



# *Talbot County, Maryland*

# 2021



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2021

2001-2020

Finance Office  
[www.talbotcountymd.org](http://www.talbotcountymd.org)



**TALBOT COUNTY, MARYLAND**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2021**

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



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TALBOT COUNTY, MARYLAND  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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## INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS



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

FINANCE OFFICE  
PHONE: 410-770-8020

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

December 29, 2021

To the County Council and Citizens of Talbot County, Maryland:

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) for Talbot County, Maryland for the fiscal year ended June 30, 2021 as required by both local and state statutes. These statutes require that Talbot County, Maryland annually issue financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America 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, 2021. 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, 2021, 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 2022. 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 state and local governments across the country, Talbot County is concerned about the National economy and the far reaching effects it has had on Maryland's and Talbot County's overall economy. Of greatest concern are the impacts of the COVID 19 public health emergency and the potential of reductions in state funding and/or additional costs that may be passed on to local governments. The County's largest revenue source remains property taxes. For FY 2021 actual property tax revenues totaled \$45.7 million or 41.2% 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 2021 Income tax revenues accounted for 32% of the General Fund revenues. The County received \$35.5 million in Income Tax revenues in FY 2021, \$8.6 million more than budgeted but \$5.6 million less than the amount received in FY 2020. The County is continuing to monitor the impact of the COVID 19 public health emergency and related impact on our citizens' incomes. Other Local Tax revenues such as recordation tax and transfer tax increased by \$10.0 million, an 81.2 percent increase, from the prior year actual and were \$11.8 million more than originally budgeted for FY 2021. For FY 2022 the County is optimistic that the housing market will remain strong. 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 2022.

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 the second lowest county 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, 2021, Talbot County's unassigned fund balance was 43.5% of actual expenditures, before other financing uses.

The FY 2022 General Fund Budget increased by \$16.5 million or 16.8% from the FY 2021 Approved Budget. The FY 2022 budget includes the transfer of \$10 million to the Capital Projects Fund to fund County projects including EMS Stations, Broadband expansion, road upgrades and Talbot County Public Schools capital projects. Excluding the transfer to the Capital Projects Fund, the General Fund Budget for FY 2022 increased by 6.5%. Public Safety expenses rose \$4.2 million from the FY 2021 budget. The FY 2022 Budget includes funding for increased retirement expenses associated with joining the Law Enforcement Officers Pension System (LEOPS) for the Deputies in the Talbot County Sheriff's Office, salary scale adjustments for some public safety positions, additional EMS positions to support call volumes and the expansion of service in the northern area of the county. The Contingency Fund for FY 2022 is \$1.5 million, a decrease of \$752,000, or 34.1% from the FY 2021 level. In addition, all proposed equipment purchases (Capital Outlay) of \$4.2 million are included in the County Administration department budget to allow the County the maximum oversight on all equipment purchases during FY 2022.

In FY 2022 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, as well as maintaining the current level of services to the citizens and visitors of Talbot County.

#### **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 comprehensive annual financial report for the fiscal year ended June 30, 2020. 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 (20) 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 on a timely basis was 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,

A handwritten signature in cursive script that reads "Joye Nagle".

Joye Nagle  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Talbot County  
Maryland**

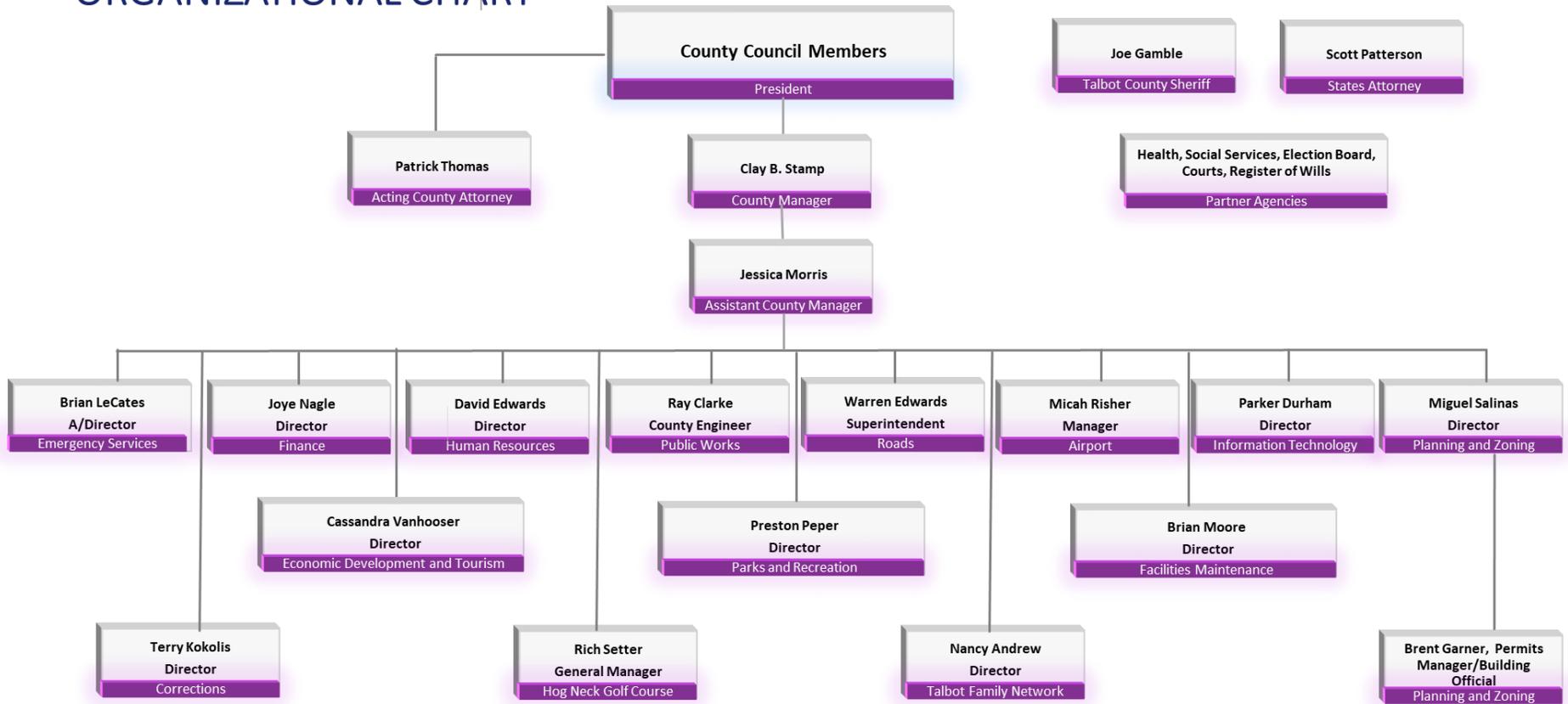
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# ORGANIZATIONAL CHART



Talbot County, Maryland  
List of Elected and Appointed Officials  
June 30, 2021

Elected Officials

County Council

Chuck F. Callahan, President  
Pete Leshner, Vice President  
Corey W. Pack  
Frank Divilio  
Laura E. Price

Sheriff  
State's Attorney

Joseph J. Gamble  
Scott G. Patterson

Appointed Officials

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

Clay B. Stamp  
Patrick Thomas  
Jessica K. Morris  
David Edwards  
Micah L. Risher  
Terry Kokolis  
Cassandra M. Vanhooser  
Brian LeCates  
Brian Moore  
Joye Nagle  
Richard A. Setter  
Parker J. Durham  
Preston P. Peper  
Miguel Salinas  
Raymond P. Clarke  
Warren W. Edwards, Jr.

## FINANCIAL SECTION



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

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

County Council of Talbot County, Maryland  
Easton, Maryland

### **Report on the Financial Statements**

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above 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, 2021, 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.



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

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of 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 be presented to supplement the basic financial statements. Such information, 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 and Other 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 introductory section, statistical tables and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary information are the responsibility of management and were derived from and relate 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.

The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Owings Mills, Maryland  
December 29, 2021

A handwritten signature in black ink that reads "SB &amp; Company, LLC".

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## 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, 2021. 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, 2021, by \$135.6 million (total net position), compared to \$117.8 million at June 30, 2020. For fiscal year ended June 2021, the unrestricted portion of net position is a surplus of \$19.2 million and is comprised of \$16.7 unrestricted net position in the governmental activities and \$2.5 million unrestricted net position in the business type activities. The unrestricted surplus is relatively small because the County issues debt to fund the 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. At June 30, 2021, the County included \$35.6 million of bonds payable in liabilities for school construction projects and no corresponding capital assets.
- The total net position increased by \$17.8 million or 15.1%.

#### **Fund Level**

- The General Fund had an increase in fund balance of \$17.2 million.
- At June 30, 2021, the County's governmental funds reported combined fund balances of \$73.2 million, an increase of \$17.5 million from the prior year. Approximately 55.4% of the combined governmental fund balance (\$40.5 million), is available to meet the County's current and future needs (unassigned), 20.8% is assigned, indicating that it is not available for new spending because it has already been assigned for items such as subsequent years expenditures, 13.5% is committed or restricted for future use and 2.8% is nonspendable meaning that it is in the form of prepaid items.
- The unassigned fund balance for the General Fund of \$40.5 million is 36.5 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, 2021 for the "rainy day fund" is \$14.0 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.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

## **Notes to Financial Statements**

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

The Notes to the Financial Statements can be found on pages 43-97 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 \$135.6 million at the close of the most recent fiscal year, as shown in the schedule of net position below. Components for Talbot County's net position is divided into three categories, net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the County's net position reflects its investment in capital assets net of depreciation (e.g., land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that although counties in the State of Maryland issue debt for the construction of schools, school buildings are owned by each County's Public School System. Ownership reverts to the County if the local board determines that a building is no longer needed. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The unrestricted net position in governmental activities of \$16.7 million reflects the surplus of assets without corresponding liabilities.

Restricted net position of \$166 thousand represents .14 percent of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. Unrestricted net position of the total government is a surplus of \$19 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          |                |
|----------------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
|                                  | 2021                    | 2020          | 2021                     | 2020          | 2021           | 2020           |
| Current and Other Assets         | \$ 84,874,111           | \$ 70,365,890 | \$ 9,496,733             | \$ 1,200,181  | \$ 94,370,844  | \$ 71,566,071  |
| Capital Assets                   | 74,690,018              | 76,368,752    | 58,561,958               | 61,976,652    | 133,251,976    | 138,345,404    |
| Total Assets                     | 159,564,129             | 146,734,642   | 68,058,691               | 63,176,833    | 227,622,820    | 209,911,475    |
| Deferred Outflow of Resources    | 5,708,847               | 5,077,501     | 14,669                   | 17,603        | 5,723,516      | 5,095,104      |
| Non Current Liabilities          | 55,818,006              | 60,140,262    | 13,893,017               | 15,204,126    | 69,711,023     | 75,344,388     |
| Other Liabilities                | 16,638,176              | 18,497,467    | 8,168,562                | 1,867,398     | 24,806,738     | 20,364,865     |
| Total Liabilities                | 72,456,182              | 78,637,729    | 22,061,579               | 17,071,524    | 94,517,761     | 95,709,253     |
| Deferred Inflow of Resources     | 3,193,778               | 1,486,852     | -                        | -             | 3,193,778      | 1,486,852      |
| Net Position:                    |                         |               |                          |               |                |                |
| Net Investment in Capital Assets | 72,756,832              | 73,539,157    | 43,495,852               | 45,651,129    | 116,252,684    | 119,190,286    |
| Restricted                       | 168,705                 | 166,275       | -                        | -             | 168,705        | 166,275        |
| Unrestricted                     | 16,697,479              | (2,017,870)   | 2,515,929                | 471,783       | 19,213,408     | (1,546,087)    |
| Total Net Position               | \$ 89,623,016           | \$ 71,687,562 | \$ 46,011,781            | \$ 46,122,912 | \$ 135,634,797 | \$ 117,810,474 |

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 also show positive balances in its categories of net position.

## Talbot County Government's Changes in Net Position

|  | Governmental Activities |                      | Business-Type Activities |                      | Total                 |                       |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|  | 2021                    | 2020                 | 2021                     | 2020                 | 2021                  | 2020                  |
| <b>Revenues:</b>                                     |                         |                      |                          |                      |                       |                       |
| <b>Program Revenues:</b>                             |                         |                      |                          |                      |                       |                       |
| Charges for Services                                 | \$ 5,029,929            | \$ 4,429,008         | \$ 9,551,895             | \$ 7,843,585         | \$ 14,581,824         | \$ 12,272,593         |
| Operating Grants and Contributions                   | 11,090,746              | 3,573,513            | 3,619,694                | 7,743,927            | 14,710,440            | 11,317,440            |
| Capital Grants and Contributions                     | -                       | 809,824              | -                        | -                    | -                     | 809,824               |
| <b>General Revenues:</b>                             |                         |                      |                          |                      |                       |                       |
| Property Taxes                                       | 45,726,005              | 44,544,065           | -                        | -                    | 45,726,005            | 44,544,065            |
| Local Income Tax                                     | 35,503,912              | 41,118,063           | -                        | -                    | 35,503,912            | 41,118,063            |
| Other Local Taxes                                    | 22,249,580              | 12,281,446           | -                        | -                    | 22,249,580            | 12,281,446            |
| Investment Income                                    | 115,878                 | 533,739              | 3,030                    | 22,758               | 118,908               | 556,497               |
| Miscellaneous  | 707,496                 | 852,691              | -                        | 77,790               | 707,496               | 930,480               |
| <b>Total Revenues</b>                                | <b>120,423,546</b>      | <b>108,142,349</b>   | <b>13,174,619</b>        | <b>15,688,060</b>    | <b>133,598,165</b>    | <b>123,830,408</b>    |
| <b>Expenses:</b>                                     |                         |                      |                          |                      |                       |                       |
| General Government                                   | 18,181,279              | 14,183,030           | -                        | -                    | 18,181,279            | 14,183,030            |
| Public Safety  | 23,571,711              | 20,597,331           | -                        | -                    | 23,571,711            | 20,597,331            |
| Public Works   | 4,019,932               | 6,807,738            | -                        | -                    | 4,019,932             | 6,807,738             |
| Health   | 3,058,673               | 2,646,248            | -                        | -                    | 3,058,673             | 2,646,248             |
| Social Services                                      | 3,347,474               | 1,461,199            | -                        | -                    | 3,347,474             | 1,461,199             |
| Education  | 48,364,006              | 66,549,527           | -                        | -                    | 48,364,006            | 66,549,527            |
| Recreation   | 605,345                 | 483,874              | -                        | -                    | 605,345               | 483,874               |
| Conservation of Natural Resources                    | 312,525                 | 293,859              | -                        | -                    | 312,525               | 293,859               |
| Interest Charges                                     | 254,807                 | 221,319              | -                        | -                    | 254,807               | 221,319               |
| Recreation Facilities                                | -                       | -                    | 2,981,709                | 2,828,428            | 2,981,709             | 2,828,428             |
| Sanitary District                                    | -                       | -                    | 5,118,423                | 5,003,390            | 5,118,423             | 5,003,390             |
| Airport  | -                       | -                    | 5,957,958                | 5,502,918            | 5,957,958             | 5,502,918             |
| <b>Total Expenses</b>                                | <b>101,715,752</b>      | <b>113,244,125</b>   | <b>14,058,090</b>        | <b>13,334,736</b>    | <b>115,773,842</b>    | <b>126,578,861</b>    |
| Increase (Decrease) in Net Position before transfers | 18,707,794              | (5,101,776)          | (883,471)                | 2,353,324            | 17,824,323            | (2,748,453)           |
| Transfers In (Out)                                   | (772,340)               | (508,111)            | 772,340                  | 508,111              | -                     | -                     |
| Increase (Decrease) in Net Position                  | 17,935,454              | (5,609,887)          | (111,131)                | 2,861,435            | 17,824,323            | (2,748,453)           |
| Net Position – Beginning                             | 71,687,563              | 77,297,450           | 46,122,912               | 43,261,477           | 117,810,475           | 120,558,927           |
| <b>Net Position - Ending</b>                         | <b>\$ 89,623,017</b>    | <b>\$ 71,687,563</b> | <b>\$ 46,011,781</b>     | <b>\$ 46,122,912</b> | <b>\$ 135,634,798</b> | <b>\$ 117,810,474</b> |

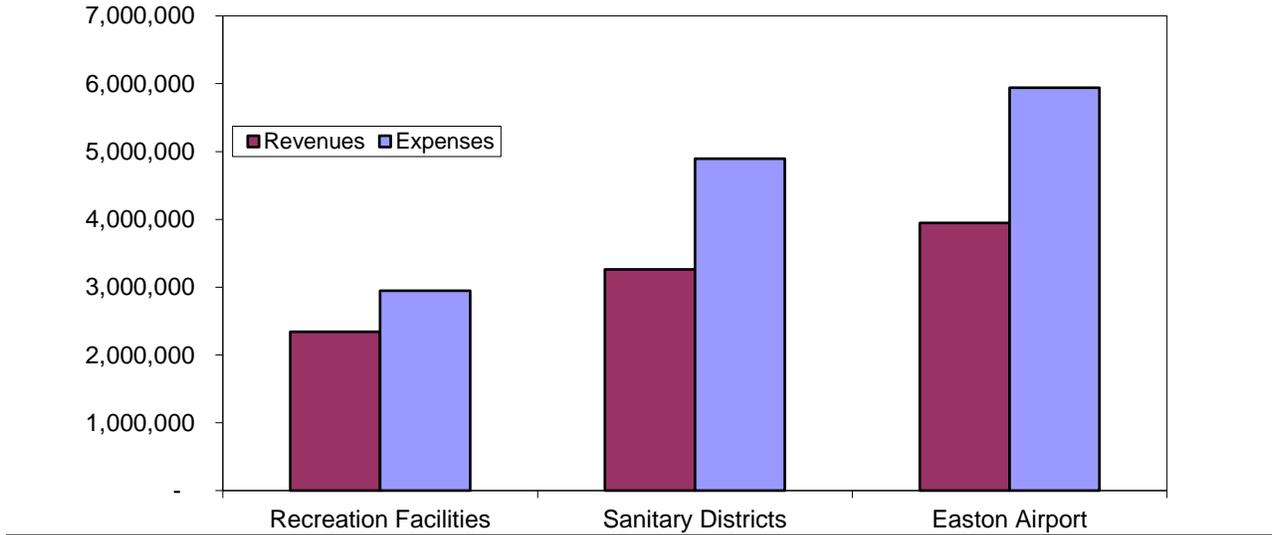
**Governmental Activities.** Governmental Activities increased the County's net position after transfers by \$17.9 million. Key elements of the increase in the net position of governmental activities are as follows:

- Other Local Tax revenues such as recordation tax and transfer tax increased by \$10.0 million, an 81.2 percent increase from the prior year actual and were \$11.8 million more than originally budgeted for FY 2021.
- Property tax revenues increased by \$1.2 million, a 2.7 percent increase from the prior fiscal year and were \$1.6 million more than originally budgeted.
- Education expenses decreased by \$18.2 million, a 27.3 percent decrease from the prior year. This decrease is primarily due to a reduction of expenditures following a year of heavy investment for the construction of a new Easton Elementary School.

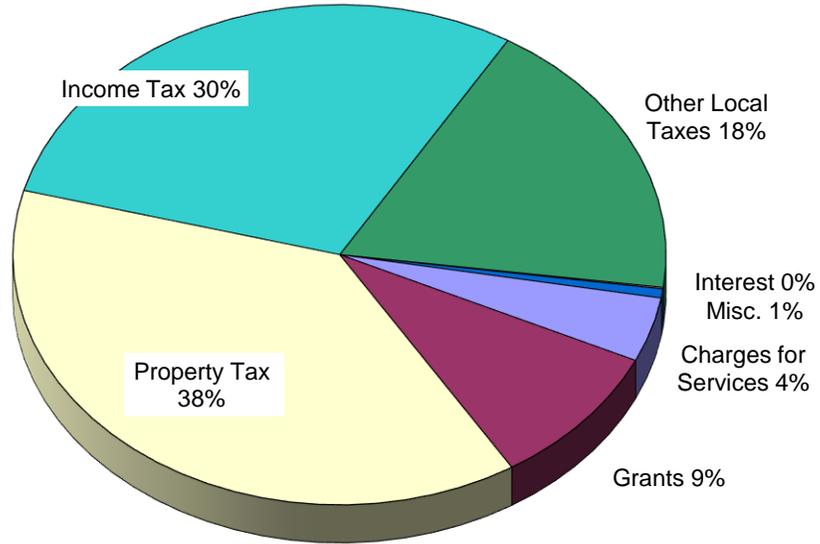
**Business-type Activities.** Business-type activities decreased Talbot County's net position after transfers by \$0.1 million. The decrease is primarily attributable to decreased revenues from grants following abnormally high grant revenue in 2020.

Fiscal year 2021 operating revenues and expenses for both the business-type and governmental activities are summarized in the charts on the following pages.

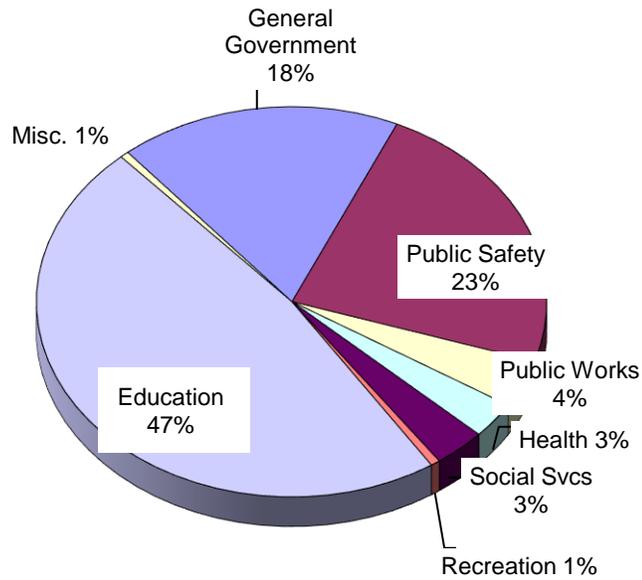
***Expenses and Program Revenues - Business-Type Activities  
For the Year Ended June 30, 2021***



**Revenues by Source - Governmental Activities  
For the Year Ended June 30, 2021**

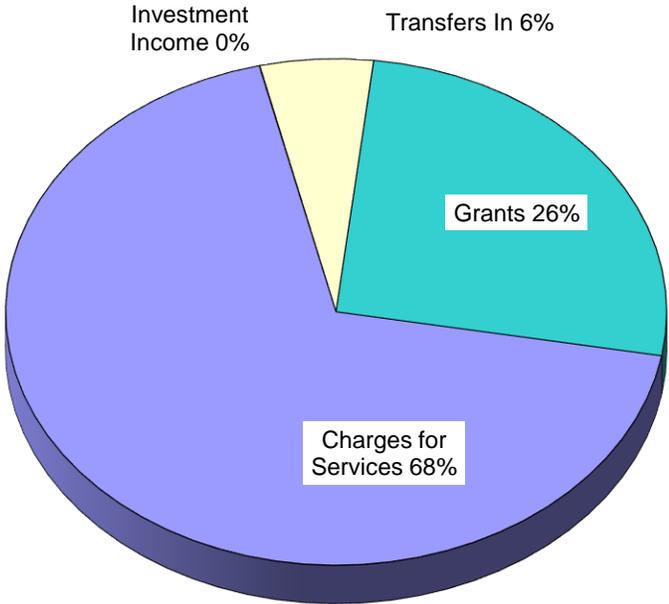


**Expenses - Governmental Activities  
For the Year Ended June 30, 2021**

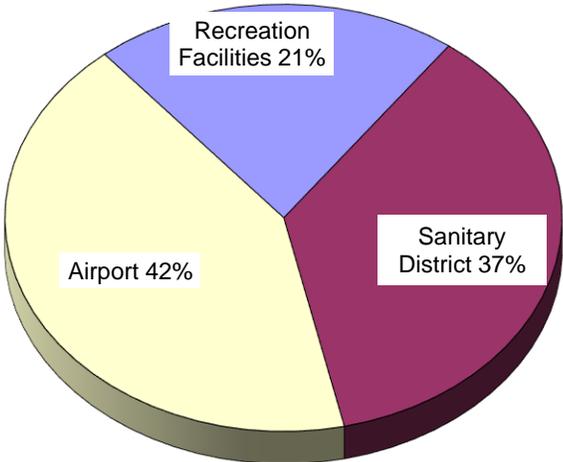


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**Revenues by Source - Business-Type  
Activities  
For the Year Ended June 30, 2021**



**Expenses - Business-Type Activities  
For the Year Ended June 30, 2021**



## 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 \$73.2 million. Approximately 55.4 percent of this total (\$40.5 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 \$63.3 million, and the unassigned fund balance was \$40.5 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 43.5 percent of total general fund expenditures before Other Financing Uses, while total fund balance represents 68 percent of total general fund expenditures before Other Financing Uses.

The fund balance of Talbot County's General Fund increased by \$17.2 million during FY 2021. This increase is due primarily to increases in other local tax revenues such as recordation tax and transfer tax revenues.

The fund balance of the County's Capital Projects Fund decreased by \$0.2 million in FY 2021 following a year of heavy investment to finance the construction of the Easton Elementary School.

**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 \$46.0 million. There is a balance of \$2.5 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 \$16.0 million at June 30, 2021.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final budget and the final actual results for the County totaled \$17.2 million. Total revenues and other financing sources were \$14.6 million more than final budgeted estimates. Total expenditures and other financing uses were \$2.7 million less than final budgeted estimates. The major variances can be summarized as follows:

- **Revenues.** Revenues before Other Financing Sources were \$21.8 million more than final budget for the year. As discussed earlier, the major differences between the budgeted amounts and the actual revenues are as follows:

- Other Local Tax revenues such as recordation tax and transfer tax increased by \$10.0 million, an 81.2 percent increase from the prior year actual and were \$11.8 million more than final budget for FY 2021. In addition, net property tax revenues increased by \$1.2 million, a 2.7 percent increase from the prior fiscal year and were \$0.9 million more than final budget.
- Local income tax revenues received were \$8.6 million more than final budget. Federal grant revenue was \$494 thousand more than final budget.
- **Expenditures.** Expenditures were \$2.7 million less than final budget for the year. The County departments spent less than budgeted in most major expenditure areas, but significantly less than the increase in revenues.
  - General government expenditures increased collectively across all departments by \$523 thousand, a 6.3 percent increase over prior year and \$920 thousand less than final budget.
  - Public works expenditures on infrastructure for roads, public landings and wharfs and solid waste disposal increased by \$262 thousand, a 5.8 percent increase over prior year.

### **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, 2021 totals \$133.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total decrease in the County’s investment in capital assets for the current fiscal year is \$5.1 million or 3.7 percent.

Capital assets are summarized as follows:

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

|                            | <b>Governmental Activities</b> |                      | <b>Business-Type Activities</b> |                      | <b>Total</b>         |                       |
|----------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|-----------------------|
|                            | 2021                           | 2020                 | 2021                            | 2020                 | 2021                 | 2020                  |
| Land                       | \$ 10,056,446                  | \$ 9,735,907         | \$ 2,956,046                    | \$ 2,956,046         | \$ 13,012,492        | \$ 12,691,953         |
| Construction in progress   | 154,204                        | -                    | 1,367,512                       | 991,472              | 1,521,716            | 991,472               |
| Buildings and improvements | 23,939,655                     | 26,530,718           | 51,174,925                      | 54,705,880           | 75,114,580           | 81,236,598            |
| Non-deprec. infrastructure | 24,682,285                     | 25,449,891           | -                               | -                    | 24,682,285           | 25,449,891            |
| Infrastructure             | 10,123,203                     | 8,428,057            | -                               | -                    | 10,123,203           | 8,428,057             |
| Furniture and equipment    | 5,734,225                      | 6,224,179            | 3,063,475                       | 3,323,254            | 8,797,700            | 9,547,433             |
| <b>Total</b>               | <b>\$ 74,690,018</b>           | <b>\$ 76,368,752</b> | <b>\$ 58,561,958</b>            | <b>\$ 61,976,652</b> | <b>\$133,251,976</b> | <b>\$ 138,345,404</b> |

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

- \$2.5 million investment in road resurfacing infrastructure.
- Upgrades and renovations to County Wastewater Collection Systems totaling \$1.7 million of the Business Type Activities.

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

**Long-term Debt.** At the end of the current fiscal year, Talbot County had total long-term debt outstanding of \$54.9 million, a decrease of approximately \$4.9 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, \$15.0 million is considered self-supporting bonds, funded through various charges and assessments related to the enterprise operations of the County.

