1.12%
Shore Bancshares	161	8	0.95%	177	6	0.97%
Eurofins EAG Easton	160	9	0.94%			
APG Media	160	10	0.94%			
Bayleigh Chase				220	3	1.20%
EAG Laboratories				160	7	0.88%
Aphena Pharma Solutions				150	9	0.82%
Quality Health Strategies				185	5	1.01%
Chesapeake Building Components				156	8	0.85%
	<u>2,970</u>		<u>17.46%</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

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government	65.8	65.4	66.8	65.7	68.9	65.9	72.5	68.0	67.8	70.1
Public Safety	161.7	170.2	161.3	164.2	177.4	213.3	209.8	212.5	216.2	227.4
Public Works	41.9	44.7	46.1	46.8	46.9	46.5	44.9	46.9	50.0	53.9
Social Services	-	-	-	-	-	-	-	-	-	1.0
Recreation	35.9	35.6	38.0	37.2	34.9	24.2	28.0	27.3	27.7	31.1
Airport	<u>5.0</u>	<u>5.1</u>	<u>5.3</u>	<u>5.2</u>	<u>5.4</u>	<u>5.2</u>	<u>5.5</u>	<u>6.2</u>	<u>6.2</u>	<u>5.9</u>
Total	<u>310.3</u>	<u>321.0</u>	<u>317.5</u>	<u>319.1</u>	<u>333.5</u>	<u>355.3</u>	<u>360.7</u>	<u>360.9</u>	<u>367.9</u>	<u>389.4</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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Function/Program</u>										
General Government										
Building Permits issued	239	259	294	299	408	493	690	445	876	832
Value of new construction (000's)	28,289	34,149	58,099	38,235	34,598	40,477	65,511	60,792	109,724	112,709
Public Safety										
Detention Center										
Avg. daily population	63	67	75	69	72	72	99	88	100	80
Bookings	804	775	727	626	935	961	855	669	660	700
Police Protection										
Sworn Officers										
9-1-1 Calls Answered										
Fire	2,112	2,523	3,338	2,070	2,088	2,067	1,954	1,985	1,960	2,014
Emergency Medical Services	4,774	4,682	3,894	5,897	5,973	5,726	5,946	6,714	6,572	6,619
Sheriff	13,397	14,896	16,879	20,167	26,083	23,733	22,175	23,210	27,410	29,299
Other Police	11,184	11,834	32,403	29,852	33,902	29,329	33,927	35,399	39,009	37,098
Education										
Students	4,630	4,625	4,593	4,646	4,674	4,703	4,524	4,533	4,523	4,502
Teachers Instructional	321	326	327	325	326	336	341	333	334	339
Recreation Facilities										
Boat ramp permits	6,034	5,886	3,957	3,581	3,540	3,531	3,745	3,189	3,336	3,336
Golf rounds	26,889	35,998	37,903	31,140	29,838	31,282	30,684	38,474	39,971	41,344
Public Works										
Centerline miles of road maintained	374	373	373	373	373	373	378	370	370	370
Wastewater treated (mgd)	0.363	0.428	0.401	0.382	0.552	0.304	0.542	0.401	0.412	0.424
Airport										
Based aircraft	216	229	233	224	225	203	206	195	188	190
Takeoffs and landings										
Gallons of fuel sold	648,140	660,362	642,921	748,246	709,282	591,963	820,519	1,067,598	1,068,065	939,812

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Function/Program</u>										
Public Safety										
Detention center capacity	145	145	145	145	145	145	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
Education										
Elementary Schools	6	6	6	6	6	6	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
Recreation Facilities										
Community Center/Ice Rink	1	1	1	1	1	1	1	1	1	1
Golf Course (27 holes)	1	1	1	1	1	1	1	1	1	1
County Parks	14	14	14	14	14	14	14	14	14	14
Park acreage	293	293	293	293	293	293	293	293	287	302
Public Landings & Wharves	30	30	30	30	30	29	29	26	25	25
Boat Slips	136	136	136	136	136	136	136	126	126	129
Public Pools	2	2	2	2	2	2	2	2	2	2
Public Works										
Centerline miles of county roads	374	373	373	373	373	373	378	370	370	370
Bridges	9	9	9	9	9	9	9	9	9	9
Wastewater Treatment Plants	3	3	2	2	2	2	2	2	3	3
Miles of mains	40	40	42	42	43	43	44	44	46	53
Pump stations	12	12	12	12	12	12	12	12	12	12
Airport										
Number of Runways	2	2	2	2	2	2	4	4	4	4

Sources: Talbot County Finance Office and applicable County Departments.



Talbot County, Maryland

www.talbotcountymd.gov