### Talbot County Government's Outstanding Debt

|                           | Governmental Activities |               | Business-Type Activities |               | Total         |               |
|---------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                           | 2021                    | 2020          | 2021                     | 2020          | 2021          | 2020          |
| Bonds, Notes and Premiums | \$ 39,778,026           | \$ 43,403,844 | \$ 15,066,106            | \$ 16,325,523 | \$ 54,844,132 | \$ 59,729,367 |

The County's most recent bond ratings from Moody's Investors Service and Fitch Ratings are Aa2 (May 2020) and AAA (May 2021), 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 2022 approved budget for the General Fund is \$112,815,596 representing an increase of \$16.3 million or 16.8 percent from the FY 2021 original approved budget.
- The County's real property tax rate, including the Educational supplement, increased to \$.6565 per \$100 from \$.6372 per \$100. The Income tax rate remained unchanged for FY 2022.
- Real Property tax revenue is expected to generate \$384 thousand more than the FY 2021 actual collections and is \$1.3 million more than the FY 2021 budget.
- Income tax revenue in FY 2022 is budgeted to be \$8.5 million less than the FY 2021 actual collections and is \$100 thousand more than the FY 2021 budget.
- Fund balance of \$20.8 million is used to balance the FY 2022 General Fund budget.
- The Operating Appropriation for Talbot County Public Schools increased by \$281 thousand from FY 2021.
- The Contingency Fund for FY 2022 was decreased by \$752 thousand from the FY 2021 level.
- All of these factors were considered in preparing the County's budget for FY 2022. The County is cognizant of potential economic downturns and will continue to carefully monitor expenditures.

### **REQUESTS FOR INFORMATION**

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

# TALBOT COUNTY, MARYLAND

## Statement of Net Position As of June 30, 2021

|   | Primary Government      |                          |                       | Component Units        |                     |
|---|-------------------------|--------------------------|-----------------------|------------------------|---------------------|
|   | Governmental Activities | Business-Type Activities | Total                 | Board of Education     | Library             |
| <b>ASSETS</b>                                     |                         |                          |                       |                        |                     |
| Cash and short-term investments                   | \$ 70,812,532           | \$ 8,010,052             | \$ 78,822,584         | \$ 11,321,335          | \$ 156,029          |
| Investments                                       | -                       | -                        | -                     | -                      | 2,985,861           |
| Receivables:                                      |                         |                          |                       |                        |                     |
| Accounts receivable                               | 1,222,954               | 1,292,482                | 2,515,436             | -                      | 49,952              |
| Other   | -                       | -                        | -                     | 24,147                 | 113,140             |
| Intergovernmental:                                |                         |                          |                       |                        |                     |
| State   | 4,726,597               | -                        | 4,726,597             | 1,322,914              | -                   |
| Federal   | 41,389                  | -                        | 41,389                | 1,368,330              | -                   |
| Local   | -                       | -                        | -                     | 401,510                | -                   |
| Due From Trust and Custodial Fund                 | -                       | -                        | -                     | 72,801                 | -                   |
| Prepaid items                                     | 2,023,110               | 636                      | 2,023,746             | -                      | 18,563              |
| Internal balances                                 | 6,034,010               | (6,034,010)              | -                     | -                      | -                   |
| Inventories                                       | -                       | 193,563                  | 193,563               | -                      | -                   |
| Advances to (from) other funds                    | 13,519                  | (13,519)                 | -                     | -                      | -                   |
| Nondepreciable capital assets                     | 34,892,935              | 4,323,558                | 39,216,493            | 49,428,961             | 18,914              |
| Depreciable capital assets, net                   | 39,797,083              | 54,238,400               | 94,035,483            | 46,288,604             | 426,295             |
| <b>TOTAL ASSETS</b>                               | <b>159,564,129</b>      | <b>62,011,162</b>        | <b>221,575,291</b>    | <b>110,228,602</b>     | <b>3,768,754</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                         |                          |                       |                        |                     |
| Pensions  | 2,701,966               | -                        | 2,701,966             | 912,329                | -                   |
| OPEB  | 2,462,603               | -                        | 2,462,603             | 23,716,540             | 285,174             |
| Deferred charge on refunding                      | 544,278                 | 14,669                   | 558,947               | -                      | -                   |
| <b>TOTAL DEFERRED OUTFLOWS</b>                    | <b>5,708,847</b>        | <b>14,669</b>            | <b>5,723,516</b>      | <b>24,628,869</b>      | <b>285,174</b>      |
| <b>LIABILITIES</b>                                |                         |                          |                       |                        |                     |
| Accounts payable and accrued liabilities          | 6,293,600               | 719,999                  | 7,013,599             | 7,065,687              | 28,861              |
| Other payables                                    | -                       | -                        | -                     | -                      | 120,470             |
| Unearned revenue                                  | 5,855,099               | 96,819                   | 5,951,918             | 640,953                | -                   |
| Long-term liabilities, due within one year:       |                         |                          |                       |                        |                     |
| Compensated absences                              | 411,084                 | 38,617                   | 449,701               | -                      | -                   |
| Bonds and notes payable                           | 4,078,393               | 1,265,598                | 5,343,991             | -                      | -                   |
| Obligations under state retirement system         | -                       | -                        | -                     | 47,779                 | -                   |
| Long-term liabilities, due in more than one year: |                         |                          |                       |                        |                     |
| Compensated absences                              | 810,618                 | 92,509                   | 903,127               | 536,915                | -                   |
| Bonds and notes payable                           | 35,699,633              | 13,800,508               | 49,500,141            | 185,072                | -                   |
| Obligations under state retirement system         | -                       | -                        | -                     | 502,941                | -                   |
| Net pension liability                             | 14,188,998              | -                        | 14,188,998            | 4,764,754              | -                   |
| Net other post-employment benefit liability       | 5,118,757               | -                        | 5,118,757             | 117,198,860            | 1,787,083           |
| <b>TOTAL LIABILITIES</b>                          | <b>72,456,182</b>       | <b>16,014,050</b>        | <b>88,470,232</b>     | <b>130,942,961</b>     | <b>1,936,414</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                         |                          |                       |                        |                     |
| Pensions  | 369,707                 | -                        | 369,707               | 278,681                | -                   |
| OPEB  | 2,824,071               | -                        | 2,824,071             | 26,753,988             | -                   |
| <b>TOTAL DEFERRED INFLOWS</b>                     | <b>3,193,778</b>        | <b>-</b>                 | <b>3,193,778</b>      | <b>27,032,669</b>      | <b>-</b>            |
| <b>NET POSITION</b>                               |                         |                          |                       |                        |                     |
| Net investment in capital assets                  | 72,756,832              | 43,495,852               | 116,252,684           | 95,532,493             | 445,209             |
| Restricted for:                                   |                         |                          |                       |                        |                     |
| Social Services (Talbot Family Network)           | 168,705                 | -                        | 168,705               | -                      | -                   |
| Food services Programs                            | -                       | -                        | -                     | 804,609                | -                   |
| Programs  | -                       | -                        | -                     | -                      | 1,455,391           |
| Unrestricted (deficit)                            | 16,697,479              | 2,515,929                | 19,213,408            | (119,455,261)          | 216,914             |
| <b>TOTAL NET POSITION</b>                         | <b>\$ 89,623,016</b>    | <b>\$ 46,011,781</b>     | <b>\$ 135,634,797</b> | <b>\$ (23,118,159)</b> | <b>\$ 2,117,514</b> |

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

TALBOT COUNTY, MARYLAND

Statement of Activities  
For the Year Ended June 30, 2021

| Function/Program   | Expenses              | Program Revenues     |   |   | Net (Expense) Revenue and Changes in Net Position |                          |                     |                     |                  |  |
|--|-----------------------|----------------------|---|---|---|--------------------------|---------------------|---------------------|------------------|--|
|  |                       | Charges for Services | Operating Grants, Contributions, and Interest | Capital Grants, Contributions, and Interest | Primary Government                                |                          |                     | Component Units     |                  |  |
|  |                       |                      |   |   | Governmental Activities                           | Business-Type Activities | Total               | Board of Education  | Library          |  |
| General government   | \$ 18,181,279         | \$ 1,160,575         | \$ 5,936,215                                  | \$ -  | \$ (11,084,489)                                   | \$ -                     | \$ (11,084,489)     | \$ -                | \$ -             |  |
| Public safety  | 23,571,711            | 2,291,858            | 1,530,895                                     | -   | (19,748,958)                                      | -                        | (19,748,958)        | -                   | -                |  |
| Public works   | 4,019,932             | 420,065              | 1,891,334                                     | -   | (1,708,533)                                       | -                        | (1,708,533)         | -                   | -                |  |
| Health and hospitals   | 3,058,673             | 111,852              | 75,292  | -   | (2,871,529)                                       | -                        | (2,871,529)         | -                   | -                |  |
| Social services  | 3,347,474             | -                    | 1,657,010                                     | -   | (1,690,464)                                       | -                        | (1,690,464)         | -                   | -                |  |
| Education  | 48,364,006            | 592,627              | -   | -   | (47,771,379)                                      | -                        | (47,771,379)        | -                   | -                |  |
| Recreation   | 605,345               | 373,711              | -   | -   | (231,634)   | -                        | (231,634)           | -                   | -                |  |
| Conservation of natural resources                            | 312,525               | 79,241               | -   | -   | (233,284)   | -                        | (233,284)           | -                   | -                |  |
| Interest on long-term debt                                   | 254,807               | -                    | -   | -   | (254,807)   | -                        | (254,807)           | -                   | -                |  |
| <b>Total Governmental Activities</b>                         | <b>101,715,752</b>    | <b>5,029,929</b>     | <b>11,090,746</b>                             | <b>-</b>                                    | <b>(85,595,077)</b>                               | <b>-</b>                 | <b>(85,595,077)</b> | <b>-</b>            | <b>-</b>         |  |
| <b>BUSINESS-TYPE ACTIVITIES</b>                              |                       |                      |   |   |   |                          |                     |                     |                  |  |
| Recreation facilities  | 2,981,709             | 2,343,632            | -   | -   | -   | (638,077)                | (638,077)           | -                   | -                |  |
| Sanitary district  | 5,118,423             | 3,260,677            | 2,825,789                                     | -   | -   | 968,043                  | 968,043             | -                   | -                |  |
| Easton airport   | 5,957,958             | 3,947,586            | 793,905                                       | -   | -   | (1,216,467)              | (1,216,467)         | -                   | -                |  |
| <b>Total Business-Type Activities</b>                        | <b>14,058,090</b>     | <b>9,551,895</b>     | <b>3,619,694</b>                              | <b>-</b>                                    | <b>-</b>  | <b>(886,501)</b>         | <b>(886,501)</b>    | <b>-</b>            | <b>-</b>         |  |
| <b>Total Primary Government</b>                              | <b>\$ 115,773,842</b> | <b>\$ 14,581,824</b> | <b>\$ 14,710,440</b>                          | <b>\$ -</b>                                 | <b>(85,595,077)</b>                               | <b>(886,501)</b>         | <b>(86,481,578)</b> | <b>-</b>            | <b>-</b>         |  |
| <b>COMPONENT UNITS</b>                                       |                       |                      |   |   |   |                          |                     |                     |                  |  |
| Board of Education   | 80,436,445            | 31,935               | 13,121,339                                    | 4,611,565                                   | -   | -                        | -                   | (62,671,606)        | -                |  |
| Talbot County Free Library                                   | 2,304,006             | -                    | 2,081,860                                     | -   | -   | -                        | -                   | -                   | (222,146)        |  |
| <b>Total Component Units</b>                                 | <b>\$ 82,740,451</b>  | <b>\$ 31,935</b>     | <b>\$ 15,203,199</b>                          | <b>\$ 4,611,565</b>                         | <b>-</b>  | <b>-</b>                 | <b>-</b>            | <b>(62,671,606)</b> | <b>(222,146)</b> |  |
| <b>General Revenues</b>                                      |                       |                      |   |   |   |                          |                     |                     |                  |  |
| Taxes:   |                       |                      |   |   |   |                          |                     |                     |                  |  |
| Property   |                       |                      |   |   | 45,726,005  | -                        | 45,726,005          | -                   | -                |  |
| Local income   |                       |                      |   |   | 35,503,912  | -                        | 35,503,912          | -                   | -                |  |
| Other:   |                       |                      |   |   |   |                          |                     |                     |                  |  |
| Admissions and amusements                                    |                       |                      |   |   | 25,483  | -                        | 25,483              | -                   | -                |  |
| Recordation  |                       |                      |   |   | 12,315,972  | -                        | 12,315,972          | -                   | -                |  |
| Transfer   |                       |                      |   |   | 8,256,643   | -                        | 8,256,643           | -                   | -                |  |
| Public accommodations  |                       |                      |   |   | 1,592,973   | -                        | 1,592,973           | -                   | -                |  |
| Mobile manufactured homes                                    |                       |                      |   |   | 58,509  | -                        | 58,509              | -                   | -                |  |
| Grants and contributions not restricted to specific programs |                       |                      |   |   | -   | -                        | -                   | 59,431,777          | -                |  |
| Interest   |                       |                      |   |   | 115,878   | 3,030                    | 118,908             | 17,558              | 505,949          |  |
| Miscellaneous  |                       |                      |   |   | 707,496   | -                        | 707,496             | 246,056             | -                |  |
| Total general revenues                                       |                       |                      |   |   | 104,302,871                                       | 3,030                    | 104,305,901         | 59,695,391          | 505,949          |  |
| Transfers  |                       |                      |   |   | (772,340)   | 772,340                  | -                   | -                   | -                |  |
| Total general revenues and transfers                         |                       |                      |   |   | 103,530,531                                       | 775,370                  | 104,305,901         | 59,695,391          | 505,949          |  |
| Change in net position                                       |                       |                      |   |   | 17,935,454  | (111,131)                | 17,824,323          | (2,976,215)         | 283,803          |  |
| Net position, beginning of year, as restated                 |                       |                      |   |   | 71,687,562  | 46,122,912               | 117,810,474         | (20,141,944)        | 1,833,711        |  |
| Net position, end of year                                    |                       |                      |   |   | \$ 89,623,016                                     | \$ 46,011,781            | \$ 135,634,797      | \$ (23,118,159)     | \$ 2,117,514     |  |

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, 2021**

|  | <u>General<br/>Fund</u> | <u>Capital Projects<br/>Fund</u> | <u>Grants</u>       | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|----------------------------------|---------------------|---|---|
| <b>ASSETS</b>                              |                         |                                  |                     |   |   |
| Cash and short-term investments            | \$ 56,567,089           | \$ 8,256,849                     | \$ 4,111,800        | \$ 1,876,794                            | \$ 70,812,532                           |
| Receivables:                               |                         |                                  |                     |   |   |
| Accounts receivable                        | 940,120                 | 42,410                           | 240,424             | -                                       | 1,222,954                               |
| Intergovernmental:                         |                         |                                  |                     |   |   |
| State                                      | 4,726,597               | -                                | -                   | -                                       | 4,726,597                               |
| Federal                                    | 41,389                  | -                                | -                   | -                                       | 41,389                                  |
| Prepaid items                              | 2,023,110               | -                                | -                   | -                                       | 2,023,110                               |
| Due from other funds                       | 6,034,010               | -                                | -                   | -                                       | 6,034,010                               |
| Advances to other funds                    | 13,519                  | -                                | -                   | -                                       | 13,519                                  |
| <b>TOTAL ASSETS</b>                        | <u>\$ 70,345,834</u>    | <u>\$ 8,299,259</u>              | <u>\$ 4,352,224</u> | <u>\$ 1,876,794</u>                     | <u>\$ 84,874,111</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>       |                         |                                  |                     |   |   |
| <b>LIABILITIES</b>                         |                         |                                  |                     |   |   |
| Accounts payable and accrued liabilities   | \$ 5,409,121            | \$ 245,320                       | \$ 131,453          | \$ 22,149                               | \$ 5,808,043                            |
| Unearned revenue                           | 1,624,362               | -                                | 4,220,771           | 9,966                                   | 5,855,099                               |
| <b>TOTAL LIABILITIES</b>                   | <u>7,033,483</u>        | <u>245,320</u>                   | <u>4,352,224</u>    | <u>32,115</u>                           | <u>11,663,142</u>                       |
| <b>FUND BALANCES</b>                       |                         |                                  |                     |   |   |
| Nonspendable                               | 2,023,110               | -                                | -                   | -                                       | 2,023,110                               |
| Restricted for:                            |                         |                                  |                     |   |   |
| Social Services                            | -                       | -                                | -                   | 168,705                                 | 168,705                                 |
| Committed for:                             |                         |                                  |                     |   |   |
| Capital projects                           | -                       | 8,053,939                        | -                   | 1,675,974                               | 9,729,913                               |
| Assigned for:                              |                         |                                  |                     |   |   |
| Future budget                              | 20,765,000              | -                                | -                   | -                                       | 20,765,000                              |
| Unassigned                                 | 40,524,241              | -                                | -                   | -                                       | 40,524,241                              |
| <b>TOTAL FUND BALANCES</b>                 | <u>63,312,351</u>       | <u>8,053,939</u>                 | <u>-</u>            | <u>1,844,679</u>                        | <u>73,210,969</u>                       |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 70,345,834</u>    | <u>\$ 8,299,259</u>              | <u>\$ 4,352,224</u> | <u>\$ 1,876,794</u>                     | <u>\$ 84,874,111</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, 2021

|   |              |    |                     |
|---|--------------|----|---------------------|
| Total Governmental Funds Balances   |              | \$ | 73,210,969          |
| 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                           |              |    |                     |
|   |              |    | 74,690,018          |
| 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  | (39,778,026) |    |                     |
| Accrued interest on long-term debt  | (485,557)    |    |                     |
| Net pension liability   | (14,188,998) |    |                     |
| Net OPEB liability  | (5,118,757)  |    |                     |
| Compensated absences  | (1,221,702)  |    |                     |
|   |              |    | <u>(60,793,040)</u> |
| Deferred outflows - Maryland State Pension  |              |    | 2,701,966           |
| Deferred inflows - Maryland State Pension   |              |    | (369,707)           |
| Deferred outflows - OPEB  |              |    | 2,462,603           |
| Deferred inflows - OPEB   |              |    | (2,824,071)         |
| Deferred charge on refunding  |              |    | 544,278             |
|   |              |    | <u>544,278</u>      |
| Net Position of Governmental Activities   |              | \$ | <u>89,623,016</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, 2021**

|   | <b>General Fund</b>  | <b>Capital<br/>Projects</b> | <b>Grants</b>    | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|----------------------|-----------------------------|------------------|---|---|
| <b>REVENUE</b>  |                      |                             |                  |   |   |
| Real property taxes   | \$ 45,726,005        | \$ -                        | \$ -             | \$ -                                    | \$ 45,726,005                           |
| Local income taxes  | 35,503,912           | -                           | -                | -                                       | 35,503,912                              |
| Other local taxes   | 22,249,580           | -                           | -                | -                                       | 22,249,580                              |
| Licenses and permits  | 1,000,037            | -                           | -                | 1,126,547                               | 2,126,584                               |
| Intergovernmental:  |                      |                             |                  |   |   |
| Federal   | 613,820              | 523,118                     | 5,257,805        | -                                       | 6,394,743                               |
| State   | 2,349,753            | -                           | 1,859,432        | 486,818                                 | 4,696,003                               |
| Service charges   | 2,903,345            | -                           | -                | -                                       | 2,903,345                               |
| Fines and forfeitures                                       | 20,812               | -                           | -                | -                                       | 20,812                                  |
| Miscellaneous   | 536,414              | -                           | 137,898          | 12,372                                  | 686,684                                 |
| Interest  | 109,381              | 3,273                       | -                | 3,224                                   | 115,878                                 |
| <b>Total Revenue</b>  | <b>111,013,059</b>   | <b>526,391</b>              | <b>7,255,135</b> | <b>1,628,961</b>                        | <b>120,423,546</b>                      |
| <b>EXPENDITURES</b>   |                      |                             |                  |   |   |
| Current:  |                      |                             |                  |   |   |
| General government  | 8,883,356            | 496,389                     | 4,492,076        | -                                       | 13,871,821                              |
| Public safety   | 21,596,910           | 73,678                      | 200,624          | 10,268                                  | 21,881,480                              |
| Public works  | 4,744,904            | 57,312                      | -                | -                                       | 4,802,216                               |
| Health and hospitals  | 2,508,300            | -                           | 550,373          | -                                       | 3,058,673                               |
| Social services   | 892,749              | -                           | 1,967,859        | 486,866                                 | 3,347,474                               |
| Education   | 50,095,559           | 570,102                     | 44,203           | -                                       | 50,709,864                              |
| Recreation  | 656,031              | 151,695                     | -                | -                                       | 807,726                                 |
| Conservation of natural resources                           | 312,525              | -                           | -                | -                                       | 312,525                                 |
| Employee benefits   | 949,926              | -                           | -                | -                                       | 949,926                                 |
| Miscellaneous   | 269,318              | -                           | -                | -                                       | 269,318                                 |
| Intergovernmental   | 1,107,959            | -                           | -                | -                                       | 1,107,959                               |
| Debt service interest                                       | 92,284               | -                           | -                | -                                       | 92,284                                  |
| Debt service principal                                      | 947,294              | -                           | -                | -                                       | 947,294                                 |
| Contingencies   | 355                  | -                           | -                | -                                       | 355                                     |
| <b>Total Expenditures</b>                                   | <b>93,057,470</b>    | <b>1,349,176</b>            | <b>7,255,135</b> | <b>497,134</b>                          | <b>102,158,915</b>                      |
| <b>Excess (Deficiency) of Revenue<br/>Over Expenditures</b> | <b>17,955,589</b>    | <b>(822,785)</b>            | <b>-</b>         | <b>1,131,827</b>                        | <b>18,264,631</b>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                      |                             |                  |   |   |
| Transfers in  | 100,000              | 635,000                     | -                | -                                       | 735,000                                 |
| Transfers out   | (822,340)            | -                           | -                | (685,000)                               | (1,507,340)                             |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                 | <b>(722,340)</b>     | <b>635,000</b>              | <b>-</b>         | <b>(685,000)</b>                        | <b>(772,340)</b>                        |
| <b>NET CHANGES IN FUND BALANCE</b>                          | <b>17,233,249</b>    | <b>(187,785)</b>            | <b>-</b>         | <b>446,827</b>                          | <b>17,492,291</b>                       |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>                    | <b>46,079,102</b>    | <b>8,241,724</b>            | <b>-</b>         | <b>1,397,852</b>                        | <b>55,718,678</b>                       |
| <b>FUND BALANCES - END OF YEAR</b>                          | <b>\$ 63,312,351</b> | <b>\$ 8,053,939</b>         | <b>\$ -</b>      | <b>\$ 1,844,679</b>                     | <b>\$ 73,210,969</b>                    |

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

## TALBOT COUNTY, MARYLAND

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

|  |             |                   |
|--|-------------|-------------------|
| Net change in fund balances - total Governmental Funds   | \$          | 17,492,291        |
| 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  | 5,635,262   |                   |
| Current year depreciation  | (5,272,064) |                   |
| Disposals  | (2,041,932) |                   |
| Total  |             | (1,678,734)       |
| 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   |             | 3,293,152         |
| Accrued interest on long-term debt   |             | (386,333)         |
| 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   |             | 332,666           |
| Change in deferred debt refunding costs  |             | (108,856)         |
| Change in net other post-employment benefits   |             | (126,607)         |
| Change in net pension liability  |             | (893,033)         |
| Change in compensated absences   |             | 10,908            |
| Change in net position of Governmental Activities  | \$          | <u>17,935,454</u> |

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

**TALBOT COUNTY, MARYLAND**

**Statement of Fund Net Position – Business-Type Activities  
June 30, 2021**

|   | <b>Major Funds</b>               |                              |                           |                      |
|---|----------------------------------|------------------------------|---------------------------|----------------------|
|   | <b>Recreation<br/>Facilities</b> | <b>Sanitary<br/>District</b> | <b>Easton<br/>Airport</b> | <b>Total</b>         |
| <b>ASSETS</b>   |                                  |                              |                           |                      |
| Current Assets:                                       |                                  |                              |                           |                      |
| Cash and short-term investments                       | \$ 30,631                        | \$ 1,100,553                 | \$ 1,170,254              | \$ 2,301,438         |
| Cash and short-term investments -<br>capital projects | 5,708,614                        | -                            | -                         | 5,708,614            |
| Accounts receivable:                                  | -                                |                              |                           |                      |
| Accounts receivable, customers                        | 65,502                           | 809,845                      | 417,135                   | 1,292,482            |
| Intergovernmental:                                    |                                  |                              |                           |                      |
| State   | -                                | -                            | -                         | -                    |
| Federal   | -                                | -                            | -                         | -                    |
| Prepaid items   | 636                              | -                            | -                         | 636                  |
| Inventories   | 59,672                           | -                            | 133,891                   | 193,563              |
| Total current assets                                  | <u>5,865,055</u>                 | <u>1,910,398</u>             | <u>1,721,280</u>          | <u>9,496,733</u>     |
| Noncurrent Assets:                                    |                                  |                              |                           |                      |
| Land  | 450,000                          | 2,463,800                    | 42,246                    | 2,956,046            |
| Construction in progress                              | 497,925                          | 303,348                      | 566,239                   | 1,367,512            |
| Buildings and improvements                            | 16,560,758                       | 58,157,422                   | 49,676,269                | 124,394,449          |
| Furniture and equipment                               | 2,500,345                        | 4,370,537                    | 1,730,258                 | 8,601,140            |
| Less: accumulated depreciation                        | <u>(14,401,564)</u>              | <u>(27,561,641)</u>          | <u>(36,793,984)</u>       | <u>(78,757,189)</u>  |
| Total Noncurrent Assets                               | <u>5,607,464</u>                 | <u>37,733,466</u>            | <u>15,221,028</u>         | <u>58,561,958</u>    |
| <b>TOTAL ASSETS</b>                                   | <u>11,472,519</u>                | <u>39,643,864</u>            | <u>16,942,308</u>         | <u>68,058,691</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                                  |                              |                           |                      |
| Loss on refundings                                    | <u>14,669</u>                    | <u>-</u>                     | <u>-</u>                  | <u>14,669</u>        |
| <b>LIABILITIES</b>                                    |                                  |                              |                           |                      |
| Current Liabilities:                                  |                                  |                              |                           |                      |
| Accounts payable                                      | 187,692                          | 315,687                      | 216,620                   | 719,999              |
| Compensated absences                                  | 8,783                            | 17,530                       | 12,304                    | 38,617               |
| Due to other funds                                    | 3,980,349                        | 2,053,661                    | -                         | 6,034,010            |
| Unearned revenue                                      | 34,965                           | 21,500                       | 40,354                    | 96,819               |
| Advances from other funds                             | -                                | -                            | 13,519                    | 13,519               |
| Current maturities of long-term debt                  | 288,004                          | 891,363                      | 86,231                    | 1,265,598            |
| Total current liabilities                             | <u>4,499,793</u>                 | <u>3,299,741</u>             | <u>369,028</u>            | <u>8,168,562</u>     |
| Noncurrent Liabilities:                               |                                  |                              |                           |                      |
| Compensated absences                                  | 35,787                           | 40,659                       | 16,063                    | 92,509               |
| Long-term debt, less current maturities               | 899,599                          | 12,680,716                   | 220,193                   | 13,800,508           |
| Total noncurrent liabilities                          | <u>935,386</u>                   | <u>12,721,375</u>            | <u>236,256</u>            | <u>13,893,017</u>    |
| <b>TOTAL LIABILITIES</b>                              | <u>5,435,179</u>                 | <u>16,021,116</u>            | <u>605,284</u>            | <u>22,061,579</u>    |
| <b>NET POSITION</b>                                   |                                  |                              |                           |                      |
| Net investment in capital assets                      | 4,419,861                        | 24,161,387                   | 14,914,604                | 43,495,852           |
| Unrestricted (deficit)                                | 1,632,148                        | (538,639)                    | 1,422,420                 | 2,515,929            |
| <b>TOTAL NET POSITION</b>                             | <u>\$ 6,052,009</u>              | <u>\$ 23,622,748</u>         | <u>\$ 16,337,024</u>      | <u>\$ 46,011,781</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, 2021**

|   | <b>Major Funds</b>               |                              |                           | <b>Total</b>         |
|---|----------------------------------|------------------------------|---------------------------|----------------------|
|   | <b>Recreation<br/>Facilities</b> | <b>Sanitary<br/>District</b> | <b>Easton<br/>Airport</b> |                      |
| <b>OPERATING REVENUE</b>                        |                                  |                              |                           |                      |
| Airport - operations                            | \$ -                             | \$ -                         | \$ 1,364,737              | \$ 1,364,737         |
| Airport - fuel facility                         | -                                | -                            | 2,000,336                 | 2,000,336            |
| Airport - hangars                               | -                                | -                            | 566,597                   | 566,597              |
| Sewer service charges                           | -                                | 2,646,110                    | -                         | 2,646,110            |
| Sewer connection charges                        | -                                | 210,117                      | -                         | 210,117              |
| Residential benefit charges                     | -                                | -                            | -                         | -                    |
| Wind/solar renewable energy                     | -                                | 22,560                       | -                         | 22,560               |
| Admissions                                      | 173,511                          | -                            | -                         | 173,511              |
| Room rents                                      | 103,731                          | -                            | -                         | 103,731              |
| Ice revenue                                     | 272,657                          | -                            | -                         | 272,657              |
| Pro shop and concessions                        | 283,432                          | -                            | -                         | 283,432              |
| Cart rentals                                    | 21,211                           | -                            | -                         | 21,211               |
| Green fees                                      | 1,423,516                        | -                            | -                         | 1,423,516            |
| Other operating                                 | 65,574                           | 381,890                      | 15,916                    | 463,380              |
| <b>TOTAL OPERATING REVENUE</b>                  | <u>2,343,632</u>                 | <u>3,260,677</u>             | <u>3,947,586</u>          | <u>9,551,895</u>     |
| <b>OPERATING EXPENSES</b>                       |                                  |                              |                           |                      |
| Salaries and related expenses                   | 1,142,661                        | 1,091,646                    | 424,408                   | 2,658,715            |
| Cost of sales - fuel                            | -                                | -                            | 1,683,119                 | 1,683,119            |
| Professional fees                               | 20,062                           | -                            | -                         | 20,062               |
| Office  | 48,751                           | 35,408                       | 24,993                    | 109,152              |
| Insurance                                       | 14,148                           | 28,832                       | 21,861                    | 64,841               |
| Contracted services                             | -                                | 1,032,377                    | -                         | 1,032,377            |
| Repairs and maintenance                         | 197,410                          | 235,425                      | 300,148                   | 732,983              |
| Utilities                                       | 123,573                          | 183,742                      | 217,459                   | 524,774              |
| Supplies and equipment                          | 281,597                          | 122,036                      | 2,336                     | 405,969              |
| Lessons and programs                            | 67,111                           | -                            | -                         | 67,111               |
| Concessions                                     | 97,237                           | -                            | -                         | 97,237               |
| Depreciation                                    | 873,348                          | 2,036,025                    | 2,587,277                 | 5,496,650            |
| Other operating                                 | 82,411                           | 126,991                      | 680,936                   | 890,338              |
| <b>TOTAL OPERATING EXPENSES</b>                 | <u>2,948,309</u>                 | <u>4,892,482</u>             | <u>5,942,537</u>          | <u>13,783,328</u>    |
| <b>OPERATING LOSS</b>                           | <u>(604,677)</u>                 | <u>(1,631,805)</u>           | <u>(1,994,951)</u>        | <u>(4,231,433)</u>   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>        |                                  |                              |                           |                      |
| Intergovernmental revenues                      | -                                | 2,825,789                    | 793,905                   | 3,619,694            |
| Loss on sale of asset                           | (5,750)                          | -                            | (23,315)                  | (29,065)             |
| Interest income                                 | -                                | 2,810                        | 220                       | 3,030                |
| Interest expense                                | (27,650)                         | (202,626)                    | (15,421)                  | (245,697)            |
| <b>TOTAL NON -OPERATING REVENUES (EXPENSES)</b> | <u>(33,400)</u>                  | <u>2,625,973</u>             | <u>755,389</u>            | <u>3,347,962</u>     |
| <b>Income (loss) Before Transfers</b>           | <u>(638,077)</u>                 | <u>994,168</u>               | <u>(1,239,562)</u>        | <u>(883,471)</u>     |
| <b>Transfers In</b>                             | <u>772,340</u>                   | <u>-</u>                     | <u>-</u>                  | <u>772,340</u>       |
| <b>Change in Net Position</b>                   | <u>134,263</u>                   | <u>994,168</u>               | <u>(1,239,562)</u>        | <u>(111,131)</u>     |
| <b>NET POSITION - BEGINNING OF YEAR</b>         | <u>5,917,746</u>                 | <u>22,628,580</u>            | <u>17,576,586</u>         | <u>46,122,912</u>    |
| <b>NET POSITION - END OF YEAR</b>               | <u>\$ 6,052,009</u>              | <u>\$ 23,622,748</u>         | <u>\$ 16,337,024</u>      | <u>\$ 46,011,781</u> |

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

# TALBOT COUNTY, MARYLAND

## Statement of Cash Flows – Business-Type Activities For the Year Ended June 30, 2021

|  | Major Funds              |                      |                   | Total        |
|--|--------------------------|----------------------|-------------------|--------------|
|  | Recreation<br>Facilities | Sanitary<br>District | Easton<br>Airport |              |
| <b>Cash flows from operating activities:</b>                         |                          |                      |                   |              |
| Cash received from customers   | \$ 2,334,217             | \$ 2,902,020         | \$ 3,633,029      | \$ 8,869,266 |
| Cash payments for salaries and related expenses                      | (1,110,816)              | (1,096,110)          | (430,854)         | (2,637,780)  |
| Cash payments to suppliers   | (873,251)                | (750,312)            | (2,837,746)       | (4,461,309)  |
| Cash payments for contracted services                                | -                        | (1,032,377)          | -                 | (1,032,377)  |
| Other payments   | (483,311)                | (246,459)            | (266,946)         | (996,716)    |
| Net Cash (used) provided by operating activities                     | (133,161)                | (223,238)            | 97,483            | (258,916)    |
| <b>Cash flows from noncapital financing activities:</b>              |                          |                      |                   |              |
| Transfers from other funds   | 772,340                  | -                    | -                 | 772,340      |
| Repayment of advances from other funds                               | -                        | -                    | (73,032)          | (73,032)     |
| Intergovernmental revenues   | -                        | 2,825,789            | 778,936           | 3,604,725    |
| Net cash provided by noncapital financing activities                 | 772,340                  | 2,825,789            | 705,904           | 4,304,033    |
| <b>Cash flows from capital and related financing activities:</b>     |                          |                      |                   |              |
| Issuance of long-term debt   | -                        | 350,000              | -                 | 350,000      |
| Principal paid on long-term notes and bonds                          | (301,100)                | (1,221,449)          | (86,868)          | (1,609,417)  |
| Interest paid on long-term notes and bonds                           | (24,716)                 | (205,154)            | (15,421)          | (245,291)    |
| Acquisition and construction of capital assets                       | (326,919)                | (1,766,605)          | -                 | (2,093,524)  |
| Net cash (used) provided by capital and related financing activities | (652,735)                | (2,843,208)          | (102,289)         | (3,598,232)  |
| <b>Cash flows from investing activities:</b>                         |                          |                      |                   |              |
| Interest income on investments                                       | -                        | 2,810                | 220               | 3,030        |
| Net cash provided (used) by investing activities                     | -                        | 2,810                | 220               | 3,030        |
| Increase (Decrease) in Cash and Cash Equivalents                     | (13,556)                 | (237,847)            | 701,318           | 449,915      |
| Cash and Cash Equivalents at Beginning of Year                       | 5,752,801                | 1,338,400            | 468,936           | 7,560,137    |
| Cash and Cash Equivalents at End of Year                             | \$ 5,739,245             | \$ 1,100,553         | \$ 1,170,254      | \$ 8,010,052 |

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, 2021

|  | Major Funds              |                      |                   | Total               |
|--|--------------------------|----------------------|-------------------|---------------------|
|  | Recreation<br>Facilities | Sanitary<br>District | Easton<br>Airport |                     |
| <b>Reconciliation of operating loss to net cash (used)</b>                                     |                          |                      |                   |                     |
| <b>Provided by operating activities:</b>   |                          |                      |                   |                     |
| Operating loss   | \$ (604,677)             | \$ (1,631,805)       | \$ (1,994,951)    | \$ (4,231,433)      |
| Adjustments to reconcile operating loss<br>to net cash (used) provided by operating activities |                          |                      |                   |                     |
| Depreciation   | 873,348                  | 2,036,025            | 2,587,277         | 5,496,650           |
| Changes in assets and liabilities:   |                          |                      |                   |                     |
| Decrease (increase) in accounts receivable, customers  | (4,348)                  | (358,657)            | (328,873)         | (691,878)           |
| (Increase) decrease in inventories   | (8,999)                  | -                    | (27,847)          | (36,846)            |
| (Increase) decrease in prepaids  | (636)                    |                      |                   |                     |
| Increase (decrease) in accounts payable  | 68,684                   | (17,878)             | 120,953           | 171,759             |
| (Decrease) increase in compensated absences  | 31,845                   | (4,464)              | (6,446)           | 20,935              |
| (Decrease) increase in due to other funds  | (483,311)                | (246,459)            | (266,946)         | (996,716)           |
| Increase (Decrease) in unearned revenue  | (5,067)                  | -                    | 14,316            | 9,249               |
| Net cash (used) provided by operating activities   | <u>\$ (133,161)</u>      | <u>\$ (223,238)</u>  | <u>\$ 97,483</u>  | <u>\$ (258,280)</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, 2021**

|                                  | <b>Other<br/>Post-Employment<br/>Benefits Trust<br/>Fund</b> |
|----------------------------------|--|
| <b>ASSETS</b>                    |  |
| Cash and equivalents             | \$ 849,540   |
| Investments held in Trust        | 15,146,312   |
| <b>TOTAL ASSETS</b>              | <u>15,995,852</u>  |
| <b>LIABILITIES</b>               |  |
| Accrued expenses                 | <u>15,083</u>  |
| <b>NET POSITION</b>              |  |
| Net Position Restricted for OPEB | <u>\$ 15,980,769</u>   |

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

**TALBOT COUNTY, MARYLAND**

**Statement of Changes in Fiduciary Net Position – Fiduciary Fund  
For the Year Ended June 30, 2021**

|   | <u>Other Post -<br/>Employment<br/>Benefits Trust Fund</u> |
|---|--|
| <b>ADDITIONS:</b>   |  |
| Investment earnings   |  |
| Interest  | \$ 630,261   |
| Net appreciation in the fair value of investments           | 2,799,747  |
| Less: investment expenses                                   | <u>7,697</u>   |
| Net investment income                                       | <u>3,422,311</u>   |
| <b>Total additions</b>                                      | <u>3,422,311</u>   |
| <b>DEDUCTIONS:</b>  |  |
| Administrative expenses                                     | <u>56,843</u>  |
| <b>Total deductions</b>                                     | <u>56,843</u>  |
| <b>Change in net position</b>                               | 3,365,468  |
| <b>Net position restricted for OPEB - beginning of year</b> | <u>12,615,301</u>  |
| <b>Net position restricted for OPEB - end of year</b>       | <u>\$ 15,980,769</u>                                       |

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

## NOTES TO FINANCIAL STATEMENTS

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 1. REPORTING ENTITY

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Financial Reporting Entity

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

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

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

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

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 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, 2021

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

#### C. Fund Accounting (continued)

##### Governmental Fund Types

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

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

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

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

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

##### Proprietary Fund Types

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

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

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

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

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

#### C. Fund Accounting (continued)

##### Fiduciary Fund Types

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

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

#### D. Measurement Focus

##### Government-Wide Financial Statements

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

##### Fund Financial Statements

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

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

#### E. Basis of Accounting

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

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

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

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

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

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

#### F. Budgetary Process

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

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

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

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

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

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

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

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

There were no supplemental appropriations for the County.

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

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

#### H. Property Tax

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

#### I. Inventory and Prepaid Items

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

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

#### J. Capital Assets

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

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

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

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

#### K. Compensated Absences

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

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

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

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

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

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

#### M. Net Position

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

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

#### M. Net Position (continued)

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

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

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

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

#### O. Fund Balance Reserves

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

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

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

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

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

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

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

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

#### P. Operating Revenues and Expenses

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

#### Q. Use of Estimates

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

#### R. Interfund Receivables/Payables

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 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.

At June 30, 2021, the County Primary Government had deposits of \$59,647,599 with local banks (carrying value \$58,314,764). 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, 2021, all deposits were fully insured or collateralized with securities pledged in the County's name. Petty cash totaled \$7,820 as of June 30, 2021.

##### Board of Education

At June 30, 2021, the reported amount of the Board's bank deposits (carrying value) was \$12,030,147 and the bank balance was \$13,720,947. These balances include \$708,812 of trust and custodial cash and MLGIP of \$7,461,973. 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

At June 30, 2021, the Library had deposits totaling \$228,245 (carrying value \$156,029), 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, 2021

### 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. At June 30, 2021, the County had investments in MLGIP of \$20,500,000, 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.

At June 30, 2021, the County had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (months)</u> |
|------------------------|-------------------|---|
| MLGIP                  | \$ 20,500,000     | <2  |

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

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

Cash and cash equivalents for the MACO Trust include an investment in a money market mutual fund. At June 30, 2021, the weighted average maturity (WAM) for the Trust's money market mutual fund was 28 days. At June 30, 2021, the short-term rating of the money market mutual fund was AAAM by Standard & Poor's.

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

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

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

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

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

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

The Trust has the following recurring fair value measurements as of June 30, 2021, of which Talbot County's portion was approximately 24% of the total:

|                                    | <u>Level 1</u>       | <u>Level 2</u>       | <u>Level 3</u> | <u>Total</u>         |
|------------------------------------|----------------------|----------------------|----------------|----------------------|
| Investments by fair value level:   |                      |                      |                |                      |
| Debt Securities                    |                      |                      |                |                      |
| U.S. Treasury Obligations          | \$ -                 | \$ 4,822,747         | \$ -           | \$ 4,822,747         |
| U.S. Governmental Agencies         | -                    | 1,940,627            | -              | 1,940,627            |
| Corporate & Foreign Bonds          | -                    | 10,901,129           | -              | 10,901,129           |
| Municipal Obligations              | -                    | 592,555              | -              | 592,555              |
| Equity and Mutual Fund Investments |                      |                      |                |                      |
| Taxable Fixed Income Securities    | -                    | 3,143,931            | -              | 3,143,931            |
| Mutual Funds                       | 26,664,236           | -                    | -              | 26,664,236           |
| Global Funds                       | 5,771,200            | -                    | -              | 5,771,200            |
| International Funds                | 9,340,472            | -                    | -              | 9,340,472            |
| Total                              | <u>\$ 41,775,908</u> | <u>\$ 21,400,989</u> | <u>\$ -</u>    | <u>\$ 63,176,897</u> |

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust's investment policy states that the duration of the portfolio should be within 6 months of the Barclays Capital Aggregate Bond Index. The Trusts' weighted average years to maturity as of June 30, 2021 was 9.2 years.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Trust's investments by maturity as of June 30, 2021:

|                             | <u>Investment Maturities (in Years)</u> |                     |                     |                     | <u>Total</u>         |
|-----------------------------|---|---------------------|---------------------|---------------------|----------------------|
|                             | <u>Less than 1</u>                      | <u>1-5</u>          | <u>6-10</u>         | <u>More than 10</u> |                      |
| Investments with maturities |   |                     |                     |                     |                      |
| U.S. Treasury Obligations   | \$ -                                    | \$ 1,959,472        | \$ 2,074,882        | \$ 788,393          | \$ 4,822,747         |
| U.S. Governmental Agencies  | 18,423                                  | 84,104              | 374,960             | 1,463,140           | 1,940,627            |
| Corporate & Foreign Bonds   | -                                       | 3,970,025           | 5,587,485           | 1,343,619           | 10,901,129           |
| Municipal Obligations       | 61,075                                  | 325,041             | 65,506              | 140,933             | 592,555              |
| Total                       | <u>\$ 79,498</u>                        | <u>\$ 6,338,642</u> | <u>\$ 8,102,833</u> | <u>\$ 3,736,085</u> | <u>\$ 18,257,058</u> |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

*Credit Risk.* The Trust is exposed to both market risk, the risk arising from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract. The Trust bears the risk of loss only to the extent of the fair value of the respective investments. At June 30, 2021, the ratings of the underlying investments of the Trust's investments were as follows:

| Type                       | Rating     |              |              |                | Not Rated    | Total         |
|----------------------------|------------|--------------|--------------|----------------|--------------|---------------|
|                            | Aaa        | Aa1/Aa2/Aa3  | A1/A2/A3     | Baa1/Baa2/Baa3 |              |               |
| U.S. Treasury Obligations  | \$ -       | \$ -         | \$ -         | \$ -           | \$ 4,822,747 | \$ 4,822,747  |
| U.S. Governmental Agencies | 58,020     | -            | -            | -              | 1,882,607    | 1,940,627     |
| Corporate & Foreign Bonds  | 408,975    | 897,492      | 4,250,951    | 2,697,994      | 2,645,717    | 10,901,129    |
| Municipal Obligations      | 104,481    | 347,141      | -            | -              | 140,933      | 592,555       |
| Total                      | \$ 571,476 | \$ 1,244,633 | \$ 4,250,951 | \$ 2,697,994   | \$ 9,492,004 | \$ 18,257,058 |

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

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

The following summarizes custodial credit risk related to investments held by the custodian as of June 30, 2021, which are uninsured and unregistered:

|                                 | <b>Fair Value</b><br><b>June 30, 2021</b> |
|---------------------------------|---|
| U.S. Treasury Obligations       | \$ 4,822,747                              |
| U.S. Governmental Agencies      | 1,940,627                                 |
| Corporate & Foreign Bonds       | 10,901,129                                |
| Municipal Obligations           | 592,555                                   |
| Taxable Fixed Income Securities | 3,143,931                                 |
| Mutual Funds                    | 26,664,236                                |
| Global Funds                    | 5,771,200                                 |
| International                   | 9,340,472                                 |
| Total                           | <u>\$ 63,176,897</u>                      |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Investments (continued)

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

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

The Trust held the following investments as of June 30, 2021 that exceeded 5% of the total investment balances as of June 30, 2021:

| <u>Name</u>                                     | <u>Amount</u> |
|---|---------------|
| Fuller & Thaler Behavioral SC GR R6             | \$ 4,114,891  |
| Vanguard Mid Cap Index- ADM                     | 4,808,626     |
| Vanguard Russell 1000 GR-IS                     | 4,809,872     |
| Vanguard 500 Index CL ADML                      | 9,684,961     |
| New World Fund-R6                               | 5,771,200     |
| Lazard International Strategic Equity Fund CL-I | 4,665,054     |
| Transamerica TS&W INTL EQ-IS                    | 4,675,418     |
| Cohen & Steers Realty INCM-I                    | 3,245,884     |

*Foreign Currency Risk* is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The Trust was not exposed to foreign currency risk as of June 30, 2021, as the Trust did not have any investments denominated in foreign currencies.

#### Capital Accounts

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

#### Board of Education

The Board is also authorized to invest in the MLGIP, where deposits are recorded at cost. Due to the nature of the MLGIP investment it is considered a cash equivalent. MLGIP is not covered by FDIC, but it is collateralized by United States Treasury instruments. The Maryland State Treasurer oversees the MLGIP. At June 30, 2021, the Board had investments in MLGIP of \$7,461,973.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 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, 2021, 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              |                     |
| Cash and bank sweep   | \$ 206,359          | 6%          | \$ 206,359                       | \$ -              | \$ -              | \$ 206,359          |
| Fixed income:         |                     |             |                                  |                   |                   |                     |
| Corporate bonds       | 599,715             | 20%         | -                                | 172,112           | 427,603           | 599,715             |
| Equities              | 1,482,798           | 50%         | 1,482,798                        | -                 | -                 | 1,482,798           |
| Exchange traded funds | 614,145             | 21%         | 614,145                          | -                 | -                 | 614,145             |
| Mutual funds          | 35,347              | 1%          | 35,347                           | -                 | -                 | 35,347              |
| Other assets          | 47,497              | 2%          | 47,497                           | -                 | -                 | 47,497              |
| Total                 | <u>\$ 2,985,861</u> | <u>100%</u> | <u>\$ 2,386,146</u>              | <u>\$ 172,112</u> | <u>\$ 427,603</u> | <u>\$ 2,985,861</u> |

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 3. DEPOSITS AND INVESTMENTS (continued)

#### Investments (continued)

#### Library (continued)

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

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

### 4. INTERFUND RECEIVABLES AND PAYABLES

As a result of its operations, the County affects a variety of transactions between funds to finance operations, service debt, etc. Accordingly, to the extent that certain interfund transactions have not been paid or received as of June 30, 2021, 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 2021, to support operations, the general fund transferred \$737,340 to the recreation fund and \$85,000 to capital projects. In addition, to support operations, the developmental impact fund transferred \$100,000, \$550,000 and \$35,000 to the general fund, capital projects fund and recreation fund, respectively.

Due from/to other funds balances as of June 30, 2021 were as follows:

| <u>Primary Government</u>               | <u>Purpose</u> | <u>Due from<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|---|----------------|---------------------------------|-------------------------------|
| General Fund                            | Transfers      | \$ 6,034,010                    | \$ -                          |
| Enterprise Fund - Recreation Facilities | Transfers      | -                               | 3,980,349                     |
| Enterprise Fund - Sanitary District     | Transfers      | -                               | 2,053,661                     |
|   |                | <u>\$ 6,034,010</u>             | <u>\$ 6,034,010</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, 2021**

**4. INTERFUND RECEIVABLES AND PAYABLES (continued)**

Advances to/from other funds balances as of June 30, 2021, were as follows:

| <u>Primary Government</u> | <u>Purpose</u>        | <u>Advances to<br/>Other Funds</u> | <u>Advances from<br/>Other Funds</u> |
|---------------------------|-----------------------|------------------------------------|--------------------------------------|
| General Fund              | Construction projects | \$ 13,519                          | \$ -                                 |
| Enterprise Fund - Airport | Construction projects | -                                  | 13,519                               |
|                           |                       | <u>\$ 13,519</u>                   | <u>\$ 13,519</u>                     |

During fiscal year 2007, the County transferred approximately \$2.5 million to the Airport from the General Fund for construction of an airport control tower. The outstanding balance at June 30, 2021 was \$13,519.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

### 5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2021 is as follows:

|   | <b>Balance<br/>June 30, 2020</b> | <b>Additions</b>      | <b>Transfers and<br/>Reductions</b> | <b>Balance<br/>June 30, 2021</b> |
|---|----------------------------------|-----------------------|-------------------------------------|----------------------------------|
| <b><u>Primary Government:</u></b>             |                                  |                       |                                     |                                  |
| <b>Governmental Activities</b>                |                                  |                       |                                     |                                  |
| Nondepreciable Capital Assets:                |                                  |                       |                                     |                                  |
| Land  | \$ 9,735,907                     | \$ 320,539            | \$ -                                | \$ 10,056,446                    |
| Infrastructure - road base                    | 25,449,891                       | 1,143,682             | (1,911,288)                         | 24,682,285                       |
| Construction in progress                      | -                                | 154,204               | -                                   | 154,204                          |
| <b>Total Nondepreciable Capital Assets</b>    | <b>35,185,798</b>                | <b>1,618,425</b>      | <b>(1,911,288)</b>                  | <b>34,892,935</b>                |
| Depreciable Capital Assets:                   |                                  |                       |                                     |                                  |
| Buildings and improvements                    | 54,731,992                       | 253,078               | (354,172)                           | 54,630,898                       |
| Infrastructure                                | 18,812,975                       | 2,505,756             | -                                   | 21,318,731                       |
| Furniture and equipment                       | 30,270,035                       | 1,258,003             | (823,099)                           | 30,704,939                       |
| <b>Total capital assets being depreciated</b> | <b>103,815,002</b>               | <b>4,016,837</b>      | <b>(1,177,271)</b>                  | <b>106,654,568</b>               |
| Less accumulated depreciation for:            |                                  |                       |                                     |                                  |
| Buildings and improvements                    | 28,201,274                       | 2,729,035             | (239,066)                           | 30,691,243                       |
| Infrastructure                                | 10,384,918                       | 810,610               | -                                   | 11,195,528                       |
| Furniture and equipment                       | 24,045,856                       | 1,732,419             | (807,561)                           | 24,970,714                       |
| <b>Total accumulated depreciation</b>         | <b>62,632,048</b>                | <b>5,272,064</b>      | <b>(1,046,627)</b>                  | <b>66,857,485</b>                |
| <b>Total depreciable Capital Assets, Net</b>  | <b>41,182,954</b>                | <b>(1,255,227)</b>    | <b>(130,644)</b>                    | <b>39,797,083</b>                |
| <b>Total Governmental Activities, Net</b>     | <b>\$ 76,368,752</b>             | <b>\$ 363,198</b>     | <b>\$ (2,041,932)</b>               | <b>\$ 74,690,018</b>             |
| <br>  |                                  |                       |                                     |                                  |
|   | <b>Balance<br/>June 30, 2020</b> | <b>Additions</b>      | <b>Transfers and<br/>Reductions</b> | <b>Balance<br/>June 30, 2021</b> |
| <b>Business-Type Activities</b>               |                                  |                       |                                     |                                  |
| Nondepreciable Capital Assets:                |                                  |                       |                                     |                                  |
| Land  | \$ 2,956,046                     | \$ -                  | \$ -                                | \$ 2,956,046                     |
| Construction in progress                      | 991,472                          | 376,040               | -                                   | 1,367,512                        |
| <b>Total Nondepreciable Capital Assets</b>    | <b>3,947,518</b>                 | <b>376,040</b>        | <b>-</b>                            | <b>4,323,558</b>                 |
| Depreciable Capital Assets:                   |                                  |                       |                                     |                                  |
| Buildings and improvements                    | 122,962,687                      | 1,431,762             | -                                   | 124,394,449                      |
| Furniture and equipment                       | 8,383,833                        | 285,722               | (68,415)                            | 8,601,140                        |
| <b>Total capital assets being depreciated</b> | <b>131,346,520</b>               | <b>1,717,484</b>      | <b>(68,415)</b>                     | <b>132,995,589</b>               |
| Less accumulated depreciation for:            |                                  |                       |                                     |                                  |
| Buildings and improvements                    | 68,256,807                       | 4,980,214             | -                                   | 73,237,021                       |
| Furniture and equipment                       | 5,060,579                        | 516,436               | (56,847)                            | 5,520,168                        |
| <b>Total accumulated depreciation</b>         | <b>73,317,386</b>                | <b>5,496,650</b>      | <b>(56,847)</b>                     | <b>78,757,189</b>                |
| <b>Total depreciable Capital Assets, Net</b>  | <b>58,029,134</b>                | <b>(3,779,166)</b>    | <b>(11,568)</b>                     | <b>54,238,400</b>                |
| <b>Total Business-Type Activities, Net</b>    | <b>\$ 61,976,652</b>             | <b>\$ (3,403,126)</b> | <b>\$ (11,568)</b>                  | <b>\$ 58,561,958</b>             |

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

**5. CAPITAL ASSETS (continued)**

Depreciation expense was charged to governmental functions as follows:

|  |                     |
|--|---------------------|
| General Government                                   | \$ 997,093          |
| Public Safety  | 2,466,518           |
| Public Works   | 1,609,061           |
| Recreation   | 199,392             |
| Total Depreciation Expense - Governmental Activities | <u>\$ 5,272,064</u> |

A summary of changes in capital assets for the component units at June 30, 2021 is as follows:

| <u>Component Units</u>                 | <u>Balance<br/>June 30, 2020</u> | <u>Additions</u>      | <u>Transfers and<br/>Reductions</u> | <u>Balance<br/>June 30, 2021</u> |
|--|----------------------------------|-----------------------|-------------------------------------|----------------------------------|
| <b>Board of Education</b>              |                                  |                       |                                     |                                  |
| Nondepreciable Capital Assets:         |                                  |                       |                                     |                                  |
| Land                                   | \$ 624,446                       | \$ -                  | \$ -                                | \$ 624,446                       |
| Buses Not in Service                   | -                                | -                     | -                                   | -                                |
| Construction in progress               | 45,682,989                       | 4,744,382             | (1,622,856)                         | 48,804,515                       |
| Total Nondepreciable Capital Assets    | <u>46,307,435</u>                | <u>4,744,382</u>      | <u>(1,622,856)</u>                  | <u>49,428,961</u>                |
| Depreciable Capital Assets:            |                                  |                       |                                     |                                  |
| Buildings and improvements             | 85,158,672                       | 141,976               |                                     | 85,300,648                       |
| Furniture and equipment                | 26,991,765                       | 619,304               | 1,621,818                           | 29,232,887                       |
| Total capital assets being depreciated | <u>112,150,437</u>               | <u>761,280</u>        | <u>1,621,818</u>                    | <u>114,533,535</u>               |
| Less accumulated depreciation for:     |                                  |                       |                                     |                                  |
| Buildings and improvements             | (41,874,530)                     | (1,845,185)           |                                     | (43,719,715)                     |
| Furniture and equipment                | (23,059,551)                     | (1,466,703)           | 1,038                               | (24,525,216)                     |
| Total accumulated depreciation         | <u>(64,934,081)</u>              | <u>(3,311,888)</u>    | <u>1,038</u>                        | <u>(68,244,931)</u>              |
| Total depreciable Capital Assets, Net  | <u>\$ 47,216,356</u>             | <u>\$ (2,550,608)</u> | <u>\$ 1,622,856</u>                 | <u>\$ 46,288,604</u>             |
| <br>                                   |                                  |                       |                                     |                                  |
| <u>Library</u>                         | <u>Balance<br/>June 30, 2020</u> | <u>Additions</u>      | <u>Transfers and<br/>Reductions</u> | <u>Balance<br/>June 30, 2021</u> |
| Nondepreciable Capital Assets:         |                                  |                       |                                     |                                  |
| Construction in progress               | \$ 18,914                        | \$ -                  | \$ -                                | \$ 18,914                        |
| Total Nondepreciable Capital Assets    | <u>18,914</u>                    | <u>-</u>              | <u>-</u>                            | <u>18,914</u>                    |
| Depreciable Capital Assets:            |                                  |                       |                                     |                                  |
| Circulation materials                  | 602,510                          | 133,951               | (79,338)                            | 657,123                          |
| Buildings and improvements             | 465,898                          | -                     | -                                   | 465,898                          |
| Furniture and equipment                | 589,760                          | 33,121                | (2,565)                             | 620,316                          |
| Total capital assets being depreciated | <u>1,658,168</u>                 | <u>167,072</u>        | <u>(81,903)</u>                     | <u>1,743,337</u>                 |
| Less accumulated depreciation for:     |                                  |                       |                                     |                                  |
|  | 1,252,433                        | 146,512               | (81,903)                            | 1,317,042                        |
| Total depreciable Capital Assets, Net  | <u>\$ 405,735</u>                | <u>\$ 20,560</u>      | <u>\$ -</u>                         | <u>\$ 426,295</u>                |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

### 6. LONG-TERM DEBT

The following is a summary of long-term debt at June 30, 2021:

|  | <u>Balance at<br/>June 30, 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at<br/>June 30, 2021</u> | <u>Amount Due<br/>in One Year</u> |
|--|-------------------------------------|------------------|-------------------|-------------------------------------|-----------------------------------|
| <b>Primary Government</b>  |                                     |                  |                   |                                     |                                   |
| <b>Governmental Activities:</b>  |                                     |                  |                   |                                     |                                   |
| Shore Erosion (Black Walnut Point); total authorized borrowing \$160,000, to be repaid in 15 annual payments of \$9,100, no interest, beginning July 1, 2011.  | \$ 54,600                           | \$ -             | \$ 9,100          | \$ 45,500                           | \$ 9,100                          |
| Chesapeake College Bond of 2003; original issue \$180,000, a contractual liability payable to Queen Anne's County, the registered owner, payable in annual principal installments from \$5,559 to \$13,434; interest payable annually at rates from 4.83% to 5.4%.     | 38,383                              | -                | 12,176            | 26,207                              | 12,772                            |
| Public Improvement and Refunding Bonds of 2010; original issue \$12,157,711, payable annually in principal payments ranging from \$587,000 to \$1,318,000 through May 2022; interest payable semi-annually at rates from 2% to 5%.                                     | 1,568,826                           | -                | 771,191           | 797,635                             | 797,635                           |
| Shore Erosion control Loan (Neavitt Landing); total borrowing of \$82,032, to be repaid in 10 equal annual payments, no interest, beginning in 2015 after completion of the project.   | 51,714                              | -                | 8,619             | 43,095                              | 8,619                             |
| Chesapeake College Bonds of 2014; original issue \$1,760,000, a contractual liability payable to Queen Anne's County, the registered owner; payable in annual principal installments from \$61,313 to \$124,198 through April 1, 2034; interest payable semi-annually. | 1,365,788                           | -                | 74,676            | 1,291,112                           | 77,820                            |
| Emergency radio system equipment financing agreement; original amount of \$6,716,277, to be repaid in eight annual payments of \$967,815 which include principal and interest at a rate of 3.273% through October 1, 2022.   | 2,723,281                           | -                | 878,690           | 1,844,591                           | 907,447                           |
| Public Facilities Bonds of 2020; original issue \$21,775,000, payable annually in principal payments ranging from \$690,000 to \$1,440,000 through July 1, 2040; interest payable semiannually at rates from 2.0% to 5.00%.  | 21,775,000                          | -                | -                 | 21,775,000                          | 690,000                           |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

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

|   | <u>Balance at<br/>June 30, 2020</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Balance at<br/>June 30, 2021</u> | <u>Amount Due<br/>in One Year</u> |
|---|-------------------------------------|-------------------|---------------------|-------------------------------------|-----------------------------------|
| <b>Primary Government (continued)</b>   |                                     |                   |                     |                                     |                                   |
| <b>Governmental Activities (continued):</b>   |                                     |                   |                     |                                     |                                   |
| Public Improvement Refunding Bonds of 2015; original issue \$15,206,400, payable annually in principal payments ranging from \$150,000 to \$1,645,000 through December 15, 2027; interest payable semi-annually at rates from 2% to 5%. | \$ 11,828,700                       | \$ -              | \$ 1,538,700        | \$ 10,290,000                       | \$ 1,575,000                      |
|   | 39,406,292                          | -                 | 3,293,152           | 36,113,140                          | 4,078,393                         |
| Unamortized bond premium  | 3,997,552                           | -                 | 332,666             | 3,664,886                           | -                                 |
| Compensated absences  | 1,232,610                           | 981,733           | 992,641             | 1,221,702                           | 411,084                           |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>  | <u>\$ 44,636,454</u>                | <u>\$ 981,733</u> | <u>\$ 4,618,459</u> | <u>\$ 40,999,728</u>                | <u>\$ 4,489,477</u>               |
| <br>  |                                     |                   |                     |                                     |                                   |
|   | <u>Balance at<br/>June 30, 2020</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Balance at<br/>June 30, 2021</u> | <u>Amount Due<br/>in One Year</u> |
| <b>Business-type Activities:</b>  |                                     |                   |                     |                                     |                                   |
| <b>Recreation Facilities</b>  |                                     |                   |                     |                                     |                                   |
| Golf Course Equipment lease of 2019; original issue \$5,387 payable in monthly payments of \$128, which include principal and interest at a rate of 6.05% payable through May 30, 2023.   | \$ 4,117                            | \$ -              | \$ 1,330            | \$ 2,787                            | \$ 1,413                          |
| Golf Course equipment capital lease; original issue of \$251,935, payable in monthly payments of \$3,555 which include principal and interest at a rate of 3.5% with one final payment of \$107,500 through August 1, 2020.             | 361,899                             | -                 | 67,048              | 294,851                             | 59,313                            |
| Public Improvement and Refunding Bonds of 2010; original issue \$630,945, payable annually in principal payments ranging from \$5,590 to \$72,300 through May 2022; interest payable semi-annually at rates from 2% to 5%.              | 142,163                             | -                 | 69,885              | 72,278                              | 72,278                            |
| Public Improvement Refunding Bonds of 2015; original issue \$1,441,300, payable annually in principal payments ranging from \$90,000 to \$180,000 through December 15, 2025; interest payable semi-annually at rates from 2% to 5%.     | 911,300                             | -                 | 151,300             | 760,000                             | 155,000                           |
| Unamortized bond premium  | 69,224                              | -                 | 11,537              | 57,687                              | -                                 |
| <b>Total Recreation Facilities</b>  | <u>\$ 1,488,703</u>                 | <u>\$ -</u>       | <u>\$ 301,100</u>   | <u>\$ 1,187,603</u>                 | <u>\$ 288,004</u>                 |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

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

|  | <u>Balance at<br/>June 30, 2020</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Balance at<br/>June 30, 2021</u> | <u>Amount Due<br/>in One Year</u> |
|--|-------------------------------------|-------------------|---------------------|-------------------------------------|-----------------------------------|
| <b>Business-type Activities (continued):</b>   |                                     |                   |                     |                                     |                                   |
| <b>Sanitary District</b>   |                                     |                   |                     |                                     |                                   |
| Water Quality Bonds of 2006; Total authorized borrowing of \$10,212,981; \$9,975,333 borrowed to date, loan to be repaid in level principal and interest payments over 20 years beginning February 2008; interest at 0.4%. | \$ 3,430,008                        | \$ -              | \$ 517,697          | \$ 2,912,311                        | \$ 519,768                        |
| Farmers Home Administration Bond; Royal Oak, Newcomb Wastewater System; original issue \$571,000, payable quarterly in payments of \$9,479 through March 2024, including interest at 5.25%.                                | 111,837                             | -                 | 20,697              | 91,140                              | 33,131                            |
| Farmers Home Administration Bond; Unionville/Tunis Mills/Copperville Wastewater System Bond of 2001; original issue \$186,000, payable quarterly in payments of \$2,833 through May 2030, including interest at 4.5%.      | 90,793                              | -                 | 7,333               | 83,460                              | 7,702                             |
| Improvement Bond of 2019; original issue \$1,452,000, payable quarterly in principal payments ranging from \$8,631 to \$16,329 through July 25, 2049; interest payable quarterly at 2.125%.                                | 1,425,885                           | -                 | 35,613              | 1,390,272                           | 36,376                            |
| Martingham Pump Station and Force Main Consolidated Public Improvement Bonds of 2016; original issue \$2,575,000, payable quarterly in payments of \$26,240 through December 15, 2046, including interest at 1.375%.       | 2,326,086                           | -                 | 73,353              | 2,252,733                           | 74,367                            |
| Bio-Solids Facility Consolidated Public Improvement Bonds of 2016; original issue \$5,975,000, payable quarterly in payments of \$60,886 through December 15, 2046, including interest at 1.375%.                          | 5,385,490                           | -                 | 170,203             | 5,215,287                           | 172,556                           |
| Bio-Solids Facility Consolidated Public Improvement Bonds of 2018; original issue \$1,786,000, payable quarterly in payments of \$80,598 through November 16, 2047, including interest at 1.375% to 2.215%.                | 1,673,429                           | -                 | 46,553              | 1,626,876                           | 47,463                            |
| St. Michaels Wastewater Collection System Improvement Bond of 2021; original issue \$350,000 payable quarterly in principal payments of \$2,916.67 through May 15, 2051; interest payable quarterly at 1.375%.             | -                                   | 350,000           | 350,000             | -                                   | -                                 |
| <b>Total Sanitary District</b>   | <u>\$ 14,443,528</u>                | <u>\$ 350,000</u> | <u>\$ 1,221,449</u> | <u>\$ 13,572,079</u>                | <u>\$ 891,363</u>                 |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

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

|   | <u>Balance at<br/>June 30, 2020</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Balance at<br/>June 30, 2021</u> | <u>Amount Due<br/>in One Year</u> |
|---|-------------------------------------|-------------------|---------------------|-------------------------------------|-----------------------------------|
| <b>Business-type Activities (continued):</b>  |                                     |                   |                     |                                     |                                   |
| <b>Easton Airport</b>   |                                     |                   |                     |                                     |                                   |
| Public Facilities Bonds of 2002; original issue \$1,055,000, payable annually in principal payments ranging from \$30,000 to \$77,000 through March 15, 2022; interest payable semi-annually at rates from 3.0% to 5.37%.   | \$ 85,001                           | \$ -              | \$ 40,000           | \$ 45,001                           | \$ 45,001                         |
| Public Improvement and Refunding Bonds of 2010; original issue \$306,284, payable annually in principal payments ranging from \$13,000 to \$35,000 through May 2022; interest payable semi-annually at rates from 2% to 5%. | 69,011                              | -                 | 33,924              | 35,087                              | 35,087                            |
| Department of Natural Resources Hangar; original issue \$300,000, payable monthly in principal and interest payments of \$2,030 through October 10, 2020; interest is payable of 5.3% per annum.                            | 7,055                               | -                 | 7,055               | -                                   | -                                 |
| Consolidated Public Improvement Bonds, Series 2013; original issue \$265,000, payable monthly in principal and interest payments of \$1,304 through December 4, 2042; interest is payable at 4.25% per annum.               | 232,225                             | -                 | 5,889               | 226,336                             | 6,143                             |
| Total Easton Airport  | <u>393,292</u>                      | <u>-</u>          | <u>86,868</u>       | <u>306,424</u>                      | <u>86,231</u>                     |
| Compensated absences  | 110,191                             | 127,651           | 106,716             | 131,126                             | 38,617                            |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>   | <u>\$ 16,435,714</u>                | <u>\$ 477,651</u> | <u>\$ 1,716,133</u> | <u>\$ 15,197,232</u>                | <u>\$ 1,304,215</u>               |

The bonds outstanding at June 30, 2021 for the primary government's governmental activities and business-type activities are general obligation bonds.

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

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

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

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.

The assets acquired through capital leases are as follows:

#### **Business-Type Activities**

|                                |    |                |
|--------------------------------|----|----------------|
| Equipment                      | \$ | 367,259        |
| Less: accumulated depreciation |    | (190,776)      |
| Total                          | \$ | <u>176,483</u> |

The following is a summary of the future minimum lease payments on the capital leases:

#### **Business-Type Activities**

##### Year Ending June 30

|  |    |                |
|--|----|----------------|
| 2022   | \$ | 68,669         |
| 2023   |    | 68,541         |
| 2024   |    | <u>178,444</u> |
| Less: amounts representing interest            |    | (18,164)       |
| Present value of future minimum lease payments | \$ | <u>297,490</u> |

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

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

#### **Other Obligations**

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

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

#### Other Obligations (continued)

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, 2021 is \$121,879.

| <u>Component Units</u>  | <u>Balance at<br/>June 30, 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at<br/>June 30, 2021</u> |
|---|-------------------------------------|------------------|-------------------|-------------------------------------|
| <u>Board of Education</u>   |                                     |                  |                   |                                     |
| Note payable to Signature Bank; principal and interest payments of \$2,207 are payable monthly through August 26, 2021; interest is payable at 2.09% per annum; collateralized by a school bus.                           | \$ 30,497                           | \$ -             | \$ 30,497         | \$ -                                |
| Note payable to Branch Banking & Trust Co. (BB&T); principal and interest payments of \$2,042 are payable monthly through June 11, 2020; interest is payable at 1.98% per annum; collateralized by school buses.          | 6,106                               | -                | 6,106             | -                                   |
| Note payable to American Capital Financial Services, Inc.; principal and interest payments of \$51,594 are payable annually through September 1, 2021; interest is payable at 3.18% per annum; collateralized by servers. | 98,464                              | -                | 98,464            | -                                   |
| Note payable to City National Capital Finance; principal and interest payments of \$104,353 are payable annually through September 1, 2021; interest is payable at 1.8% per annum; collateralized by school buses.        | 203,076                             | -                | 203,076           | -                                   |
| Note payable to City National Capital Finance; principal and interest payments of \$12,838 are payable annually through September 1, 2021; interest is payable at 1.9% per annum; collateralized by school buses.         | 12,599                              | -                | 12,599            | -                                   |
| Note payable to City National Capital Finance; principal and interest payments of \$110,108 are payable annually through July 31, 2022; interest is payable at 2.98% per annum; collateralized by school buses            | 311,574                             | -                | 204,652           | 106,922                             |
| Note payable to City National Capital Finance; principal and interest payments of \$80,073 are payable annually through April 26, 2023; interest is payable at 2.46% per annum; collateralized by school buses            | 228,866                             | -                | 150,716           | 78,150                              |
| <b>TOTAL BOARD OF EDUCATION</b>   | <u>\$ 891,182</u>                   | <u>\$ -</u>      | <u>\$ 706,110</u> | <u>\$ 185,072</u>                   |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

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

#### Other Obligations (continued)

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

| <u>Primary Government</u>   | <u>Bonds</u>         |                     |                      | <u>Notes from Direct Borrowing and Direct Placement</u> |                     |                      |
|---|----------------------|---------------------|----------------------|---|---------------------|----------------------|
|   | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         | <u>Principal</u>  | <u>Interest</u>     | <u>Total</u>         |
| <b>Governmental Activities</b>  |                      |                     |                      |   |                     |                      |
| Fiscal year Ending June 30,   |                      |                     |                      |   |                     |                      |
| 2022  | \$ 3,153,227         | \$ 1,138,541        | \$ 4,291,768         | \$ 925,166  | \$ 60,368           | \$ 985,534           |
| 2023  | 2,429,400            | 1,043,139           | 3,472,539            | 954,863   | 30,670              | 985,533              |
| 2024  | 2,514,109            | 950,822             | 3,464,931            | 17,719  | -                   | 17,719               |
| 2025  | 2,457,253            | 842,473             | 3,299,726            | 17,719  | -                   | 17,719               |
| 2026  | 2,565,791            | 742,856             | 3,308,647            | 17,719  | -                   | 17,719               |
| 2027-2031   | 7,667,235            | 2,556,607           | 10,223,842           | 9,100   | -                   | 8,619                |
| 2032-2036   | 6,453,839            | 1,223,869           | 7,677,708            | -   | -                   | -                    |
| 2037-2041   | 6,930,000            | 360,100             | 7,290,100            | -   | -                   | -                    |
| Total Governmental Activities   | <u>\$ 34,170,854</u> | <u>\$ 8,858,407</u> | <u>\$ 43,029,261</u> | <u>\$ 1,942,286</u>                                     | <u>\$ 91,038</u>    | <u>\$ 2,032,843</u>  |
| <b>Enterprise Fund - Recreation Facilities (excluding capital leases)</b> |                      |                     |                      |   |                     |                      |
| Fiscal year Ending June 30,   |                      |                     |                      |   |                     |                      |
| 2022  | \$ 227,278           | \$ 19,866           | \$ 247,144           | \$ -  | \$ -                | \$ -                 |
| 2023  | 155,000              | 14,300              | 169,300              | -   | -                   | -                    |
| 2024  | 160,000              | 11,375              | 171,375              | -   | -                   | -                    |
| 2025  | 145,000              | 7,250               | 152,250              | -   | -                   | -                    |
| 2026  | 145,000              | 2,175               | 147,175              | -   | -                   | -                    |
| Total Recreation Facilities   | <u>\$ 832,278</u>    | <u>\$ 54,966</u>    | <u>\$ 887,244</u>    | <u>\$ -</u>   | <u>\$ -</u>         | <u>\$ -</u>          |
| <b>Enterprise Fund - Sanitary District</b>                                |                      |                     |                      |   |                     |                      |
| Fiscal year Ending June 30,   |                      |                     |                      |   |                     |                      |
| 2022  | \$ -                 | \$ -                | \$ -                 | \$ 891,363  | \$ 182,283          | \$ 1,073,646         |
| 2023  | -                    | -                   | -                    | 896,759   | 174,731             | 1,071,490            |
| 2024  | -                    | -                   | -                    | 895,749   | 174,485             | 1,070,234            |
| 2025  | -                    | -                   | -                    | 861,099   | 154,928             | 1,016,027            |
| 2026  | -                    | -                   | -                    | 785,654   | 146,720             | 932,374              |
| 2027-2031   | -                    | -                   | -                    | 2,293,876   | 628,659             | 2,922,535            |
| 2032- 2036  | -                    | -                   | -                    | 1,989,676   | 475,244             | 2,464,920            |
| 2037- 2041  | -                    | -                   | -                    | 2,150,288   | 314,632             | 2,464,920            |
| 2042 - 2046   | -                    | -                   | -                    | 2,324,084   | 140,836             | 2,464,920            |
| 2047- 2050  | -                    | -                   | -                    | 483,531   | 10,443              | 493,974              |
| Total Sanitary District   | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ 13,572,079</u>                                    | <u>\$ 2,402,961</u> | <u>\$ 15,975,040</u> |

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

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

**Other Obligations (continued)**

| <u>Primary Government (continued)</u>   | <u>Bonds</u>      |                   |                   | <u>Notes from Direct Borrowing and Direct Placement</u> |                 |              |
|---|-------------------|-------------------|-------------------|---|-----------------|--------------|
|   | <u>Principal</u>  | <u>Interest</u>   | <u>Total</u>      | <u>Principal</u>  | <u>Interest</u> | <u>Total</u> |
| <b>Enterprise Fund - Easton Airport</b> |                   |                   |                   |   |                 |              |
| Fiscal year Ending June 30,             |                   |                   |                   |   |                 |              |
| 2022                                    | \$ 86,231         | \$ 13,109         | \$ 99,340         | \$ -  | \$ -            | \$ -         |
| 2023                                    | 6,411             | 9,235             | 15,646            | -   | -               | -            |
| 2024                                    | 6,685             | 8,958             | 15,643            | -   | -               | -            |
| 2025                                    | 6,977             | 8,668             | 15,645            | -   | -               | -            |
| 2026                                    | 7,280             | 8,366             | 15,646            | -   | -               | -            |
| 2027-2031                               | 41,417            | 36,812            | 78,229            | -   | -               | -            |
| 2032- 2036                              | 51,199            | 27,026            | 78,225            | -   | -               | -            |
| 2037- 2041                              | 63,298            | 14,927            | 78,225            | -   | -               | -            |
| 2042 - 2044                             | 36,926            | 2,058             | 38,984            | -   | -               | -            |
| Total Easton Airport                    | <u>\$ 306,424</u> | <u>\$ 129,159</u> | <u>\$ 435,583</u> | <u>\$ -</u>   | <u>\$ -</u>     | <u>\$ -</u>  |

**Component Units**

**Board of Education**

|                                    |                   |
|------------------------------------|-------------------|
| Fiscal year Ending June 30,        |                   |
| 2022                               | \$ -              |
| 2023                               | 190,181           |
|                                    | <u>190,181</u>    |
| Less amounts representing interest | 5,109             |
| Total Board of Education           | <u>\$ 185,072</u> |

**Obligations Under State Retirement System**

**Component Unit - Board of Education**

|   |                   |
|---|-------------------|
| State Retirement and Pension System of Maryland |                   |
| Payable annually through December 2035.         | <u>\$ 550,720</u> |

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

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

**Other Obligations (continued)**

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

| <u>Fiscal Year Ending June 30,</u> |                   |
|------------------------------------|-------------------|
| 2022                               | \$ 47,779         |
| 2023                               | 50,168            |
| 2024                               | 52,677            |
| 2025                               | 55,310            |
| 2026                               | 58,076            |
| 2027-2031                          | 336,951           |
| 2032-2036                          | <u>430,046</u>    |
| Total principal and interest       | 1,031,007         |
| Less amounts representing interest | <u>(480,287)</u>  |
| Liability as of June 30, 2020      | <u>\$ 550,720</u> |

The Board of Education obligation to the State Retirement System was \$550,720 at June 30, 2021. There were payments of \$45,504 during fiscal year 2021.

**7. PENSION PLANS**

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 7. PENSION PLANS (continued)

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

The following groups of employees participate in:

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

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

#### **Basis of Accounting**

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

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

##### *General Plan Policies:*

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 7. PENSION PLANS (continued)

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

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

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

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

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

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

##### *Retirement Benefits:*

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

##### *Vested Allowance:*

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

### 7. PENSION PLANS (continued)

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

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

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

##### *Pension Benefits:*

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

##### *Employee Contributions:*

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

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 7. PENSION PLANS (continued)

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

##### *Employer Contributions:*

For the year ended June 30, 2021, total payroll, covered payroll and State on-behalf payments were as follows:

|                    | <b>Total<br/>Payroll</b> | <b>Covered<br/>Payroll</b> | <b>On-Behalf<br/>By State</b> |
|--------------------|--------------------------|----------------------------|-------------------------------|
| Talbot County      | \$ 18,632,967            | \$ 17,047,994              | \$ -                          |
| Board of Education | 37,673,269               | 37,422,439                 | 3,481,606                     |
| Library            | 1,123,914                | 1,029,670                  | 163,343                       |

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 2021, the County reported expense of \$1,581,845 and the Board of Education reported expense of \$1,904,953 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 2021 payment was \$45,504. The payments reflect a pattern which increases by 5% per year for the next 17 years. (See also Note 6.)

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 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.

At June 30, 2021, 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<br>(Employees' Systems)                         | \$ 4,764,754         |
| State's proportionate share of the net pension liability associated<br>with the Board (Teachers' System) | 36,033,784           |
| Total  | <u>\$ 40,798,538</u> |

The net pension liability was measured as of June 30, 2020, 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. At June 30, 2020, the Board's proportion was approximately .021%.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

**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**

At June 30, 2021, the County reported the following related to pensions:

|   | <u>Board</u>      | <u>Total County</u> |
|---|-------------------|---------------------|
| Employer's proportion of the net pension liability  | 0.021%            | 0.060%              |
| Employer's proportionate share of the net pension liability                                 | \$ 4,764,754      | \$ 14,188,998       |
| Deferred inflows of resources:  |                   |                     |
| Change in assumptions   | 91,299            | 260,270             |
| Net difference between projected and actual investment earnings on pension plan investments | -                 | -                   |
| Differences between expected and actual results   | <u>187,382</u>    | <u>109,437</u>      |
| Total deferred inflows of resources   | <u>\$ 278,681</u> | <u>\$ 369,707</u>   |
| Deferred outflows of resources:   |                   |                     |
| Change in assumptions   | \$ 22,031         | \$ -                |
| Net difference between projected and actual investment earnings on pension plan investments | 355,601           | 1,241,526           |
| Contributions subsequent to the measurement date  | <u>534,697</u>    | <u>1,460,440</u>    |
| Total deferred outflows of resources  | <u>\$ 912,329</u> | <u>\$ 2,701,966</u> |

| <u>Fiscal Year Ending June 30,</u> | <u>Board</u> | <u>Total County</u> |
|------------------------------------|--------------|---------------------|
| 2022                               | \$ (41,174)  | \$ 120,075          |
| 2023                               | 17,098       | 294,892             |
| 2024                               | 61,025       | 266,558             |
| 2025                               | 62,864       | 190,751             |
| 2026                               | (862)        | (457)               |

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

**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, 2020 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                 | 2.60% general, 3.15% wage   |
| Salary increases          | 3.10% to 11.60%, including inflation  |
| Discount rate             | 7.40%   |
| Investment rate of return | 7.40%   |
| Mortality                 | Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale. |

*Investments:*

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

| Asset Class        | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------|-------------------|--|
| Public Equity      | 37%               | 5.20%                                  |
| Private Equity     | 13%               | 6.50%                                  |
| Rate Sensitive     | 19%               | -0.30%                                 |
| Credit Opportunity | 9%                | 2.80%                                  |
| Real Assets        | 14%               | 4.30%                                  |
| Absolute Return    | 8%                | 1.80%                                  |
| Total              | 100%              |  |

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

**7. PENSION PLANS (continued)**

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

*Discount rate:*

A single discount rate of 7.4% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.4%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.4%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

| <u>System</u> | <u>1% Decrease<br/>to 6.4%</u> | <u>Current<br/>Discount</u> | <u>1% Increase<br/>to 8.4%</u> |
|---------------|--------------------------------|-----------------------------|--------------------------------|
| County        | \$ 20,148,377                  | \$ 14,188,998               | \$ 9,222,849                   |
| Board         | 6,783,395                      | 4,764,754                   | 3,083,411                      |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 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, 2021

### 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 2021, the Library contributed \$20,576 to the plan for 5 eligible retirees.

#### Net OPEB Liability of the County

The components of the net OPEB liability of the County at June 30, 2021, were as follows:

|                             |                     |
|-----------------------------|---------------------|
| Total OPEB liability        | \$ 21,099,526       |
| Plan fiduciary net position | <u>15,980,769</u>   |
| County's net OPEB liability | <u>\$ 5,118,757</u> |

|  |        |
|--|--------|
| Plan fiduciary net position as a percentage<br>of the total OPEB liability | 75.74% |
|--|--------|

#### Annual OPEB Costs

During fiscal year ending June 30, 2021, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of June 30, 2021. The County recognized OPEB expense of \$1,797,035 for the year ended June 30, 2021.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements**

**June 30, 2021**

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

**Actuarial Assumptions**

**Long-Term Expected Rate of Return**

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

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

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of expense was 27%.

**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% Decrease 6%</u> | <u>Current Discount Rate 7%</u> | <u>1% Increase 8%</u> |
|-----------------------------|-----------------------|---------------------------------|-----------------------|
| County's net OPEB liability | \$ 7,849,029          | \$ 5,118,757                    | \$ 2,808,632          |

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements**

**June 30, 2021**

**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% Decrease</u> | <u>5.5%</u> | <u>Trend Rate</u> | <u>6.5%</u> | <u>1% Increase</u> | <u>7.5%</u> |
|-----------------------------|--------------------|-------------|-------------------|-------------|--------------------|-------------|
| County's net OPEB liability | \$                 | 2,450,731   | \$                | 5,118,757   | \$                 | 8,369,074   |

**Changes in the Net OPEB Liability**

|                             | <u>Total OPEB Liability</u> | <u>Plan Fiduciary<br/>Net Position</u> | <u>Net OPEB Liability</u> |
|-----------------------------|-----------------------------|--|---------------------------|
| Balance as of June 30, 2020 | \$ 19,915,999               | \$ 12,615,301                          | \$ 7,300,698              |
| Changes for the year        |                             |  | -                         |
| Service cost                | 548,155                     | -                                      | 548,155                   |
| Interest                    | 1,368,462                   | -                                      | 1,368,462                 |
| Net investment income       | -                           | 3,422,311                              | (3,422,311)               |
| Benefit payments            | (733,090)                   | -                                      | (733,090)                 |
| Administrative expenses     | -                           | (56,843)                               | 56,843                    |
| Net changes                 | <u>1,183,527</u>            | <u>3,365,468</u>                       | <u>(2,181,941)</u>        |
| Balance as of June 30, 2021 | <u>\$ 21,099,526</u>        | <u>\$ 15,980,769</u>                   | <u>\$ 5,118,757</u>       |

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

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 793,958                                | \$ -                                     |
| Change in assumptions                             | 1,253,858                                 | 877,163                                  |
| Difference between projected and actual earnings  | <u>414,787</u>                            | <u>1,946,908</u>                         |
|   | <u>\$ 2,462,603</u>                       | <u>\$ 2,824,071</u>                      |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 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> |              |
|---------------------|--------------|
| 2022                | \$ (119,580) |
| 2023                | (115,176)    |
| 2024                | (135,102)    |
| 2025                | (260,081)    |
| 2026                | 203,325      |
| 2027                | 65,146       |

#### Component Units – Board of Education

##### General Information about the OPEB Plan

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

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

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

**Employees covered by benefit terms** – At January 1, 2020, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Active plan members  | 273        |
| Inactive employees or beneficiaries currently receiving benefit payments | 105        |
| Active plan members  | <u>571</u> |
| Total  | <u>949</u> |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

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

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

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

#### Net OPEB Liability

The Board's net OPEB liability was measured as of June 30, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |                                   |
|-----------------------------|-----------------------------------|
| Inflation                   | 2.20%                             |
| Salary Increases            | 3.00%                             |
| Investment Rate of Return   | 1.50%                             |
| Healthcare Cost Trend Rates | Long Run Medical Cost Trend Model |

The mortality rates for healthy pre - retirees was calculated using the Pub2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2019 Mortality Improvement Scale. The mortality rates for healthy post - retirees was calculated using the Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2019 Mortality Improvement Scale. The mortality rates for disabled individuals was calculated using the Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2019 Mortality Improvement Scale.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

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

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

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

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

**Discount rate** - The discount rate used to measure the total OPEB liability was 2.45%. 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, 2021**

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

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

**Changes in the Net OPEB Liability**

|  | <b>Total OPEB<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net OPEB<br/>Liability<br/>(a) - (b)</b> |
|--|---|--|---|
| Balance as of June 30, 2019 for FYE 2020 | \$ 117,320,831                          | \$ 121,971                                     | \$ 117,198,860                              |
| Changes for the Year:                    |   |  |   |
| Service Cost                             | 6,318,643                               | -  | 6,318,643                                   |
| Interest                                 | 2,848,658                               | -  | 2,848,658                                   |
| Experience Losses/(Gains)                | (450,315)                               | -  | (450,315)                                   |
| Employer Trust Contribution              | -                                       | 1,647,799                                      | (1,647,799)                                 |
| Net Investment Income                    | -                                       | 31,471   | (31,471)                                    |
| Changes in Assumptions                   | 13,473,469                              | -  | 13,473,469                                  |
| Benefit Payments                         | (1,647,799)                             | (1,647,799)                                    | -   |
| Net Changes                              | <u>20,542,656</u>                       | <u>31,471</u>                                  | <u>20,511,185</u>                           |
| Balance as of June 30, 2020 for FYE 2021 | <u>\$ 137,863,487</u>                   | <u>\$ 153,442</u>                              | <u>\$ 137,710,045</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 (0.92%) or 1% higher (2.92%) than the current discount rate:

|                            | <b>1% Decrease<br/>0.92%</b> | <b>Discount Rate<br/>1.92%</b> | <b>1% Increase<br/>2.92%</b> |
|----------------------------|------------------------------|--------------------------------|------------------------------|
| Discount Rate              |                              |                                |                              |
| Net OPEB Liability (Asset) | \$ 168,638,767               | \$ 137,710,045                 | \$ 113,659,740               |

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

|                            | <b>1% Decrease<br/>3.00%</b> | <b>Healthcare<br/>Cost Trend<br/>Rate 4.00%</b> | <b>1% Increase<br/>5.00%</b> |
|----------------------------|------------------------------|---|------------------------------|
| Ultimate Trend             |                              |   |                              |
| Net OPEB Liability (Asset) | \$ 108,147,489               | \$ 137,710,045                                  | \$ 178,516,790               |

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements  
June 30, 2021**

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

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

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2021, the Board recognized OPEB expense of \$8,928,922. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Changes in assumptions                               | \$ 6,705,000                                  | \$ 18,333,240                                |
| Net difference between projected and actual earnings | 16,504,973                                    | 8,420,748                                    |
| Differences between expected and actual experience   | 6,567   | -  |
| Board's contributions subsequent to measurement date | 500,000                                       |  |
| Total  | <u>\$ 23,716,540</u>                          | <u>\$ 26,753,988</u>                         |

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

| <b><u>Year ended June 30:</u></b> |              |
|-----------------------------------|--------------|
| 2022                              | \$ (368,595) |
| 2023                              | (368,577)    |
| 2024                              | (368,714)    |
| 2025                              | (369,055)    |
| 2026                              | (370,377)    |
| Thereafter                        | (1,692,130)  |

**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, 2021, the Library paid \$20,576 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, 2021**

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

**Component Units – Library (continued)**

The number of covered employees are as follows:

| <b>Participants</b>   |           |
|---|-----------|
| Active Employees  | 18        |
| Inactive employees entitled to but not yet receiving benefits | -         |
| Inactive employees currently receiving benefits               | 5         |
| <b>TOTAL</b>  | <b>23</b> |

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

**Health Care Trend Rates**

|  |                  |
|--|------------------|
| Initial Health Care Cost Trend Rate      | 6.50%            |
| Ultimate Health Care Cost Trend Rate     | 4.50%            |
| Fiscal Year the Ultimate Rate is Reached | Fiscal Year 2035 |

**Additional Information**

|                       |                  |
|-----------------------|------------------|
| Valuation date        | July 1, 2020     |
| Measurement date      | June 30, 2021    |
| Actuarial cost method | Entry Age Normal |
| Discount rate         | 2.18%            |
| 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

The discount rate used is the S&P Municipal Bond 20 Year High-Grade Rate Index as of June 30, 2021.

**TALBOT COUNTY, MARYLAND**

**Notes to Financial Statements**

**June 30, 2021**

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

**Component Units – Library (continued)**

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

|                    | <b>Discount Rate</b>    |                        |                         |
|--------------------|-------------------------|------------------------|-------------------------|
|                    | 1% Increase to<br>3.18% | Discount Rate<br>2.18% | 1% Decrease to<br>1.18% |
| Net OPEB liability | \$ 1,569,770            | \$ 1,787,083           | \$ 2,053,931            |

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

|                    | <b>Healthcare Trend</b> |                        |                         |
|--------------------|-------------------------|------------------------|-------------------------|
|                    | 1% Increase to<br>7.50% | Discount Rate<br>6.50% | 1% Decrease to<br>5.50% |
| Net OPEB liability | \$ 2,066,187            | \$ 1,787,083           | \$ 1,559,331            |

Changes in the net OPEB liability are as follows:

|   | <b>Total OPEB<br/>Liability</b> | <b>Plan<br/>Fiduciary Net<br/>Position</b> | <b>Net OPEB<br/>Liability</b> |
|---|---------------------------------|--|-------------------------------|
| Balances as of June 30, 2020            | \$ 1,641,649                    | \$ -                                       | \$ 1,641,649                  |
| Changes for the year:                   |                                 |  |                               |
| Service cost                            | 48,343                          | -  | 48,343                        |
| Interest on total OPEB liability        | 42,886                          | -  | 42,886                        |
| Changes of assumptions and other inputs | 112,978                         | -  | 112,978                       |
| Benefits payments                       | (58,773)                        | -  | (58,773)                      |
| Net changes                             | 145,434                         | -  | 145,434                       |
| Balances as of June 30, 2021            | \$ 1,787,083                    | \$ -                                       | \$ 1,787,083                  |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

### 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, 2021. Unearned revenue at June 30, 2020 consisted of the following:

|                          | <u>County</u>       | <u>Board of<br/>Education</u> |
|--------------------------|---------------------|-------------------------------|
| Federal and state grants | \$ 4,220,771        | \$ 640,953                    |
| Other sources            | 1,731,147           | -                             |
|                          | <u>\$ 5,951,918</u> | <u>\$ 640,953</u>             |

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

### 11. COMMITMENTS AND CONTINGENCIES

#### Primary Government

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

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

In December 2010, the Mid-Shore I landfill located in Talbot County accepted its last trash and in January 2011, the Mid-Shore II landfill was opened for commercial business. As of June 30, 2021, total closure and post closure care costs were estimated at approximately \$18.4 million, with approximately \$4.9 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 at June 30, 2021, a portion of these costs, \$6.3 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, 2021, total debt was approximately \$23.2 million, with approximately \$6.2 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, 2020. MES expects to satisfy these requirements as of June 30, 2021 using the same criteria.

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

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements

June 30, 2021

### 11. COMMITMENTS AND CONTINGENCIES (continued)

#### Primary Government (continued)

##### *Legal Actions*

The County believes it is probable that income tax refund claims of approximately \$3,000,000 related to the *Maryland State Comptroller of the Treasury v. Bryan Wynne* case will have to be issued in the future. Maryland's personal income tax on State residents consists of a State income tax and a local tax. Residents who pay income tax to another state were allowed a credit against the State income tax, but not against the local tax. The U.S. Supreme Court determined that this taxing system was unconstitutional. Claims processed through the end of March 2019 totaled approximately \$1.8 million. Deductions from income tax revenues will begin in February 2021.

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.

##### *Construction Commitments*

The County had entered into contracts for the design, construction, and renovation of facilities at June 30, 2021, which are as follows:

|   | <b>Amounts<br/>Expended<br/>To Date</b> | <b>Remaining<br/>Construction<br/>Commitment</b> | <b>Expected Date<br/>of Completion</b> |
|---|---|--|--|
| Goldsborough Neck and Airport Road Design     | \$ 67,676                               | \$ 152,019                                       | 1-Dec-22                               |
| Senior Center Parking Lot                     | 15,215                                  | 3,585  | 21-Apr-22                              |
| Leeds Creek (Tunis Mills) Bridge              | 1,779                                   | 48,431   | 1-May-22                               |
| Black Dog Alley                               | -                                       | 442,850  | 15-Dec-22                              |
| Resolution 250 – Sewer Extension              | 144,486                                 | 398,429  | Aug-22                                 |
| Ferry Point WWTP                              | -                                       | 116,254  | Jan-23                                 |
| Talbot County Community Center Sewer          | -                                       | 321,324  | Jan-22                                 |
| St. Michaels Belt Filter Press - Construction | -                                       | 566,266  | 05/2022                                |
| St. Michaels Sewer - Construction             | 4,278,293                               | 258,373  | Dec-22                                 |
| St. Michaels Sewer - Design                   | 863,368                                 | 35,904   | Dec-22                                 |

### 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.

# TALBOT COUNTY, MARYLAND

## Notes to Financial Statements June 30, 2021

### 12. RISK MANAGEMENT (continued)

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

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

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.

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.

## TALBOT COUNTY, MARYLAND

### Notes to Financial Statements

June 30, 2021

#### 12. RISK MANAGEMENT (continued)

##### Board of Education (continued)

###### *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

At June 30, 2021, the Sanitary District Fund had a deficit in unrestricted net position of \$538,639. This deficit is 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. At June 30, 2021, the outstanding balance of these bonds and notes payables was \$34,179,954, 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, 2021

### 15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 84, *Fiduciary Activities*; Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; which all took effect during FY 2021. In addition, the GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*, which the County has early implemented. These statements have an immaterial effect on the County’s financial statements.

The GASB has issued Statement No. 87, *Leases*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*; which will require adoption in the future, if applicable. Some of these statements and implementation guides will have a material effect on the County’s financial statements once implemented. The County will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

### 16. PRIOR PERIOD RESTATEMENT

The Board of Education has determined to restate its Statement of Activities and its Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds at June 30, 2020. The determination was made to restate these financial statements in connection with the fiscal year 2021 implementation of Government Accounting Standards Board’s Statement No. 84, *Fiduciary Activities*. This statement’s objective is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities are reported. The Board determined that based on this guidance, the school activities did not meet the criteria of a fiduciary fund and have included school activities within governmental activities at June 30, 2021. The following table is a summary of the effect on the net position at June 30, 2020:

|  | <u>Net Position</u>    |
|--|------------------------|
| As previously reported                               | \$ (20,516,228)        |
| Adjustment for school activities required by GASB 84 | 374,284                |
| As restated  | <u>\$ (20,141,944)</u> |

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, 2021**

|                                     | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance with<br/>Final Budget</u> |
|-------------------------------------|----------------------------|-------------------------|--------------------|---------------------------------------|
| <b>REVENUES</b>                     |                            |                         |                    |                                       |
| <b>TAXES - LOCAL</b>                |                            |                         |                    |                                       |
| <b>LOCAL PROPERTY TAXES</b>         |                            |                         |                    |                                       |
| Real property                       | \$ 44,048,000              | \$ 44,048,000           | \$ 44,704,799      | \$ 656,799                            |
| Real property education supplement  | -                          | -                       | (1,138)            | (1,138)                               |
| Railroad and public utilities       | 900,000                    | 900,000                 | 1,170,329          | 270,329                               |
| Prior Years                         | -                          | -                       | (65,074)           | (65,074)                              |
| Penalties and interest              | 160,000                    | 160,000                 | 222,432            | 62,432                                |
| Business incentive tax credits      | -                          | -                       | (7,275)            | (7,275)                               |
| Semi annual service charges         | 3,500                      | 3,500                   | 4,784              | 1,284                                 |
| <b>Total property taxes</b>         | <b>45,111,500</b>          | <b>45,111,500</b>       | <b>46,028,857</b>  | <b>917,357</b>                        |
| Less: Discount allowed on taxes     | (285,000)                  | (285,000)               | (302,852)          | (17,852)                              |
| <b>Net property taxes</b>           | <b>44,826,500</b>          | <b>44,826,500</b>       | <b>45,726,005</b>  | <b>899,505</b>                        |
| <b>LOCAL INCOME TAXES</b>           | <b>26,900,000</b>          | <b>26,900,000</b>       | <b>35,503,912</b>  | <b>8,603,912</b>                      |
| <b>OTHER LOCAL TAXES</b>            |                            |                         |                    |                                       |
| Admissions and amusements           | 20,000                     | 20,000                  | 25,483             | 5,483                                 |
| Recordation                         | 5,435,000                  | 5,435,000               | 12,315,972         | 6,880,972                             |
| Transfer                            | 3,600,000                  | 3,600,000               | 8,256,643          | 4,656,643                             |
| Public accommodations               | 1,300,000                  | 1,300,000               | 1,592,973          | 292,973                               |
| Mobile manufactured home            | 50,000                     | 50,000                  | 58,509             | 8,509                                 |
| <b>Total other local taxes</b>      | <b>10,405,000</b>          | <b>10,405,000</b>       | <b>22,249,580</b>  | <b>11,844,580</b>                     |
| <b>Total local taxes</b>            | <b>82,131,500</b>          | <b>82,131,500</b>       | <b>103,479,496</b> | <b>21,347,996</b>                     |
| <b>LICENSES AND PERMITS</b>         |                            |                         |                    |                                       |
| Beer, wine and liquor licenses      | 170,000                    | 170,000                 | 188,333            | 18,333                                |
| Traders licenses                    | 30,000                     | 30,000                  | 29,962             | (38)                                  |
| Animal tags and fines               | 4,500                      | 4,500                   | 2,772              | (1,728)                               |
| Stormwater permits                  | 12,000                     | 12,000                  | 24,219             | 12,219                                |
| Flood plain permits                 | 1,000                      | 1,000                   | 4,175              | 3,175                                 |
| Road construction permit            | 12,000                     | 12,000                  | 46,400             | 34,400                                |
| Boat ramp permits and violations    | 136,000                    | 136,000                 | 159,995            | 23,995                                |
| Marriage licenses                   | 2,500                      | 2,500                   | 2,915              | 415                                   |
| Plumbing permits                    | 9,000                      | 9,000                   | 11,575             | 2,575                                 |
| Gas permits and licenses            | 9,500                      | 9,500                   | 12,610             | 3,110                                 |
| Plumbing licenses                   | 5,000                      | 5,000                   | 3,960              | (1,040)                               |
| PZ fines                            | -                          | -                       | 49,749             | 49,749                                |
| HVAC inspections and registrations  | 13,500                     | 13,500                  | 17,345             | 3,845                                 |
| Health department fees              | -                          | -                       | 1,270              | 1,270                                 |
| Electrical inspections and licenses | 25,000                     | 25,000                  | 23,776             | (1,224)                               |
| Building permits                    | 220,000                    | 220,000                 | 420,981            | 200,981                               |
| <b>Total licenses and permits</b>   | <b>650,000</b>             | <b>650,000</b>          | <b>1,000,037</b>   | <b>350,037</b>                        |
| <b>INTERGOVERNMENTAL REVENUES</b>   |                            |                         |                    |                                       |
| <b>FROM THE FEDERAL GOVERNMENT</b>  |                            |                         |                    |                                       |
| Coronavirus emergency supp funding  | -                          | -                       | 14,250             | 14,250                                |
| FEMA                                | 75,000                     | 75,000                  | 447,492            | 372,492                               |
| Health and Human services grants    | -                          | -                       | 75,292             | 75,292                                |
| Other federal- Planning and zoning  | -                          | -                       | 12,363             | 12,363                                |
| Emergency management - DHS          | 45,000                     | 45,000                  | 64,423             | 19,423                                |
| <b>Total Federal revenues</b>       | <b>\$ 120,000</b>          | <b>\$ 120,000</b>       | <b>\$ 613,820</b>  | <b>\$ 493,820</b>                     |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|---|----------------------------|-------------------------|-------------------|---------------------------------------|
| <b>FROM THE STATE OF MARYLAND</b>       |                            |                         |                   |                                       |
| Police protection                       | \$ 100,000                 | \$ 100,000              | \$ 131,037        | \$ 31,037                             |
| Sex offender grant                      | 6,000                      | 6,000                   | 13,185            | 7,185                                 |
| School bus safety grant                 | 20,000                     | 20,000                  | -                 | (20,000)                              |
| Sheriff grants other                    | 40,000                     | 40,000                  | 48,213            | 8,213                                 |
| Motor carrier - State Highway           | 3,500                      | 3,500                   | -                 | (3,500)                               |
| Fire and rescue                         | 300,000                    | 300,000                 | 322,272           | 22,272                                |
| 911 grants and numbers system board     | 492,200                    | 492,200                 | 500,898           | 8,698                                 |
| Circuit Court - Family Services         | 314,930                    | 314,930                 | 193,096           | (121,834)                             |
| Drug court                              | 158,660                    | 158,660                 | 141,444           | (17,216)                              |
| Critical areas                          | 10,000                     | 10,000                  | 9,000             | (1,000)                               |
| Highway user revenues                   | 730,000                    | 730,000                 | 721,911           | (8,089)                               |
| Recordation                             | 25,000                     | 25,000                  | 420               | (24,580)                              |
| Public landing grants                   | 90,000                     | 90,000                  | 13,625            | (76,375)                              |
| DSS-Legal fees                          | 75,000                     | 75,000                  | 102,143           | 27,143                                |
| Office of tourism                       | -                          | -                       | 152,509           | 152,509                               |
| <b>Total State revenues</b>             | <b>2,365,290</b>           | <b>2,365,290</b>        | <b>2,349,753</b>  | <b>(15,537)</b>                       |
| <b>Total intergovernmental</b>          | <b>2,485,290</b>           | <b>2,485,290</b>        | <b>2,963,573</b>  | <b>478,283</b>                        |
| <b>SERVICES CHARGES</b>                 |                            |                         |                   |                                       |
| <b>GENERAL GOVERNMENT CHARGES</b>       |                            |                         |                   |                                       |
| Zoning fees and certificates            | 30,000                     | 30,000                  | 53,765            | 23,765                                |
| Rezoning applications                   | -                          | -                       | 2,000             | 2,000                                 |
| Zoning violations                       | -                          | -                       | 6,405             | 6,405                                 |
| Subdivision applications                | 10,000                     | 10,000                  | 25,167            | 15,167                                |
| Administrative variance                 | 1,500                      | 1,500                   | 4,500             | 3,000                                 |
| Board of appeals                        | 5,000                      | 5,000                   | 3,400             | (1,600)                               |
| Landscape planning                      | -                          | -                       | 1,000             | 1,000                                 |
| Site plan reviews                       | 5,000                      | 5,000                   | 4,667             | (333)                                 |
| Forest conservation fees                | -                          | -                       | 550               | 550                                   |
| Critical area preservation              | 10,000                     | 10,000                  | 42,730            | 32,730                                |
| Bed & breakfast license/home occupation | 850                        | 850                     | 825               | (25)                                  |
| Short term rental fees                  | 20,000                     | 20,000                  | 24,140            | 4,140                                 |
| Mobile home fees                        | 150                        | 150                     | 75                | (75)                                  |
| Roadside vendors and produce stand      | 1,500                      | 1,500                   | 6,725             | 5,225                                 |
| Weed and litter enforcement             | 1,500                      | 1,500                   | 150               | (1,350)                               |
| Weed control spraying                   | 50,000                     | 50,000                  | 35,811            | (14,189)                              |
| Crushed Concrete Sales                  | -                          | -                       | 88,060            | 88,060                                |
| Economic development/tourism            | 150,000                    | 150,000                 | 56,235            | (93,765)                              |
| Election filing and voter lists         | 500                        | 500                     | 21,130            | 20,630                                |
| Sheriff's fees                          | 27,000                     | 27,000                  | 14,343            | (12,657)                              |
| Emergency medical services              | 1,600,000                  | 1,600,000               | 1,483,742         | (116,258)                             |
| 911 center                              | 400,000                    | 400,000                 | 400,000           | -                                     |
| MIEMSS-EMS communications               | 125,000                    | 125,000                 | 125,000           | -                                     |
| <b>Total general government</b>         | <b>2,438,000</b>           | <b>2,438,000</b>        | <b>2,400,420</b>  | <b>(37,580)</b>                       |
| <b>PUBLIC SAFETY CHARGES</b>            |                            |                         |                   |                                       |
| Boarding of local prisoners             | 10,000                     | 10,000                  | -                 | (10,000)                              |
| Weekenders fees/other revenues          | 800                        | 800                     | -                 | (800)                                 |
| Live-in, work-out fees                  | 3,000                      | 3,000                   | -                 | (3,000)                               |
| Home detention program                  | 500                        | 500                     | 1,575             | 1,075                                 |
| Federal prisoner program                | 200,000                    | 200,000                 | 252,160           | 52,160                                |
| Community service fees                  | 5,000                      | 5,000                   | 280               | (4,720)                               |
| Inmate sick call services               | -                          | -                       | 2                 | 2                                     |
| Rents                                   | 16,100                     | 16,100                  | 14,758            | (1,342)                               |
| Other grants                            | 4,000                      | 4,000                   | -                 | (4,000)                               |
| <b>Total public safety charges</b>      | <b>\$ 239,400</b>          | <b>\$ 239,400</b>       | <b>\$ 268,775</b> | <b>\$ 29,375</b>                      |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance with<br/>Final Budget</u> |
|---|----------------------------|-------------------------|-----------------------|---------------------------------------|
| <b>SERVICES CHARGES (continued)</b>                   |                            |                         |                       |                                       |
| <b>HEALTH</b>   |                            |                         |                       |                                       |
| Mosquito control fees                                 | \$ 120,000                 | \$ 120,000              | \$ 110,582            | \$ (9,418)                            |
| <b>RECREATION CHARGES</b>                             |                            |                         |                       |                                       |
| Boat slips  | 90,000                     | 90,000                  | 99,149                | 9,149                                 |
| Other recreation                                      | -                          | -                       | 24,420                | 24,420                                |
| <b>Total recreation</b>                               | <b>90,000</b>              | <b>90,000</b>           | <b>123,569</b>        | <b>33,569</b>                         |
| <b>Total service charges</b>                          | <b>2,887,400</b>           | <b>2,887,400</b>        | <b>2,903,346</b>      | <b>15,946</b>                         |
| <b>FINES AND FORFEITURES</b>                          | <b>25,750</b>              | <b>25,750</b>           | <b>20,812</b>         | <b>(4,938)</b>                        |
| <b>MISCELLANEOUS</b>                                  |                            |                         |                       |                                       |
| Rents   | 20,000                     | 20,000                  | 20,137                | 137                                   |
| Bay Restoration Fund                                  | 3,000                      | 3,000                   | 3,402                 | 402                                   |
| Miscellaneous revenues                                | 404,060                    | 404,060                 | 505,639               | 101,579                               |
| Other- Rent Black and Decker                          | -                          | -                       | 7,236                 | 7,236                                 |
| <b>Total miscellaneous</b>                            | <b>427,060</b>             | <b>427,060</b>          | <b>536,414</b>        | <b>109,354</b>                        |
| <b>INTEREST</b>                                       | <b>600,000</b>             | <b>600,000</b>          | <b>109,381</b>        | <b>(490,619)</b>                      |
| <b>TOTAL REVENUES</b>                                 | <b>89,207,000</b>          | <b>89,207,000</b>       | <b>111,013,059</b>    | <b>21,806,059</b>                     |
| <b>OTHER FINANCING SOURCES</b>                        |                            |                         |                       |                                       |
| Transfer from special revenue fund                    | 600,000                    | 600,000                 | 100,000               | (500,000)                             |
| <b>Total other financing sources</b>                  | <b>600,000</b>             | <b>600,000</b>          | <b>100,000</b>        | <b>(500,000)</b>                      |
| <b>Appropriated Fund Balance</b>                      | <b>6,743,000</b>           | <b>6,743,000</b>        | <b>-</b>              | <b>(6,743,000)</b>                    |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCES</b> | <b>\$ 96,550,000</b>       | <b>\$ 96,550,000</b>    | <b>\$ 111,113,059</b> | <b>\$ 14,563,059</b>                  |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021**

|   | <u>Budget</u>       | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|---|---------------------|-------------------------|---------------------|---------------------------------------|
| <b><u>EXPENDITURES</u></b>                          |                     |                         |                     |                                       |
| <b>GENERAL GOVERNMENT</b>                           |                     |                         |                     |                                       |
| <b>LEGISLATIVE</b>                                  |                     |                         |                     |                                       |
| County Council:                                     |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | \$ 149,549          | \$ 149,549              | \$ 147,957          | \$ 1,592                              |
| Other operating                                     | 61,600              | 61,600                  | 65,812              | (4,212)                               |
| <b>Total legislative</b>                            | <b>211,149</b>      | <b>211,149</b>          | <b>213,769</b>      | <b>(2,620)</b>                        |
| <b>JUDICIAL</b>                                     |                     |                         |                     |                                       |
| Circuit Court:                                      |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 216,351             | 216,351                 | 184,420             | 31,931                                |
| Other operating                                     | 34,721              | 34,721                  | 44,350              | (9,629)                               |
| Capital outlay                                      | 31,500              | 31,500                  | 31,205              | 295                                   |
| Court Stenographer:                                 |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 78,061              | 78,061                  | 69,110              | 8,951                                 |
| Family Services:                                    |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 166,722             | 166,722                 | 90,976              | 75,746                                |
| Other operating                                     | 148,215             | 148,215                 | 103,132             | 45,083                                |
| Problem Solving Court:                              |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 116,159             | 116,159                 | 117,418             | (1,259)                               |
| Other operating                                     | 42,500              | 42,500                  | 22,047              | 20,453                                |
| Capital outlay                                      | -                   | -                       | 2,462               | (2,462)                               |
| Orphan's Court:                                     |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 61,493              | 61,493                  | 59,392              | 2,101                                 |
| Other operating                                     | 14,500              | 14,500                  | 13,043              | 1,457                                 |
| Capital outlay                                      | 3,500               | 3,500                   | 2,766               | 734                                   |
| State's Attorney:                                   |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 1,054,282           | 1,054,282               | 1,056,157           | (1,875)                               |
| Other operating                                     | 63,600              | 63,600                  | 70,923              | (7,323)                               |
| Capital outlay                                      | 400                 | 400                     | 399                 | 1                                     |
| Victim Witness Program:                             |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 189,980             | 189,980                 | 185,614             | 4,366                                 |
| Other operating                                     | 6,710               | 6,710                   | 7,830               | (1,120)                               |
| Bar Library:  |                     |                         |                     |                                       |
| Other operating                                     | 25,750              | 25,750                  | 18,795              | 6,955                                 |
| <b>Total judicial</b>                               | <b>2,254,444</b>    | <b>2,254,444</b>        | <b>2,080,039</b>    | <b>174,405</b>                        |
| <b>EXECUTIVE</b>                                    |                     |                         |                     |                                       |
| County Administration:                              |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 925,854             | 925,854                 | 875,046             | 50,808                                |
| Other operating                                     | 92,910              | 92,910                  | 66,322              | 26,588                                |
| Capital outlay                                      | 25,000              | 25,000                  | -                   | 25,000                                |
| <b>Total executive</b>                              | <b>1,043,764</b>    | <b>1,043,764</b>        | <b>941,368</b>      | <b>102,396</b>                        |
| <b>ELECTIONS</b>                                    |                     |                         |                     |                                       |
| Board of Supervisors of Elections:                  |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 305,159             | 305,159                 | 311,418             | (6,259)                               |
| Other operating                                     | 324,726             | 324,726                 | 294,892             | 29,834                                |
| Registration and elections:                         |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 91,850              | 91,850                  | 91,269              | 581                                   |
| <b>Total elections</b>                              | <b>721,735</b>      | <b>721,735</b>          | <b>697,579</b>      | <b>24,156</b>                         |
| <b>FINANCIAL ADMINISTRATION</b>                     |                     |                         |                     |                                       |
| Finance Office:                                     |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 928,631             | 928,631                 | 878,979             | 49,652                                |
| Other operating                                     | 282,100             | 282,100                 | 257,244             | 24,856                                |
| MD State Department of Assessments<br>and Taxation: |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 200,000             | 200,000                 | 155,492             | 44,508                                |
| Liquor License Commissioners:                       |                     |                         |                     |                                       |
| Salaries and fringe benefits                        | 14,445              | 14,445                  | 11,584              | 44,508                                |
| Other operating                                     | 3,275               | 3,275                   | 3,038               | 237                                   |
| <b>Total financial administration</b>               | <b>\$ 1,428,451</b> | <b>\$ 1,428,451</b>     | <b>\$ 1,306,337</b> | <b>\$ 163,761</b>                     |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|---------------------------------------|----------------------------|-------------------------|---------------------|---------------------------------------|
| <b>GENERAL GOVERNMENT (continued)</b> |                            |                         |                     |                                       |
| <b>LAW</b>                            |                            |                         |                     |                                       |
| County Attorney:                      |                            |                         |                     |                                       |
| Salaries and fringe benefits          | \$ 358,186                 | \$ 358,186              | \$ 206,994          | \$ 151,192                            |
| Capital outlay                        | -                          | -                       | 1,011               | (1,011)                               |
| Other operating                       | 49,850                     | 49,850                  | 119,387             | (69,537)                              |
| <b>Total law</b>                      | <b>408,036</b>             | <b>408,036</b>          | <b>327,392</b>      | <b>80,644</b>                         |
| <b>PLANNING AND ZONING</b>            |                            |                         |                     |                                       |
| Planning Office:                      |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 798,743                    | 798,743                 | 787,919             | 10,824                                |
| Other operating                       | 100,175                    | 100,175                 | 125,911             | (25,736)                              |
| Board of Appeals:                     |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 105,740                    | 105,740                 | 98,174              | 7,566                                 |
| Other operating                       | 21,075                     | 21,075                  | 14,559              | 6,516                                 |
| <b>Total planning and zoning</b>      | <b>1,025,733</b>           | <b>1,025,733</b>        | <b>1,026,563</b>    | <b>(830)</b>                          |
| <b>GENERAL SERVICES</b>               |                            |                         |                     |                                       |
| County Buildings:                     |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 411,324                    | 411,324                 | 399,035             | 12,289                                |
| Other operating                       | 378,440                    | 378,440                 | 309,761             | 68,679                                |
| Capital outlay                        | 39,000                     | 39,000                  | 32,553              | 6,447                                 |
| Library Maintenance                   | 134,500                    | 134,500                 | 110,448             | 24,052                                |
| Information Technology:               |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 347,986                    | 347,986                 | 330,712             | 17,274                                |
| Other operating                       | 100,020                    | 100,020                 | 75,126              | 24,894                                |
| Capital outlay                        | 35,000                     | 35,000                  | 60,228              | (25,228)                              |
| Insurance                             | 220,500                    | 220,500                 | 174,142             | 46,358                                |
| <b>Total general services</b>         | <b>1,666,770</b>           | <b>1,666,770</b>        | <b>1,492,005</b>    | <b>174,765</b>                        |
| <b>ECONOMIC DEVELOPMENT</b>           |                            |                         |                     |                                       |
| Office of Economic Development:       |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 198,391                    | 198,391                 | 70,687              | 127,704                               |
| Other operating                       | 112,950                    | 112,950                 | 81,169              | 31,781                                |
| Tourism:                              |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 199,125                    | 199,125                 | 195,291             | 3,834                                 |
| Other operating                       | 455,737                    | 455,737                 | 450,050             | 5,687                                 |
| Housing:                              |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 26,104                     | 26,104                  | 957                 | 25,147                                |
| Other operating                       | 4,700                      | 4,700                   | -                   | 4,700                                 |
| Historic Preservation Commission      | 5,075                      | 5,075                   | 150                 | 4,925                                 |
| <b>Total economic development</b>     | <b>1,002,082</b>           | <b>1,002,082</b>        | <b>798,304</b>      | <b>203,778</b>                        |
| <b>Total general government</b>       | <b>9,762,164</b>           | <b>9,762,164</b>        | <b>8,883,356</b>    | <b>920,455</b>                        |
| <b>PUBLIC SAFETY</b>                  |                            |                         |                     |                                       |
| <b>SHERIFF</b>                        |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 4,286,831                  | 4,286,831               | 4,206,821           | 80,010                                |
| Other operating                       | 854,200                    | 854,200                 | 826,315             | 27,885                                |
| Capital outlay                        | 75,000                     | 75,000                  | 74,719              | 281                                   |
| Total sheriff                         | 5,216,031                  | 5,216,031               | 5,107,855           | 108,176                               |
| <b>MUNICIPAL INSTITUTIONS</b>         |                            |                         |                     |                                       |
| Detention Center:                     |                            |                         |                     |                                       |
| Salaries and fringe benefits          | 3,453,975                  | 3,453,975               | 3,299,158           | 154,817                               |
| Other operating                       | 1,306,406                  | 1,306,406               | 1,229,582           | 76,824                                |
| Capital outlay                        | 8,000                      | 8,000                   | 28,612              | (20,612)                              |
| <b>Total municipal institutions</b>   | <b>\$ 4,768,381</b>        | <b>\$ 4,768,381</b>     | <b>\$ 4,557,352</b> | <b>\$ 211,029</b>                     |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---------------------------------------|
| <b>PUBLIC SAFETY (continued)</b>         |                            |                         |                     |                                       |
| <b>OTHER PUBLIC SAFETY</b>               |                            |                         |                     |                                       |
| School Crossing Guards                   | \$ 64,700                  | \$ 64,700               | \$ 64,700           | \$ -                                  |
| Animal Control Program:                  |                            |                         |                     |                                       |
| Other operating                          | 422,532                    | 422,532                 | 422,132             | 400                                   |
| Capital outlay                           | 11,000                     | 11,000                  | 11,000              | -                                     |
| Emergency Management:                    |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 2,298,795                  | 2,298,795               | 2,122,687           | 176,108                               |
| Other operating                          | 828,765                    | 828,765                 | 1,041,129           | (212,364)                             |
| Capital outlay                           | 185,000                    | 185,000                 | 308,069             | (123,069)                             |
| Volunteer Fire Companies:                | 1,929,415                  | 1,929,415               | 1,936,655           | (7,240)                               |
| Emergency Medical Services:              |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 4,505,569                  | 4,505,569               | 4,421,960           | 83,609                                |
| Other operating                          | 658,451                    | 658,451                 | 757,065             | (98,614)                              |
| Capital outlay                           | 435,000                    | 435,000                 | 420,866             | 14,134                                |
| Hazardous Materials:                     |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 1,140                      | 1,140                   | -                   | 1,140                                 |
| Other operating                          | 14,800                     | 14,800                  | 13,147              | 1,653                                 |
| <b>Total other public safety</b>         | <b>11,355,167</b>          | <b>11,355,167</b>       | <b>11,519,410</b>   | <b>(164,243)</b>                      |
| <b>PROTECTIVE INSPECTION</b>             |                            |                         |                     |                                       |
| Electrical Inspection:                   |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 6,500                      | 6,500                   | 5,142               | 1,358                                 |
| Other operating                          | 1,540                      | 1,540                   | 647                 | 893                                   |
| Building and Plumbing Inspection:        |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 410,058                    | 410,058                 | 389,373             | 20,685                                |
| Other operating                          | 28,850                     | 28,850                  | 17,131              | 11,719                                |
| <b>Total protective inspection</b>       | <b>446,948</b>             | <b>446,948</b>          | <b>412,293</b>      | <b>34,655</b>                         |
| <b>Total public safety</b>               | <b>21,786,527</b>          | <b>21,786,527</b>       | <b>21,596,910</b>   | <b>189,617</b>                        |
| <b>PUBLIC WORKS</b>                      |                            |                         |                     |                                       |
| <b>PUBLIC WORKS - GENERAL</b>            |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 582,539                    | 582,539                 | 429,727             | 152,812                               |
| Other operating                          | 89,150                     | 89,150                  | 31,384              | 57,766                                |
| Capital outlay                           | 45,000                     | 45,000                  | 49,063              | (4,063)                               |
| <b>Total public works - general</b>      | <b>716,689</b>             | <b>716,689</b>          | <b>510,174</b>      | <b>206,515</b>                        |
| <b>PUBLIC LANDINGS AND WHARVES</b>       |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 209,700                    | 209,700                 | 209,772             | (72)                                  |
| Other operating                          | 64,900                     | 64,900                  | 67,164              | (2,264)                               |
| Capital outlay                           | 105,000                    | 105,000                 | 19,257              | 85,743                                |
| <b>Total public landings and wharves</b> | <b>379,600</b>             | <b>379,600</b>          | <b>296,193</b>      | <b>83,407</b>                         |
| <b>SOLID WASTE DISPOSAL</b>              |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 34,800                     | 34,800                  | 23,551              | 11,249                                |
| Other operating                          | 640,450                    | 640,450                 | 664,728             | (24,278)                              |
| <b>Total solid waste disposal</b>        | <b>675,250</b>             | <b>675,250</b>          | <b>688,279</b>      | <b>(13,029)</b>                       |
| <b>HIGHWAYS AND STREETS</b>              |                            |                         |                     |                                       |
| Salaries and fringe benefits             | 1,671,308                  | 1,671,308               | 1,682,299           | (10,991)                              |
| Other operating                          | 1,563,475                  | 1,563,475               | 1,328,167           | 235,308                               |
| Capital outlay                           | 250,000                    | 250,000                 | 239,792             | 10,208                                |
| <b>Total highways and streets</b>        | <b>3,484,783</b>           | <b>3,484,783</b>        | <b>3,250,258</b>    | <b>234,525</b>                        |
| <b>Total public works</b>                | <b>\$ 5,256,322</b>        | <b>\$ 5,256,322</b>     | <b>\$ 4,744,904</b> | <b>\$ 511,418</b>                     |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|---|----------------------------|-------------------------|-------------------|---------------------------------------|
| <b>HEALTH AND HOSPITALS</b>             |                            |                         |                   |                                       |
| Health department                       | \$ 2,508,300               | \$ 2,508,300            | \$ 2,508,300      | \$ -                                  |
| <b>Total health and hospitals</b>       | <b>2,508,300</b>           | <b>2,508,300</b>        | <b>2,508,300</b>  | <b>-</b>                              |
| <b>SOCIAL SERVICES</b>                  |                            |                         |                   |                                       |
| Senior services program                 | 75,000                     | 75,000                  | 94,154            | (19,154)                              |
| Social services legal                   | 10,000                     | 10,000                  | -                 | 10,000                                |
| Social Services - operating             | 16,000                     | 16,000                  | 16,000            | -                                     |
| Neighborhood service center             | 124,912                    | 124,912                 | 124,912           | -                                     |
| Delmarva community services             | 134,080                    | 134,080                 | 134,080           | -                                     |
| Development unit                        | 45,005                     | 45,005                  | 45,005            | -                                     |
| Healthy Talbot                          | 2,500                      | 2,500                   | 2,500             | -                                     |
| Homelessness prevention                 | 20,000                     | 20,000                  | 20,000            | -                                     |
| St. Martin's Ministries                 | 8,000                      | 8,000                   | 8,000             | -                                     |
| Senior Center bus passes                | 14,500                     | 14,500                  | 13,510            | 990                                   |
| Commission on aging                     | 434,588                    | 434,588                 | 434,588           | -                                     |
| <b>Total social services</b>            | <b>884,585</b>             | <b>884,585</b>          | <b>892,749</b>    | <b>(8,164)</b>                        |
| <b>EDUCATION</b>                        |                            |                         |                   |                                       |
| Board of Education:                     |                            |                         |                   |                                       |
| Operating appropriation                 | 43,624,398                 | 43,624,398              | 43,624,398        | -                                     |
| Debt Service                            | 3,059,585                  | 3,059,585               | 3,056,198         | 3,387                                 |
| Library:                                |                            |                         |                   |                                       |
| Operating appropriation                 | 1,445,751                  | 1,445,751               | 1,445,751         | -                                     |
| Community College:                      |                            |                         |                   |                                       |
| Operating appropriation                 | 1,655,345                  | 1,655,345               | 1,655,345         | -                                     |
| Debt Service                            | 140,562                    | 140,562                 | 140,562           | -                                     |
| Capital outlay                          | 100,803                    | 100,803                 | 100,803           | -                                     |
| Drug Abuse Resistance Education (DARE): |                            |                         |                   |                                       |
| Salaries and fringe benefits            | 59,405                     | 59,405                  | 62,991            | (3,586)                               |
| Other operating                         | 13,620                     | 13,620                  | 9,511             | 4,109                                 |
| <b>Total education</b>                  | <b>50,099,469</b>          | <b>50,099,469</b>       | <b>50,095,559</b> | <b>3,910</b>                          |
| <b>RECREATION</b>                       |                            |                         |                   |                                       |
| Parks and Recreation:                   |                            |                         |                   |                                       |
| Salaries and fringe benefits            | 246,495                    | 246,495                 | 232,664           | 13,831                                |
| Other operating                         | 171,669                    | 171,669                 | 158,566           | 13,103                                |
| Capital outlay                          | 29,300                     | 29,300                  | (2,622)           | 31,922                                |
| Pools:                                  |                            |                         |                   |                                       |
| Salaries and fringe benefits            | 12,000                     | 12,000                  | 1,532             | 10,468                                |
| Other operating                         | 125,653                    | 125,653                 | 161,457           | (35,804)                              |
| Capital outlay                          | 86,490                     | 86,490                  | 104,434           | (17,944)                              |
| <b>Total recreation</b>                 | <b>\$ 671,607</b>          | <b>\$ 671,607</b>       | <b>\$ 656,031</b> | <b>\$ 15,576</b>                      |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2021**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget</u> |
|--|----------------------------|-------------------------|----------------------|---------------------------------------|
| <b>CONSERVATION OF NATURAL RESOURCES</b>               |                            |                         |                      |                                       |
| Agricultural Extension Service                         | \$ 194,809                 | \$ 194,809              | \$ 222,351           | \$ (27,542)                           |
| Other  | 5,000                      | 5,000                   | 2,895                | 2,105                                 |
| Weed Control:  |                            |                         | -                    |                                       |
| Salaries and fringe benefits                           | 95,489                     | 95,489                  | 79,847               | 15,642                                |
| Other operating  | 25,550                     | 25,550                  | 7,433                | 18,117                                |
| <b>Total conservation of<br/>natural resources</b>     | <b>320,848</b>             | <b>320,848</b>          | <b>312,512</b>       | <b>8,322</b>                          |
| <b>INTERGOVERNMENTAL</b>                               |                            |                         |                      |                                       |
| Payments to Municipalities:                            |                            |                         |                      |                                       |
| Fire, rescue and ambulance fund                        | 20,000                     | 20,000                  | 17,584               | 2,416                                 |
| Bank stock   | 7,535                      | 7,535                   | 7,535                | -                                     |
| Public accommodations tax                              | 1,010,000                  | 1,010,000               | 1,082,840            | (72,840)                              |
| <b>Total intergovernmental</b>                         | <b>1,037,535</b>           | <b>1,037,535</b>        | <b>1,107,959</b>     | <b>(70,424)</b>                       |
| <b>EMPLOYEE BENEFITS</b>                               |                            |                         |                      |                                       |
| Health insurance, retirees                             | 1,230,500                  | 1,230,500               | 949,926              | 280,574                               |
| <b>Total employee benefits</b>                         | <b>1,230,500</b>           | <b>1,230,500</b>        | <b>949,926</b>       | <b>280,574</b>                        |
| <b>MISCELLANEOUS</b>                                   | <b>381,044</b>             | <b>381,044</b>          | <b>269,318</b>       | <b>111,726</b>                        |
| <b>DEBT SERVICE</b>                                    |                            |                         |                      |                                       |
| Principal on long-term debt                            | 947,294                    | 947,294                 | 947,294              | -                                     |
| Interest on long-term debt                             | 92,283                     | 92,283                  | 92,284               | (1)                                   |
| <b>Total debt service</b>                              | <b>1,039,577</b>           | <b>1,039,577</b>        | <b>1,039,578</b>     | <b>(1)</b>                            |
| <b>RESERVE</b>   |                            |                         |                      |                                       |
| Reserve for contingencies                              | 729,172                    | 729,172                 | 358                  | 728,814                               |
| Small business housing reserve                         | 20,000                     | 20,000                  | -                    | 20,000                                |
| <b>Total reserve</b>                                   | <b>749,172</b>             | <b>749,172</b>          | <b>358</b>           | <b>748,814</b>                        |
| <b>TOTAL EXPENDITURES</b>                              | <b>95,727,650</b>          | <b>95,727,650</b>       | <b>93,057,460</b>    | <b>2,670,190</b>                      |
| <b>OTHER FINANCING USES</b>                            |                            |                         |                      |                                       |
| Transfers:   |                            |                         |                      |                                       |
| Capital projects - Operating appropriation             | 85,000                     | 85,000                  | 85,000               | -                                     |
| Recreation - Operating appropriation                   | 737,350                    | 737,350                 | 737,350              | -                                     |
| <b>Total other financing uses</b>                      | <b>822,350</b>             | <b>822,350</b>          | <b>822,350</b>       | <b>-</b>                              |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>96,550,000</b>          | <b>96,550,000</b>       | <b>93,879,810</b>    | <b>2,670,190</b>                      |
| <b>Net change in fund balances</b>                     | <b>\$ -</b>                | <b>\$ -</b>             | <b>\$ 17,233,249</b> | <b>\$ 17,233,249</b>                  |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF CHANGES  
IN NET OPEB LIABILITY AND RELATED RATIOS  
June 30, 2021**

|  | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB liability</b>  |                      |                      |                      |                      |
| Service cost   | \$ 548,155           | \$ 502,715           | \$ 558,117           | \$ 506,402           |
| Interest   | 1,368,462            | 1,171,214            | 1,086,220            | 1,086,825            |
| Difference between expected and actual experience                      | -                    | 1,091,207            | -                    | -                    |
| Benefit payments   | (733,090)            | (709,922)            | (614,622)            | (597,317)            |
| Other changes  | -                    | 787,799              | 218,536              | 226,021              |
| <b>Net changes in total OPEB liability</b>                             | <u>1,183,527</u>     | <u>2,843,013</u>     | <u>1,248,251</u>     | <u>1,221,931</u>     |
| Total OPEB liability - beginning                                       | 19,915,999           | 17,072,986           | 15,824,735           | 14,602,804           |
| Total OPEB liability - ending (a)                                      | <u>\$ 21,099,526</u> | <u>\$ 19,915,999</u> | <u>\$ 17,072,986</u> | <u>\$ 15,824,735</u> |
| <br>   |                      |                      |                      |                      |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |                      |
| Contributions - employer   | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Difference between expected and actual experience                      | -                    | (624,893)            | -                    | -                    |
| Net investment income  | 3,422,311            | 252,448              | 724,755              | 790,394              |
| Benefit payments   | -                    | -                    | -                    | -                    |
| Administrative expense   | (56,843)             | (61,805)             | (60,695)             | (55,961)             |
| Other changes  | -                    | 625,032              | -                    | -                    |
| <b>Net changes in plan fiduciary net position</b>                      | <u>3,365,468</u>     | <u>190,782</u>       | <u>664,060</u>       | <u>734,433</u>       |
| Plan fiduciary net position - beginning                                | 12,615,301           | 12,424,519           | 11,760,459           | 11,026,026           |
| Plan fiduciary net position - ending (b)                               | <u>\$ 15,980,769</u> | <u>\$ 12,615,301</u> | <u>\$ 12,424,519</u> | <u>\$ 11,760,459</u> |
| <br>   |                      |                      |                      |                      |
| <b>County's net OPEB liability - ending (a) - (b)</b>                  | \$ 5,118,757         | \$ 7,300,698         | \$ 4,648,467         | \$ 4,064,276         |
| <br>   |                      |                      |                      |                      |
| Plan fiduciary net position as a percentage of total pension liability | 75.74%               | 63.34%               | 72.77%               | 74.32%               |
| <br>   |                      |                      |                      |                      |
| Covered payroll  | \$ 14,339,431        | \$ 14,561,185        | \$ 13,771,675        | \$ 13,058,200        |
| <br>   |                      |                      |                      |                      |
| Net liability as a percentage of covered payroll                       | 35.70%               | 50.14%               | 33.75%               | 31.12%               |
| <br>   |                      |                      |                      |                      |
| Annual money-weighted rate of return, net of investment expense        | 27.13%               | 7.00%                | 7.70%                | 6.60%                |

Notes to schedule:

This information is not available for FY17 and prior.

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, 2021**

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

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, 2021**

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

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

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

**TALBOT COUNTY, MARYLAND**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2021**

**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 \$2,670,190 for the year ended June 30, 2021. There was an excess of actual revenues over budgeted revenues of \$14,563,059 for the year ended June 30, 2021.

**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 changes in assumptions during the year.

**TALBOT COUNTY, MARYLAND**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2021**

Method and Assumptions used in Calculations of Actuarially Determined Contributions.

|                               |  |
|-------------------------------|--|
| Actuarial                     | Entry age normal   |
| Amortization method           | Level percentage of payroll, closed  |
| Remaining amortization period | 25 years, 19 years remaining   |
| Asset valuation method        | 5-year smoothed market; 20% collar   |
| Inflation                     | 2.6% general, 3.10% wage   |
| Salary increases              | 3.10% to 11.60%, including inflation   |
| Investment rate of return     | 7.40%  |
| Retirement age                | Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2018 valuation pursuant to an experience study of the period 2014 - 2018 |
| Mortality                     | Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale           |

## OTHER SUPPLEMENTARY INFORMATION

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2021**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|---|----------------------------|-------------------------|---------------------|---------------------------------------|
| <b>REVENUES</b>                             |                            |                         |                     |                                       |
| Intergovernmental - Federal and State       | \$ 100,000                 | \$ 100,000              | \$ 523,118          | \$ 423,118                            |
| Interest                                    | -                          | -                       | 3,273               | 3,273                                 |
| <b>Total revenues</b>                       | <b>100,000</b>             | <b>100,000</b>          | <b>526,391</b>      | <b>426,391</b>                        |
| <b>EXPENDITURES</b>                         |                            |                         |                     |                                       |
| General government                          | 800,000                    | 800,000                 | 496,389             | 303,611                               |
| Highways and roads                          | 775,000                    | 775,000                 | 73,678              | 701,322                               |
| Public works                                | 100,000                    | 100,000                 | 57,312              | 42,688                                |
| Education                                   | 494,000                    | 494,000                 | 570,102             | (76,102)                              |
| Recreation                                  | 160,000                    | 160,000                 | 151,695             | 8,305                                 |
| <b>Total expenditures</b>                   | <b>2,329,000</b>           | <b>2,329,000</b>        | <b>1,349,176</b>    | <b>979,824</b>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                            |                         |                     |                                       |
| Transfer from special revenue fund          | 550,000                    | 550,000                 | 550,000             | -                                     |
| Transfer from general fund                  | 1,679,000                  | 1,679,000               | 85,000              | (1,594,000)                           |
| <b>Total other financing sources (uses)</b> | <b>2,229,000</b>           | <b>2,229,000</b>        | <b>635,000</b>      | <b>(1,594,000)</b>                    |
| <b>Net Change in Fund Balance</b>           | <b>\$ -</b>                | <b>\$ -</b>             | <b>\$ (187,785)</b> | <b>\$ (187,785)</b>                   |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
DEVELOPMENTAL IMPACT FUND  
For the Year Ended June 30, 2021**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|---|----------------------------|-------------------------|-------------------|---------------------------------------|
| <b>REVENUES</b>                             |                            |                         |                   |                                       |
| Licenses and permits:                       |                            |                         |                   |                                       |
| Impact fees:                                |                            |                         |                   |                                       |
| General government                          | \$ 70,000                  | \$ 70,000               | \$ 183,118        | \$ 113,118                            |
| Public works                                | 96,200                     | 96,200                  | 261,386           | 165,186                               |
| Education:                                  |                            |                         |                   |                                       |
| Public schools                              | 150,000                    | 150,000                 | 478,372           | 328,372                               |
| Library                                     | 25,000                     | 25,000                  | 93,622            | 68,622                                |
| Community College                           | 7,500                      | 7,500                   | 20,633            | 13,133                                |
| Recreation                                  | 30,000                     | 30,000                  | 89,416            | 59,416                                |
| Appropriated Fund Balance                   | 296,300                    | 296,300                 | -                 | (296,300)                             |
| Interest                                    | 10,000                     | 10,000                  | 2,850             | (7,150)                               |
| <b>Total revenues</b>                       | <b>685,000</b>             | <b>685,000</b>          | <b>1,129,397</b>  | <b>444,397</b>                        |
| <b>EXPENDITURES</b>                         |                            |                         |                   |                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                            |                         |                   |                                       |
| Transfers:                                  |                            |                         |                   |                                       |
| General fund                                | (100,000)                  | (100,000)               | (100,000)         | -                                     |
| Capital projects fund                       | (550,000)                  | (550,000)               | (550,000)         | -                                     |
| Recreation fund                             | (35,000)                   | (35,000)                | (35,000)          | -                                     |
| Designated fund balance                     | -                          | -                       | -                 | -                                     |
| <b>Total other financing sources (uses)</b> | <b>(685,000)</b>           | <b>(685,000)</b>        | <b>(685,000)</b>  | <b>-</b>                              |
| <b>Net Change in Fund Balance</b>           | <b>\$ -</b>                | <b>\$ -</b>             | <b>\$ 444,397</b> | <b>\$ 444,397</b>                     |

**TALBOT COUNTY, MARYLAND**

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

**For the Year Ended June 30, 2021**

|                                   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|----------------------------|-------------------------|------------------|---------------------------------------|
| <b>REVENUES</b>                   |                            |                         |                  |                                       |
| Intergovernmental - Federal       | \$ 770,000                 | \$ 770,000              | \$ 5,257,806     | \$ 4,487,806                          |
| Intergovernmental - State         | 597,500                    | 597,500                 | 1,859,432        | 1,261,932                             |
| Franchise fee                     | 109,500                    | 109,500                 | 108,500          | (1,000)                               |
| Miscellaneous                     | 10,000                     | 10,000                  | 29,397           | 19,397                                |
| Other grants                      | 10,000                     | 10,000                  | -                | (10,000)                              |
| <b>Total revenues</b>             | <b>1,497,000</b>           | <b>1,497,000</b>        | <b>7,255,135</b> | <b>5,758,135</b>                      |
| <b>EXPENDITURES</b>               |                            |                         |                  |                                       |
| General government                | 296,000                    | 296,000                 | 4,492,076        | (4,196,076)                           |
| Public safety                     | 45,000                     | 45,000                  | 200,624          | (155,624)                             |
| Public works                      | -                          | -                       | -                | -                                     |
| Health                            | 97,000                     | 97,000                  | 550,373          | (453,373)                             |
| Social services                   | 1,059,000                  | 1,059,000               | 1,967,859        | (908,859)                             |
| Education                         | -                          | -                       | 44,203           | (44,203)                              |
| <b>Total expenditures</b>         | <b>1,497,000</b>           | <b>1,497,000</b>        | <b>7,255,135</b> | <b>(5,758,135)</b>                    |
| <b>Net Change in Fund Balance</b> | <b>\$ -</b>                | <b>\$ -</b>             | <b>\$ -</b>      | <b>\$ -</b>                           |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
TALBOT FAMILY NETWORK  
For the Year Ended June 30, 2021**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance with<br/>Final Budget</u> |
|---------------------------------------|----------------------------|-------------------------|----------------|---------------------------------------|
| <b>REVENUES</b>                       |                            |                         |                |                                       |
| Intergovernmental - Federal and State | \$ 109,979                 | \$ 109,979              | \$ 108,910     | \$ (1,069)                            |
| Other grants                          | 446,000                    | 446,000                 | 378,282        | (67,718)                              |
| <b>Total revenues</b>                 | <b>555,979</b>             | <b>555,979</b>          | <b>487,192</b> | <b>(68,787)</b>                       |
| <b>EXPENDITURES</b>                   |                            |                         |                |                                       |
| Social services                       | 555,979                    | 555,979                 | 486,866        | 69,113                                |
| <b>Total expenditures</b>             | <b>555,979</b>             | <b>555,979</b>          | <b>486,866</b> | <b>69,113</b>                         |
| <b>Net Change in Fund Balance</b>     | <b>\$ -</b>                | <b>\$ -</b>             | <b>\$ 326</b>  | <b>\$ 326</b>                         |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
NARCOTICS TASK FORCE  
For the Year Ended June 30, 2021**

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

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – RECREATION FACILITIES  
For the Year Ended June 30, 2021**

|   | Hog Neck Golf Course |            |               | Talbot Community Center |              |               | Combined Totals |            |               |
|---|----------------------|------------|---------------|-------------------------|--------------|---------------|-----------------|------------|---------------|
|   | Revised              |            | Variance with | Revised                 |              | Variance with | Revised         |            | Variance with |
|   | Final Budget         | Actual     | Final Budget  | Final Budget            | Actual       | Final Budget  | Final Budget    | Actual     | Final Budget  |
| <b>OPERATING REVENUES</b>                   |                      |            |               |                         |              |               |                 |            |               |
| Program fees and revenues                   | \$ 27,500            | \$ 34,579  | \$ 7,079      | \$ 230,000              | \$ 173,285   | \$ (56,715)   | \$ 257,500      | \$ 207,865 | \$ (49,635)   |
| Rents                                       | 8,000                | 9,170      | 1,170         | 65,000                  | 103,731      | 38,731        | 73,000          | 112,901    | 39,901        |
| Ice revenues                                | -                    | -          | -             | 292,500                 | 272,657      | (19,843)      | 292,500         | 272,657    | (19,843)      |
| Pro shop and concessions                    | 217,000              | 274,489    | 57,489        | -                       | -            | -             | 217,000         | 274,489    | 57,489        |
| Cart rentals                                | 46,500               | 21,211     | (25,289)      | -                       | -            | -             | 46,500          | 21,211     | (25,289)      |
| Green fees                                  | 1,173,000            | 1,423,516  | 250,516       | -                       | -            | -             | 1,173,000       | 1,423,516  | 250,516       |
| Other operating                             | 1,000                | 7,969      | 6,969         | 36,000                  | 23,025       | (12,975)      | 37,000          | 30,994     | (6,006)       |
| Total operating revenues                    | 1,473,000            | 1,770,935  | 297,935       | 623,500                 | 572,697      | (50,803)      | 2,096,500       | 2,343,632  | 247,132       |
| <b>OPERATING EXPENSES</b>                   |                      |            |               |                         |              |               |                 |            |               |
| Salaries and related expenses               | 871,125              | 786,144    | (84,981)      | 379,455                 | 356,517      | (22,938)      | 1,250,580       | 1,142,661  | (107,919)     |
| Professional fees                           | 13,000               | 7,092      | (5,908)       | 12,500                  | 12,970       | 470           | 25,500          | 20,062     | (5,438)       |
| Office                                      | 61,650               | 61,778     | 128           | 2,000                   | 1,298        | (702)         | 63,650          | 63,076     | (574)         |
| Insurance                                   | 4,500                | 4,651      | 151           | 14,500                  | 9,497        | (5,003)       | 19,000          | 14,148     | (4,852)       |
| Repairs and maintenance                     | 95,500               | 113,367    | 17,867        | 65,000                  | 91,893       | 26,893        | 160,500         | 205,260    | 44,760        |
| Utilities                                   | 59,000               | 44,972     | (14,028)      | 152,000                 | 78,601       | (73,399)      | 211,000         | 123,573    | (87,427)      |
| Supplies and equipment                      | 137,000              | 220,005    | 83,005        | 45,200                  | 34,179       | (11,021)      | 182,200         | 254,184    | 71,984        |
| Lessons and programs                        | -                    | -          | -             | 130,000                 | 67,979       | (62,021)      | 130,000         | 67,979     | (62,021)      |
| Pro shop and concessions                    | 72,000               | 96,931     | 24,931        | 2,500                   | -            | (2,500)       | 74,500          | 96,931     | 22,431        |
| Other operating                             | 19,000               | 27,879     | 8,879         | 64,000                  | 58,356       | (5,644)       | 83,000          | 86,235     | 3,235         |
| Total operating expenses                    | 1,332,775            | 1,362,819  | (30,044)      | 867,155                 | 711,290      | (155,865)     | 2,199,930       | 2,074,110  | (125,820)     |
| Operating income (loss) before depreciation | 140,225              | 408,115    | 267,890       | (243,655)               | (138,593)    | (105,062)     | (103,430)       | 269,522    | 372,952       |
| Depreciation                                | -                    | 284,665    | 284,665       | -                       | 588,683      | 588,683       | -               | 873,348    | 873,348       |
| Net operating income (loss)                 | 140,225              | 123,451    | (16,774)      | (243,655)               | (727,276)    | (483,621)     | (103,430)       | (603,826)  | (500,396)     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>    |                      |            |               |                         |              |               |                 |            |               |
| Transfers from general fund                 | 330,970              | 330,970    | -             | 406,380                 | 406,380      | -             | 737,350         | 737,350    | -             |
| Transfers from special revenue fund         | -                    | -          | -             | 35,000                  | 35,000       | -             | 35,000          | 35,000     | -             |
| Gain (loss) on disposal of capital assets   | -                    | (5,750)    | -             | -                       | -            | -             | -               | (5,750)    | -             |
| Net non-operating revenues (expenses)       | 330,970              | 325,220    | (5,750)       | 441,380                 | 441,380      | -             | 772,350         | 766,600    | -             |
| Change in net position                      | 471,195              | 448,671    | (22,524)      | 197,725                 | (285,896)    | (483,621)     | 668,920         | 162,774    | (506,146)     |
| <b>OTHER BUDGETED EXPENSE</b>               |                      |            |               |                         |              |               |                 |            |               |
| Debt service                                | 217,195              | 15,468     | (201,727)     | 172,225                 | 12,182       | (160,043)     | 389,420         | 27,650     | (361,770)     |
| Capital outlay                              | 254,000              | 861        | (253,139)     | 25,500                  | -            | (25,500)      | 279,500         | 861        | (278,639)     |
| Total other budgeted expenses               | 471,195              | 16,329     | (454,866)     | 197,725                 | 12,182       | (185,543)     | 668,920         | 28,511     | (640,409)     |
| Budgeted net income (loss)                  | \$ -                 | \$ 432,341 | \$ 432,341    | \$ -                    | \$ (298,078) | \$ (298,078)  | \$ -            | \$ 134,263 | \$ 134,263    |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2021**

|   | St. Michaels District |               |                     | Royal Oak District  |               |                     | Tilghman District   |               |                     |
|---|-----------------------|---------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------|---------------------|
|   | Revised               |               | Variance with       | Revised             |               | Variance with       | Revised             |               | Variance with       |
|   | <u>Final Budget</u>   | <u>Actual</u> | <u>Final Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget</u> |
| <b>OPERATING REVENUES</b>                   |                       |               |                     |                     |               |                     |                     |               |                     |
| Sewer service charges                       | \$ 1,114,000          | \$ 1,121,426  | \$ 7,426            | \$ 291,250          | \$ 277,830    | \$ (13,420)         | \$ 312,900          | \$ 310,183    | \$ (2,717)          |
| Sewer connection charges                    | 516,000               | 137,869       | (378,131)           | 144,000             | 24,000        | (120,000)           | 30,200              | 2,980         | (27,220)            |
| Miscellaneous                               | 1,750                 | 352,379       | 350,629             | 13,700              | 1,560         | -                   | 6,900               | 992           | (5,908)             |
| Total operating revenues                    | 1,631,750             | 1,611,674     | (20,076)            | 448,950             | 303,390       | (133,420)           | 350,000             | 314,155       | (35,845)            |
| <b>OPERATING EXPENSES</b>                   |                       |               |                     |                     |               |                     |                     |               |                     |
| Salaries and related expenses               | 513,058               | 501,073       | (11,985)            | 125,166             | 114,402       | (10,764)            | 179,031             | 159,195       | (19,836)            |
| Professional fees                           | 500                   | -             | (500)               | 500                 | -             | (500)               | -                   | -             | -                   |
| Office                                      | 15,600                | 9,140         | (6,460)             | 7,000               | 4,375         | (2,625)             | 10,300              | 7,916         | (2,384)             |
| Insurance                                   | 12,000                | 13,000        | 1,000               | 1,500               | 2,091         | 591                 | 2,300               | 2,225         | (75)                |
| Contracted services                         | 191,000               | 98,513        | (92,487)            | 60,000              | 83,816        | 23,816              | 40,000              | 22,343        | (17,657)            |
| Repairs and maintenance                     | 93,442                | 61,178        | (32,264)            | 57,384              | 44,068        | (13,316)            | 59,669              | 26,403        | (33,266)            |
| Utilities                                   | 148,400               | 115,105       | (33,295)            | 48,750              | 35,725        | (13,025)            | 22,500              | 26,654        | 4,154               |
| Supplies and equipment                      | 128,500               | 100,409       | (28,091)            | 30,600              | 16,290        | (14,310)            | 31,600              | 35,193        | 3,593               |
| Other operating                             | 21,250                | 23,838        | 2,588               | 2,050               | 655           | (1,395)             | 1,600               | 33,781        | 32,181              |
| Total operating expenses                    | 1,123,750             | 922,257       | (201,493)           | 332,950             | 301,423       | (31,527)            | 347,000             | 313,710       | (33,290)            |
| Operating income (loss) before depreciation | 508,000               | 689,418       | 181,418             | 116,000             | 1,967         | (114,033)           | 3,000               | 446           | (2,554)             |
| Depreciation                                | -                     | 960,526       | 960,526             | -                   | 154,809       | 154,809             | -                   | 161,323       | 161,323             |
| Net operating income (loss)                 | 508,000               | (271,108)     | (779,108)           | 116,000             | (152,842)     | (268,842)           | 3,000               | (160,877)     | (163,877)           |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>    |                       |               |                     |                     |               |                     |                     |               |                     |
| Intergovernmental revenues                  | 30,000                | 2,005,431     | 1,975,431           | -                   | -             | -                   | -                   | -             | -                   |
| Interest income                             | -                     | -             | -                   | -                   | -             | -                   | -                   | -             | -                   |
| Interest expense                            | (61,000)              | (40,816)      | -                   | (12,000)            | (18,623)      | (6,623)             | -                   | -             | -                   |
| Net non-operating revenues (expenses)       | (31,000)              | 1,964,614     | 1,975,431           | (12,000)            | (18,623)      | (6,623)             | -                   | -             | -                   |
| Change in net position                      | 477,000               | 1,693,506     | 1,216,506           | 104,000             | (171,465)     | (275,465)           | 3,000               | (160,877)     | (163,877)           |
| <b>OTHER BUDGETED EXPENSE</b>               |                       |               |                     |                     |               |                     |                     |               |                     |
| Debt service                                | 462,000               | -             | (462,000)           | 94,000              | -             | (94,000)            | -                   | -             | -                   |
| Capital outlay                              | 15,000                | 4,092         | (10,908)            | 10,000              | 861           | (9,139)             | 3,000               | 102           | (2,898)             |
| Total other budgeted expenses               | 477,000               | 4,092         | (472,908)           | 104,000             | 861           | (103,139)           | 3,000               | 102           | (2,898)             |
| Budgeted net income (loss)                  | \$ -                  | \$ 1,689,414  | \$ 1,689,414        | \$ -                | \$ (172,326)  | \$ (172,326)        | \$ -                | \$ (160,979)  | \$ (160,979)        |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2021  
(continued)**

|   | Unionville District     |              |                               | Bio-solids Utilization Facility |              |                               | Onsite Sewage Disposal  |             |                               |
|---|-------------------------|--------------|-------------------------------|---------------------------------|--------------|-------------------------------|-------------------------|-------------|-------------------------------|
|   | Revised<br>Final Budget | Actual       | Variance with<br>Final Budget | Revised<br>Final Budget         | Actual       | Variance with<br>Final Budget | Revised<br>Final Budget | Actual      | Variance with<br>Final Budget |
| <b>OPERATING REVENUES</b>                   |                         |              |                               |                                 |              |                               |                         |             |                               |
| Sewer service charges                       | \$ 129,350              | \$ 132,150   | \$ 2,800                      | \$ 524,000                      | \$ 570,356   | \$ 46,356                     | \$ -                    | \$ -        | \$ -                          |
| Sewer connection charges                    | 792,500                 | 45,268       | (747,232)                     | -                               | -            | -                             | -                       | -           | -                             |
| Wind and solar renewable energy             | -                       | -            | -                             | 54,000                          | 22,560       | (31,440)                      | -                       | -           | -                             |
| Miscellaneous                               | -                       | 5,126        | 5,126                         | -                               | 21,827       | 21,827                        | -                       | -           | -                             |
| Total operating revenues                    | 921,850                 | 182,544      | (739,306)                     | 578,000                         | 614,744      | 36,744                        | -                       | -           | -                             |
| <b>OPERATING EXPENSES</b>                   |                         |              |                               |                                 |              |                               |                         |             |                               |
| Salaries and related expenses               | 59,271                  | 54,981       | (4,290)                       | 144,002                         | 149,170      | 5,168                         | \$ 41,504               | \$ 43,980   | (2,476)                       |
| Professional fees                           | 300                     | -            | (300)                         | -                               | -            | -                             | 200                     | -           | 200                           |
| Office                                      | 3,750                   | 2,621        | (1,129)                       | 4,150                           | 4,450        | 300                           | -                       | -           | -                             |
| Insurance                                   | 1,000                   | 923          | (77)                          | 10,000                          | 9,282        | (718)                         | -                       | -           | -                             |
| Contracted services                         | 15,500                  | 8,530        | (6,970)                       | 17,000                          | 21,646       | 4,646                         | 850,000                 | 640,613     | 209,387                       |
| Repairs and maintenance                     | 718,779                 | 45,594       | (673,185)                     | 2,948                           | 6,161        | 3,213                         | 30,146                  | -           | 30,146                        |
| Utilities                                   | 16,700                  | 11,683       | (5,017)                       | 36,250                          | 32,489       | (3,761)                       | -                       | -           | -                             |
| Supplies and equipment                      | 16,800                  | 9,804        | (6,996)                       | 38,000                          | 31,330       | (6,670)                       | -                       | -           | -                             |
| Other operating                             | 1,750                   | 787          | (963)                         | 2,150                           | 2,912        | 762                           | 50,150                  | 40,200      | 9,950                         |
| Total operating expenses                    | 833,850                 | 134,922      | (698,928)                     | 254,500                         | 257,440      | 2,940                         | 972,000                 | 724,792     | 247,208                       |
| Operating income (loss) before depreciation | 88,000                  | 47,622       | (40,378)                      | 323,500                         | 357,304      | 33,804                        | (972,000)               | (724,792)   | 247,208                       |
| Depreciation                                | -                       | 155,495      | 155,495                       | -                               | 487,847      | (487,847)                     | -                       | -           | -                             |
| Net operating income (loss)                 | 88,000                  | (107,873)    | (195,873)                     | 323,500                         | (130,543)    | (454,043)                     | (972,000)               | (724,792)   | 247,208                       |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>    |                         |              |                               |                                 |              |                               |                         |             |                               |
| Intergovernmental revenues                  | -                       | 2,552        | 2,552                         | -                               | 110,319      | 110,319                       | 972,000                 | 707,487     | (264,514)                     |
| Interest income                             | -                       | -            | -                             | -                               | -            | -                             | -                       | -           | -                             |
| Interest expense                            | (6,000)                 | (4,713)      | (6,970)                       | (106,000)                       | (105,404)    | (596)                         | -                       | -           | -                             |
| Net non-operating revenues (expenses)       | (6,000)                 | (2,161)      | 3,839                         | (106,000)                       | 4,915        | 110,915                       | 972,000                 | 707,487     | (264,514)                     |
| Change in net position                      | 82,000                  | (110,035)    | (192,035)                     | 217,500                         | (125,628)    | (343,128)                     | -                       | (17,306)    | (17,306)                      |
| <b>OTHER BUDGETED EXPENSE</b>               |                         |              |                               |                                 |              |                               |                         |             |                               |
| Debt service                                | 39,000                  | -            | (39,000)                      | 217,000                         | -            | (217,000)                     | -                       | -           | -                             |
| Capital outlay                              | 43,000                  | 321          | (42,679)                      | 500                             | 536          | 36                            | -                       | -           | -                             |
| Total other budgeted expenses               | 82,000                  | 321          | (81,679)                      | 217,500                         | 536          | (216,964)                     | -                       | -           | -                             |
| Budgeted net income (loss)                  | \$ -                    | \$ (110,356) | \$ (110,356)                  | \$ -                            | \$ (126,164) | \$ (126,164)                  | \$ -                    | \$ (17,306) | \$ (17,306)                   |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – SANITARY DISTRICT  
For the Year Ended June 30, 2021  
(continued)**

|   | Martingham District     |              |                               | Combined Totals         |              |                               |
|---|-------------------------|--------------|-------------------------------|-------------------------|--------------|-------------------------------|
|   | Revised<br>Final Budget | Actual       | Variance with<br>Final Budget | Revised<br>Final Budget | Actual       | Variance with<br>Final Budget |
| <b>OPERATING REVENUES</b>                   |                         |              |                               |                         |              |                               |
| Sewer service charges                       | \$ 253,800              | \$ 234,165   | \$ (19,635)                   | \$ 2,625,300            | \$ 2,646,111 | \$ 20,811                     |
| Sewer connection charges                    | 36,000                  | -            | (36,000)                      | 1,518,700               | 210,117      | (1,308,583)                   |
| Wind/solar renewable energy                 | -                       | -            | -                             | 54,000                  | 22,560       | (31,440)                      |
| Miscellaneous                               | 200                     | 6            | (194)                         | 22,550                  | 381,890      | 359,340                       |
| Total operating revenues                    | 290,000                 | 234,171      | (55,829)                      | 4,220,550               | 3,260,678    | (959,872)                     |
| <b>OPERATING EXPENSES</b>                   |                         |              |                               |                         |              |                               |
| Salaries and related expenses               | 83,026                  | 74,033       | 8,993                         | 1,145,058               | 1,096,834    | 48,224                        |
| Professional fees                           | 500                     | -            | 500                           | 2,000                   | -            | 2,000                         |
| Office                                      | 4,600                   | 3,399        | 1,201                         | 45,400                  | 31,901       | 13,499                        |
| Insurance                                   | 500                     | 1,311        | (811)                         | 27,300                  | 28,832       | (1,532)                       |
| Contracted services                         | 20,500                  | 67,760       | (47,260)                      | 1,194,000               | 943,220      | 250,780                       |
| Repairs and maintenance                     | 13,087                  | 47,197       | (34,110)                      | 975,455                 | 230,601      | 744,854                       |
| Utilities                                   | 58,280                  | 29,852       | 28,428                        | 330,880                 | 251,508      | 79,372                        |
| Supplies and equipment                      | (19,200)                | (27,442)     | 8,242                         | 226,300                 | 165,583      | 60,717                        |
| Other operating                             | 2,100                   | 5,804        | (3,704)                       | 81,050                  | 107,978      | (26,928)                      |
| Total operating expenses                    | 163,393                 | 201,913      | (38,520)                      | 4,027,443               | 2,856,457    | 1,170,986                     |
| Operating income (loss) before depreciation | 126,607                 | 32,258       | (94,349)                      | 193,107                 | 404,221      | 211,114                       |
| Depreciation                                | -                       | 116,025      | (116,025)                     | -                       | 2,036,025    | (2,036,025)                   |
| Net operating income (loss)                 | 126,607                 | (83,767)     | (210,374)                     | 193,107                 | (1,631,804)  | (1,824,911)                   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>    |                         |              |                               |                         |              |                               |
| Intergovernmental revenues                  | -                       | -            | -                             | 1,002,000               | 2,825,788    | 1,823,788                     |
| Interest income                             | -                       | 2,810        | 2,810                         | -                       | 2,810        | 2,810                         |
| Interest expense                            | (50,607)                | (33,070)     | (17,537)                      | (235,607)               | (202,627)    | (31,726)                      |
| Net non-operating revenues (expenses)       | (50,607)                | (30,260)     | (14,727)                      | 766,393                 | 2,625,971    | 1,794,872                     |
| Change in net position                      | 76,000                  | (114,028)    | (190,028)                     | 959,500                 | 994,168      | 34,668                        |
| <b>OTHER BUDGETED EXPENSE</b>               |                         |              |                               |                         |              |                               |
| Debt service                                | 74,000                  | -            | (74,000)                      | 886,000                 | -            | (886,000)                     |
| Capital outlay                              | 2,000                   | 421          | (1,579)                       | 73,500                  | -            | (67,167)                      |
| Total other budgeted expenses               | 76,000                  | 421          | (75,579)                      | 959,500                 | -            | (953,167)                     |
| Budgeted net income (loss)                  | \$ -                    | \$ (114,449) | \$ (114,449)                  | \$ -                    | \$ 994,168   | \$ 987,834                    |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
ENTERPRISE FUND – EASTON AIRPORT  
For the Year Ended June 30, 2021**

|  | <u>Revised<br/>Final Budget</u> | <u>Actual</u>      | <u>Variance with<br/>Final Budget</u> |
|--|---------------------------------|--------------------|---------------------------------------|
| <b>OPERATING REVENUES</b>                    |                                 |                    |                                       |
| Charges - operations                         | \$ 1,302,520                    | \$ 1,364,737       | \$ 62,217                             |
| Charges - fuel facility                      | 1,663,814                       | 2,000,336          | 336,522                               |
| Charges - hangars                            | 634,266                         | 566,597            | (67,669)                              |
| Other operating                              | -                               | 15,916             | 15,916                                |
| <b>Total operating revenues</b>              | <b>3,600,600</b>                | <b>3,947,586</b>   | <b>346,986</b>                        |
| <b>OPERATING EXPENSES</b>                    |                                 |                    |                                       |
| Salaries and related expenses                | 389,038                         | 424,408            | 35,370                                |
| Cost of sales - fuel                         | 1,452,628                       | 1,683,119          | 230,491                               |
| Office                                       | 42,200                          | 24,993             | (17,207)                              |
| Insurance                                    | 25,000                          | 21,861             | (3,139)                               |
| Repairs and maintenance                      | 350,500                         | 300,148            | (50,352)                              |
| Utilities                                    | 254,000                         | 217,459            | (36,541)                              |
| Supplies and equipment                       | 2,200                           | 2,336              | 136                                   |
| Other operating                              | 818,000                         | 678,566            | (139,434)                             |
| <b>Total operating expenses</b>              | <b>3,333,566</b>                | <b>3,352,890</b>   | <b>19,324</b>                         |
| Operating income (loss) before depreciation  | 267,034                         | 594,696            | 327,662                               |
| Depreciation                                 | 64,527                          | 2,587,277          | (2,522,750)                           |
| <b>Net operating income (loss)</b>           | <b>202,507</b>                  | <b>(1,992,581)</b> | <b>(2,195,088)</b>                    |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>     |                                 |                    |                                       |
| Intergovernmental revenues                   | -                               | 793,905            | 793,905                               |
| Gain (Loss) on sale of asset                 | -                               | (23,315)           | (23,315)                              |
| Interest expense                             | (21,495)                        | (15,421)           | (6,074)                               |
| <b>Net non-operating revenues (expenses)</b> | <b>(21,495)</b>                 | <b>755,169</b>     | <b>764,516</b>                        |
| <b>Change in net position</b>                | <b>181,012</b>                  | <b>(1,237,412)</b> | <b>(1,418,424)</b>                    |
| <b>OTHER BUDGETED EXPENSE</b>                |                                 |                    |                                       |
| Debt service                                 | 156,012                         | -                  | (156,012)                             |
| Capital outlay                               | 25,000                          | 2,150              | (22,850)                              |
| <b>Total other budgeted expenses</b>         | <b>181,012</b>                  | <b>2,150</b>       | <b>(178,862)</b>                      |
| <b>Budgeted net income (loss)</b>            | <b>\$ -</b>                     | <b>(1,239,562)</b> | <b>(1,239,562)</b>                    |

**TALBOT COUNTY, MARYLAND**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
June 30, 2021**

|  | <b>Developmental<br/>Impact</b> | <b>Talbot Family<br/>Network</b> | <b>Narcotic Task<br/>Force</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|--|---------------------------------|----------------------------------|--------------------------------|---|
| <b>ASSETS</b>                              |                                 |                                  |                                |   |
| Cash and short -term investments           | \$ 1,675,974                    | \$ 133,871                       | \$ 66,949                      | \$ 1,876,794                                  |
| Receivables:                               |                                 |                                  |                                |   |
| Accounts receivable                        | -                               | -                                | -                              | -   |
| Intergovernmental:                         |                                 |                                  |                                |   |
| State                                      | -                               | -                                | -                              | -   |
| Federal                                    | -                               | -                                | -                              | -   |
| Prepaid items                              | -                               | -                                | -                              | -   |
| Due from other funds                       | -                               | -                                | -                              | -   |
| Advances to other funds                    | -                               | -                                | -                              | -   |
| <b>TOTAL ASSETS</b>                        | <b>\$ 1,675,974</b>             | <b>\$ 133,871</b>                | <b>\$ 66,949</b>               | <b>\$ 1,876,794</b>                           |
| <br><b>LIABILITIES AND FUND BALANCES</b>   |                                 |                                  |                                |   |
| <b>LIABILITIES</b>                         |                                 |                                  |                                |   |
| Accounts payable & accrued liabilities     | -                               | 21,769                           | 380                            | 22,149  |
| Unearned revenue                           | -                               | 9,966                            | -                              | 9,966   |
| <b>TOTAL LIABILITIES</b>                   | -                               | 31,735                           | 380                            | 32,115  |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>   |                                 |                                  |                                |   |
| Unavailable revenues                       | -                               | -                                | -                              | -   |
| <br><b>FUND BALANCES</b>                   |                                 |                                  |                                |   |
| Nonspendable                               | -                               | -                                | -                              | -   |
| Restricted for:                            |                                 |                                  |                                |   |
| Social Services                            | -                               | 102,136                          | 66,569                         | 168,705                                       |
| Committed for:                             |                                 |                                  |                                |   |
| Capital projects                           | 1,675,974                       | -                                | -                              | 1,675,974                                     |
| Assigned for:                              |                                 |                                  |                                |   |
| Future budget                              | -                               | -                                | -                              | -   |
| Unassigned                                 | -                               | -                                | -                              | -   |
| <b>TOTAL FUND BALANCES</b>                 | <b>1,675,974</b>                | <b>102,136</b>                   | <b>66,569</b>                  | <b>1,844,679</b>                              |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 1,675,974</b>             | <b>\$ 133,871</b>                | <b>\$ 66,949</b>               | <b>\$ 1,876,794</b>                           |

**TALBOT COUNTY, MARYLAND**

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
OTHER GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021**

|   | <u>Developmental<br/>Impact</u> | <u>Talbot Family<br/>Network</u> | <u>Narcotic Task<br/>Force</u> | <u>Total Other<br/>Governmental<br/>Funds</u> |
|---|---------------------------------|----------------------------------|--------------------------------|---|
| <b>REVENUE</b>  |                                 |                                  |                                |   |
| Intergovernmental:  |                                 |                                  |                                |   |
| Federal   | \$ -                            | \$ -                             | \$ -                           | \$ -  |
| State   | -                               | 486,818                          | -                              | 486,818                                       |
| Licences and permits  | 1,126,547                       | -                                | -                              | 1,126,547                                     |
| Miscellaneous   | -                               | -                                | 12,372                         | 12,372  |
| Interest  | 2,850                           | 374                              | -                              | 3,224   |
| <b>Total Revenue</b>  | <u>1,129,397</u>                | <u>487,192</u>                   | <u>12,372</u>                  | <u>1,628,961</u>                              |
| <b>EXPENDITURES</b>   |                                 |                                  |                                |   |
| Current:  |                                 |                                  |                                |   |
| General government  | -                               | -                                | -                              | -   |
| Public safety   | -                               | -                                | 10,268                         | 10,268  |
| Public works  | -                               | -                                | -                              | -   |
| Health and hospitals  | -                               | -                                | -                              | -   |
| Social services   | -                               | 486,866                          | -                              | 486,866                                       |
| <b>Total Expenditures</b>                                   | <u>-</u>                        | <u>486,866</u>                   | <u>10,268</u>                  | <u>497,134</u>                                |
| <b>Excess (Deficiency) of Revenue<br/>Over Expenditures</b> | <u>1,129,397</u>                | <u>326</u>                       | <u>2,104</u>                   | <u>1,131,827</u>                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                                 |                                  |                                |   |
| Transfers out   | (685,000)                       | -                                | -                              | (685,000)                                     |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                 | <u>(685,000)</u>                | <u>-</u>                         | <u>-</u>                       | <u>(685,000)</u>                              |
| <b>NET CHANGES IN FUND BALANCE</b>                          | <u>444,397</u>                  | <u>326</u>                       | <u>2,104</u>                   | <u>446,827</u>                                |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>                    | <u>1,231,577</u>                | <u>101,810</u>                   | <u>64,465</u>                  | <u>1,397,852</u>                              |
| <b>FUND BALANCES - END OF YEAR</b>                          | <u>\$ 1,675,974</u>             | <u>\$ 102,136</u>                | <u>\$ 66,569</u>               | <u>\$ 1,844,679</u>                           |

**TALBOT COUNTY, MARYLAND**

**SCHEDULE OF REVENUES AND EXPENDITURES  
AS REQUIRED BY THE GOC FOR LMB OFFICES  
ON BEHALF OF THE CHILDREN’S CABINET  
For the Year Ended June 30, 2021**

**REVENUES**

|                                       |    |                |
|---------------------------------------|----|----------------|
| Intergovernmental                     |    |                |
| Administration                        | \$ | 108,910        |
| Community Partnership Agreement (GOC) |    | 305,579        |
| Local Coordinating Team               |    | 55,000         |
| Regional Training Grant               |    | 14,664         |
| Contributions                         |    | 165            |
| Miscellaneous                         |    | 2,500          |
| Interest Income                       |    | 374            |
| <b>TOTAL REVENUES</b>                 |    | <b>487,192</b> |

**EXPENDITURES**

|   |    |                |
|---|----|----------------|
| Social Services   |    |                |
| Community Partnership Programs:                             |    |                |
| Healthy Habits After School Program                         |    | 38,943         |
| Healthy Families  |    | 102,000        |
| Primary Mental Health                                       |    | 12,653         |
| Mentoring & support Group- Children w/ Incarcerated parents |    | 60,656         |
| Bridges Out of poverty/Getting ahead                        |    | 28,500         |
| Conversations on race                                       |    | 20,040         |
| Local Coordinating Team                                     |    | 49,590         |
| Reengagement coordinator                                    |    | 40,400         |
| Career Pathways   |    | 380            |
| COVID 19 /CaresPack   |    | 5,642          |
| Total Community Partnership programs                        |    | <b>358,804</b> |
| Non-Community Partnership Programs                          |    |                |
| Administration  |    | 113,397        |
| Regional Training Grant                                     |    | 14,664         |
|   |    | <b>128,061</b> |
| <b>TOTAL EXPENDITURES</b>                                   |    | <b>486,865</b> |
| Net Change in Fund Balance                                  | \$ | <b>327</b>     |

## TALBOT COUNTY, MARYLAND

### NOTES 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
- Grants Fund
- Talbot Family Network
- Recreation Facilities
- Sanitary District
- Easton Airport

Combining Balance Sheet - Other Governmental Funds

Combining Schedule of Revenues and Expenditures - Other Governmental Funds Schedule of Revenues and Expenditures - as Required by the GOC for LMB

Offices on Behalf of the Children's Cabinet

## 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), Last Ten Fiscal Years

|   | <u>2012</u>           | <u>2013</u>           | <u>2014</u>           | <u>2015</u>           | <u>2016</u>           | <u>2017</u>           | <u>2018</u>           | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental activities</b>              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 78,931,013         | \$ 80,387,586         | \$ 80,625,199         | \$ 80,132,665         | \$ 78,908,012         | \$ 80,610,059         | \$ 78,664,492         | \$ 76,175,840         | \$ 73,539,157         | \$ 72,756,832         |
| Restricted                                  | 287,350               | 144,869               | 94,239                | 94,396                | 95,943                | 96,616                | 97,869                | 99,877                | 166,275               | 168,705               |
| Unrestricted                                | <u>(2,611,189)</u>    | <u>523,202</u>        | <u>(3,752,306)</u>    | <u>2,973,933</u>      | <u>7,325,290</u>      | <u>10,659,249</u>     | <u>4,162,871</u>      | <u>1,021,733</u>      | <u>(2,017,870)</u>    | <u>16,697,479</u>     |
| Total governmental activities net position  | \$ 76,607,174         | \$ 81,055,657         | \$ 76,967,132         | \$ 83,200,994         | \$ 86,329,245         | \$ 91,365,924         | \$ 82,925,232         | \$ 77,297,450         | \$ 71,687,562         | \$ 89,623,016         |
| <b>Business-type activities</b>             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 55,881,195         | \$ 54,021,693         | \$ 51,985,231         | \$ 52,050,922         | \$ 49,231,203         | \$ 51,133,626         | \$ 48,005,138         | \$ 48,243,349         | \$ 45,651,129         | \$ 43,495,852         |
| Restricted                                  | 152,157               | (140,916)             | (101,952)             | (521,710)             | (434,743)             | (3,194,337)           | (3,448,134)           | (4,981,872)           | 471,783               | 2,515,929             |
| Unrestricted                                | <u>55,729,038</u>     | <u>54,162,609</u>     | <u>52,087,183</u>     | <u>52,572,632</u>     | <u>49,665,946</u>     | <u>54,327,963</u>     | <u>51,453,272</u>     | <u>43,261,477</u>     | <u>46,122,912</u>     | <u>40,979,929</u>     |
| Total business-type activities net position | \$ 56,033,352         | \$ 53,880,777         | \$ 51,883,279         | \$ 51,529,212         | \$ 48,796,460         | \$ 47,939,289         | \$ 44,557,004         | \$ 43,261,477         | \$ 46,122,912         | \$ 46,011,781         |
| <b>Primary government</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 134,812,208        | \$ 134,409,279        | \$ 132,610,430        | \$ 132,183,587        | \$ 128,139,215        | \$ 131,743,685        | \$ 126,669,630        | \$ 124,419,189        | \$ 119,190,286        | \$ 116,252,684        |
| Restricted                                  | 287,350               | 144,869               | 94,239                | 94,396                | 95,943                | 96,616                | 97,869                | 99,877                | 166,275               | 168,705               |
| Unrestricted                                | <u>(2,459,032)</u>    | <u>382,286</u>        | <u>(3,854,258)</u>    | <u>2,452,223</u>      | <u>6,890,547</u>      | <u>7,464,912</u>      | <u>714,737</u>        | <u>(3,960,139)</u>    | <u>(1,546,087)</u>    | <u>19,213,408</u>     |
| Total primary government net position       | <u>\$ 132,640,526</u> | <u>\$ 134,936,434</u> | <u>\$ 128,850,411</u> | <u>\$ 134,730,206</u> | <u>\$ 135,125,705</u> | <u>\$ 139,305,213</u> | <u>\$ 127,482,236</u> | <u>\$ 120,558,927</u> | <u>\$ 117,810,474</u> | <u>\$ 135,634,797</u> |

Schedule 2

Talbot County, Maryland

Changes in Net Position

(accrual basis of accounting), Last Ten Fiscal Years

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                       |                       |                       |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
|   | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           |
| <b>Expenses</b>                         |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Governmental activities:                |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| General government                      | \$ 9,523,067         | \$ 9,358,236         | \$ 9,551,119         | \$ 10,360,176        | \$ 11,224,921        | \$ 11,325,690        | \$ 12,144,928        | \$ 14,456,714         | \$ 14,183,030         | \$ 18,181,279         |
| Public safety                           | 12,854,721           | 14,018,219           | 16,071,849           | 14,798,173           | 15,364,473           | 17,276,097           | 18,723,695           | 20,182,065            | 20,597,331            | 23,571,711            |
| Public works                            | 4,601,524            | 4,509,239            | 3,788,820            | 5,919,975            | 6,550,228            | 6,427,502            | 6,543,225            | 7,089,362             | 6,807,738             | 4,019,932             |
| Health and hospitals                    | 3,576,751            | 3,829,281            | 4,099,374            | 4,394,559            | 2,550,428            | 2,520,926            | 2,522,380            | 2,524,694             | 2,646,248             | 3,058,673             |
| Social services                         | 1,147,850            | 838,625              | 857,752              | 936,371              | 1,821,647            | 1,640,895            | 1,360,507            | 1,908,188             | 1,461,199             | 3,347,474             |
| Education                               | 37,597,612           | 38,491,514           | 41,640,092           | 39,518,549           | 41,025,371           | 42,249,348           | 43,745,918           | 52,481,151            | 66,549,527            | 48,364,006            |
| Recreation                              | 738,616              | 642,770              | 632,538              | 541,540              | 734,248              | 959,049              | 576,070              | 734,182               | 483,874               | 605,345               |
| Conservation of natural resources       | 226,264              | 218,361              | 252,375              | 242,700              | 252,228              | 250,848              | 282,789              | 267,761               | 293,859               | 312,525               |
| Interest on long-term debt              | 15,904               | 14,456               | 13,439               | 173,141              | 212,886              | 185,145              | 158,714              | 43,393                | 221,319               | 254,807               |
| Total governmental activities expenses  | <u>70,282,309</u>    | <u>71,920,701</u>    | <u>76,907,358</u>    | <u>76,885,184</u>    | <u>79,736,430</u>    | <u>82,835,500</u>    | <u>86,058,226</u>    | <u>99,687,510</u>     | <u>113,244,125</u>    | <u>101,715,752</u>    |
| Business-type activities:               |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Recreation facilities                   | 2,582,398            | 2,624,390            | 2,652,143            | 2,647,744            | 2,676,732            | 2,888,465            | 3,080,314            | 3,145,530             | 2,828,428             | 2,981,709             |
| Sanitary district                       | 3,353,238            | 3,354,872            | 3,430,264            | 3,710,861            | 3,883,742            | 4,366,586            | 4,511,793            | 4,855,689             | 5,003,390             | 5,118,423             |
| Airport                                 | 4,655,128            | 4,903,460            | 4,837,671            | 4,464,150            | 4,312,785            | 4,525,433            | 5,805,247            | 5,704,850             | 5,502,918             | 5,957,958             |
| Total business-type activities expenses | <u>10,824,003</u>    | <u>11,140,488</u>    | <u>11,135,379</u>    | <u>11,072,185</u>    | <u>10,873,259</u>    | <u>11,780,484</u>    | <u>13,397,354</u>    | <u>13,706,069</u>     | <u>13,334,736</u>     | <u>14,058,090</u>     |
| Total primary government expenses       | <u>\$ 81,106,312</u> | <u>\$ 83,061,189</u> | <u>\$ 88,042,737</u> | <u>\$ 87,957,369</u> | <u>\$ 90,609,689</u> | <u>\$ 94,615,984</u> | <u>\$ 99,455,580</u> | <u>\$ 113,393,579</u> | <u>\$ 126,578,861</u> | <u>\$ 115,773,842</u> |

Schedule 2 (continued)

Talbot County, Maryland

Changes in Net Position

(accrual basis of accounting), Last Ten Fiscal Years

|   | Fiscal Year            |                        |                        |                        |                        |                        |                        |                        |                         |                        |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|------------------------|
|   | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   | 2020                    | 2021                   |
| <b>Program Revenues</b>                                   |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Governmental activities:                                  |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Charges for services                                      |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| General government  | \$ 840,171             | \$ 824,281             | \$ 808,001             | \$ 879,528             | \$ 799,385             | \$ 876,513             | \$ 571,155             | \$ 647,619             | \$ 656,526              | \$ 1,160,575           |
| Public safety   | 1,766,198              | 1,687,609              | 1,594,468              | 1,716,348              | 1,700,062              | 2,409,072              | 2,442,331              | 2,626,903              | 2,778,631               | 2,291,858              |
| Public works  | 162,353                | 30,938                 | 228,548                | 416,507                | 262,496                | 245,783                | 474,198                | 381,148                | 615,746                 | 420,065                |
| Health and hospitals                                      | 118,979                | 130,705                | 133,248                | 115,961                | 110,303                | 95,011                 | 98,104                 | 102,131                | 124,446                 | 111,852                |
| Social Services   | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                       | -                      |
| Education   | 115,776                | 80,295                 | 151,045                | 99,143                 | 105,745                | 410,781                | 224,423                | 267,625                | 177,107                 | 592,627                |
| Recreation  | 101,816                | 102,867                | 99,968                 | 97,455                 | 183,097                | 240,526                | 167,724                | 146,030                | 28,241                  | 373,711                |
| Conservation of natural resources                         | -                      | -                      | -                      | -                      | -                      | -                      | 71,959                 | 32,254                 | 48,311                  | 79,241                 |
| Operating/Capital grants and contributions                | 6,067,814              | 8,217,559              | 5,640,620              | 5,813,482              | 5,392,962              | 5,293,139              | 4,822,721              | 5,288,161              | 4,383,337               | 11,090,746             |
| <b>Total governmental activities program revenues</b>     | <b>9,173,107</b>       | <b>11,074,254</b>      | <b>8,655,898</b>       | <b>9,138,424</b>       | <b>8,554,050</b>       | <b>9,570,825</b>       | <b>8,872,615</b>       | <b>9,491,871</b>       | <b>8,812,345</b>        | <b>16,120,675</b>      |
| Business-type activities:                                 |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Charges for services                                      |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Recreation facilities                                     | 1,637,646              | 1,490,032              | 1,417,840              | 1,445,070              | 1,845,663              | 2,050,009              | 2,021,416              | 2,070,881              | 1,903,200               | 2,343,632              |
| Sanitary district   | 2,318,164              | 2,166,256              | 2,328,288              | 2,440,190              | 2,203,946              | 3,473,144              | 2,528,753              | 2,894,922              | 3,003,501               | 3,260,677              |
| Easton airport  | 3,397,868              | 3,216,518              | 3,351,214              | 2,992,658              | 2,527,763              | 2,524,209              | 3,099,955              | 3,235,994              | 2,936,884               | 3,947,586              |
| Pool  | 133,023                | 116,353                | 109,084                | 108,506                | -                      | -                      | -                      | -                      | -                       | -                      |
| Operating/Capital grants and contributions                | 1,219,494              | 1,453,759              | 1,315,605              | 3,098,649              | 1,223,632              | 2,300,676              | 1,496,336              | 3,680,423              | 7,743,927               | 3,619,694              |
| <b>Total business-type activities program revenues</b>    | <b>8,706,195</b>       | <b>8,442,918</b>       | <b>8,522,031</b>       | <b>10,085,073</b>      | <b>7,801,004</b>       | <b>10,348,038</b>      | <b>9,146,460</b>       | <b>11,882,220</b>      | <b>15,587,512</b>       | <b>13,171,589</b>      |
| <b>Total primary government program revenues</b>          | <b>\$ 17,879,302</b>   | <b>\$ 19,517,172</b>   | <b>\$ 17,177,929</b>   | <b>\$ 19,223,497</b>   | <b>\$ 16,355,054</b>   | <b>\$ 19,918,863</b>   | <b>\$ 18,019,075</b>   | <b>\$ 21,374,091</b>   | <b>\$ 24,399,857</b>    | <b>\$ 29,292,264</b>   |
| <b>Net (Expense)/Revenue</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Governmental activities                                   | \$ (61,109,202)        | \$ (60,846,447)        | \$ (68,251,460)        | \$ (67,746,760)        | \$ (71,182,380)        | \$ (73,264,675)        | \$ (77,185,611)        | \$ (90,195,639)        | \$ (104,431,780)        | \$ (85,595,077)        |
| Business-type activities                                  | (2,117,808)            | (2,697,570)            | (2,613,348)            | (987,112)              | (3,072,255)            | (1,432,446)            | (4,250,894)            | (1,823,849)            | 2,252,776               | (886,501)              |
| <b>Total primary government net expense</b>               | <b>\$ (63,227,010)</b> | <b>\$ (63,544,017)</b> | <b>\$ (70,864,808)</b> | <b>\$ (68,733,872)</b> | <b>\$ (74,254,635)</b> | <b>\$ (74,697,121)</b> | <b>\$ (81,436,505)</b> | <b>\$ (92,019,488)</b> | <b>\$ (102,179,004)</b> | <b>\$ (86,481,578)</b> |
| <b>General Revenues and Other Changes in Net Position</b> |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Governmental activities:                                  |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Property taxes  | \$ 30,002,020          | \$ 32,741,855          | \$ 33,660,872          | \$ 34,726,851          | \$ 35,280,376          | \$ 36,531,210          | \$ 38,574,339          | \$ 41,646,643          | \$ 44,544,065           | \$ 45,726,005          |
| Local income tax  | 20,269,343             | 23,140,754             | 27,108,102             | 28,562,934             | 26,568,636             | 28,007,970             | 25,767,710             | 29,514,546             | 41,118,063              | 35,503,912             |
| Other local taxes   | 8,449,480              | 9,727,044              | 9,522,629              | 10,706,846             | 11,340,994             | 12,859,841             | 12,354,244             | 12,107,793             | 12,281,446              | 22,249,580             |
| Interest  | 166,317                | 105,007                | 94,004                 | 91,344                 | 132,640                | 231,807                | 604,834                | 901,297                | 533,739                 | 115,878                |
| Miscellaneous   | 197,427                | 115,471                | 2,306,687              | 514,997                | 1,317,542              | 1,206,986              | 1,309,428              | 883,578                | 852,690                 | 707,496                |
| Transfers in (out)  | (575,428)              | (535,201)              | (598,850)              | (622,350)              | (329,557)              | (536,460)              | (842,250)              | (486,000)              | (508,111)               | (772,340)              |
| <b>Total governmental activities</b>                      | <b>58,509,159</b>      | <b>65,294,930</b>      | <b>72,093,444</b>      | <b>73,980,622</b>      | <b>74,310,631</b>      | <b>78,301,354</b>      | <b>77,768,305</b>      | <b>84,567,857</b>      | <b>98,821,892</b>       | <b>103,530,531</b>     |
| Business-type activities:                                 |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Gain on sale of asset                                     | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | 77,790                  | -                      |
| Interest  | 14,460                 | 7,333                  | 6,500                  | 6,195                  | 9,946                  | 18,815                 | 26,359                 | 42,322                 | 22,758                  | 3,030                  |
| Miscellaneous   | -                      | 2,461                  | 10,500                 | 4,500                  | -                      | 20,000                 | -                      | -                      | -                       | -                      |
| Transfers in (out)  | 575,428                | 535,201                | 598,850                | 622,350                | 329,557                | 536,460                | 842,250                | 486,000                | 508,111                 | 772,340                |
| <b>Total business-type activities</b>                     | <b>589,888</b>         | <b>544,995</b>         | <b>615,850</b>         | <b>633,045</b>         | <b>339,503</b>         | <b>575,275</b>         | <b>868,609</b>         | <b>528,322</b>         | <b>608,659</b>          | <b>775,370</b>         |
| <b>Total primary government</b>                           | <b>\$ 59,099,047</b>   | <b>\$ 65,839,925</b>   | <b>\$ 72,709,294</b>   | <b>\$ 74,613,667</b>   | <b>\$ 74,650,134</b>   | <b>\$ 78,876,629</b>   | <b>\$ 78,636,914</b>   | <b>\$ 85,096,179</b>   | <b>\$ 99,430,551</b>    | <b>\$ 104,305,901</b>  |
| Prior Period Restatement*                                 | \$ -                   | \$ -                   | \$ (7,930,509)         | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                    | \$ -                   |
| <b>Change in Net Position</b>                             |                        |                        |                        |                        |                        |                        |                        |                        |                         |                        |
| Governmental activities                                   | \$ (2,600,043)         | \$ 4,448,483           | \$ (4,088,525)         | \$ 6,233,862           | \$ 3,128,251           | \$ 5,036,679           | \$ 582,694             | \$ (5,627,782)         | \$ (5,609,888)          | \$ 17,935,454          |
| Business-type activities                                  | (1,527,920)            | (2,152,575)            | (1,997,498)            | (354,067)              | (2,732,752)            | (857,171)              | (3,382,285)            | (1,295,527)            | 2,861,435               | (111,131)              |
| <b>Total primary government</b>                           | <b>\$ (4,127,963)</b>  | <b>\$ 2,295,908</b>    | <b>\$ (6,086,023)</b>  | <b>\$ 5,879,795</b>    | <b>\$ 395,499</b>      | <b>\$ 4,179,508</b>    | <b>\$ (2,799,591)</b>  | <b>\$ (6,923,309)</b>  | <b>\$ (2,748,453)</b>   | <b>\$ 17,824,323</b>   |

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

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

Fiscal year 2018 reflects GASB 75

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

|                                    | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          | <u>2021</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Non spendable                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Prepaid                            | \$ 94,005            | \$ 143,711           | \$ 74,482            | \$ 205,551           | \$ 83,672            | \$ 55,539            | \$ 492,383           | \$ 771,897           | \$ 1,132,142         | \$ 2,023,110         |
| Committed                          | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Assigned                           | 1,487,600            | 761,814              | -                    | 1,290,000            | 2,156,000            | 2,526,000            | 7,775,000            | 3,963,460            | 6,743,000            | 20,765,000           |
| Unassigned                         | <u>15,305,808</u>    | <u>18,617,745</u>    | <u>20,772,381</u>    | <u>23,744,224</u>    | <u>23,322,998</u>    | <u>26,834,499</u>    | <u>22,030,792</u>    | <u>25,581,196</u>    | <u>38,203,960</u>    | <u>40,524,241</u>    |
| Total General Fund                 | <u>\$ 16,887,413</u> | <u>\$ 19,523,270</u> | <u>\$ 20,846,863</u> | <u>\$ 25,239,775</u> | <u>\$ 25,562,670</u> | <u>\$ 29,416,038</u> | <u>\$ 30,298,175</u> | <u>\$ 30,316,553</u> | <u>\$ 46,079,102</u> | <u>\$ 63,312,351</u> |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted                         | 287,350              | 144,869              | 94,239               | 94,396               | 95,943               | 96,616               | 97,869               | 99,877               | 166,275              | 168,705              |
| Committed                          | 10,501,167           | 10,118,592           | 10,628,689           | 9,883,203            | 11,411,980           | 8,505,196            | 5,866,571            | 3,065,329            | 8,788,301            | 9,729,913            |
| Assigned                           | 1,997,000            | 910,000              | 300,000              | 437,950              | 246,000              | 320,000              | 1,553,000            | 435,000              | 685,000              | -                    |
| Unassigned                         | <u>(1,289)</u>       | <u>(1,289)</u>       | <u>(1,289)</u>       | <u>-</u>             |
| Total all other governmental funds | <u>\$ 12,784,228</u> | <u>\$ 11,172,172</u> | <u>\$ 11,021,639</u> | <u>\$ 10,415,549</u> | <u>\$ 11,753,923</u> | <u>\$ 8,921,812</u>  | <u>\$ 7,517,440</u>  | <u>\$ 3,600,206</u>  | <u>\$ 9,639,576</u>  | <u>\$ 9,898,618</u>  |
| Total Governmental Funds           | <u>\$ 29,671,641</u> | <u>\$ 30,695,442</u> | <u>\$ 31,868,502</u> | <u>\$ 35,655,324</u> | <u>\$ 37,316,593</u> | <u>\$ 38,337,850</u> | <u>\$ 37,815,615</u> | <u>\$ 33,916,759</u> | <u>\$ 55,718,678</u> | <u>\$ 73,210,969</u> |

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

|  | <u>2012</u>            | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016</u>         | <u>2017</u>         | <u>2018</u>         | <u>2019</u>           | <u>2020</u>          | <u>2021</u>          |
|--|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|
| <b>Revenues</b>                              |                        |                     |                     |                     |                     |                     |                     |                       |                      |                      |
| Property tax                                 | \$ 30,002,020          | \$ 32,741,855       | \$ 33,660,872       | \$ 34,726,851       | \$ 35,280,376       | \$ 36,531,210       | \$ 38,574,339       | \$ 41,646,643         | \$ 44,544,065        | \$ 45,726,005        |
| Income tax                                   | 20,269,343             | 23,140,754          | 27,108,102          | 28,562,934          | 26,568,636          | 28,007,970          | 25,767,710          | 29,514,546            | 41,118,063           | 35,503,912           |
| Other local taxes                            | 8,449,480              | 9,727,044           | 9,522,629           | 10,706,846          | 11,340,994          | 12,859,841          | 12,354,244          | 12,107,793            | 12,281,446           | 22,249,580           |
| Licenses and permits                         | 921,714                | 709,104             | 1,064,650           | 1,197,384           | 1,131,327           | 1,534,397           | 1,242,676           | 1,202,274             | 1,466,293            | 2,126,584            |
| Intergovernmental:                           |                        |                     |                     |                     |                     |                     |                     |                       |                      |                      |
| Federal                                      | 3,255,988              | 2,458,706           | 2,611,375           | 2,711,862           | 1,806,977           | 1,969,264           | 908,238             | 1,770,003             | 1,066,782            | 6,394,743            |
| State  | 2,811,826              | 2,618,853           | 2,980,645           | 3,096,220           | 3,585,985           | 3,323,875           | 3,914,482           | 3,337,691             | 3,302,240            | 4,696,003            |
| Contributions/Cost Sharing                   | -                      | 1,500,000           | -                   | -                   | -                   | -                   | -                   | -                     | -                    | -                    |
| Other Grants                                 | -                      | 6,268               | 48,600              | 5,400               | -                   | -                   | -                   | -                     | -                    | -                    |
| Service charges                              | 2,178,232              | 2,135,969           | 1,939,522           | 2,124,798           | 2,026,744           | 2,741,847           | 2,778,123           | 2,940,620             | 2,866,422            | 2,903,345            |
| Fines and forfeitures                        | 5,347                  | 5,354               | 11,106              | 2,760               | 3,017               | 1,442               | 29,094              | 60,815                | 25,872               | 20,812               |
| Miscellaneous                                | 197,427                | 115,471             | 2,306,687           | 514,997             | 1,317,542           | 1,206,986           | 1,309,430           | 1,064,046             | 937,426              | 686,684              |
| Interest Income                              | 166,317                | 105,007             | 94,004              | 91,344              | 132,640             | 231,807             | 604,834             | 901,297               | 642,874              | 115,878              |
| <b>Total revenues</b>                        | <b>68,257,694</b>      | <b>75,264,385</b>   | <b>81,348,192</b>   | <b>83,741,396</b>   | <b>83,194,238</b>   | <b>88,408,639</b>   | <b>87,483,170</b>   | <b>94,545,728</b>     | <b>108,251,484</b>   | <b>120,423,546</b>   |
| <b>Expenditures</b>                          |                        |                     |                     |                     |                     |                     |                     |                       |                      |                      |
| General Government                           | 8,964,591              | 5,846,871           | 6,070,668           | 6,350,740           | 7,642,163           | 8,802,050           | 9,300,739           | 9,330,699             | 8,722,903            | 13,871,821           |
| Public Safety                                | 10,525,791             | 12,240,008          | 13,799,168          | 20,277,465          | 17,363,993          | 17,499,498          | 16,961,686          | 18,493,023            | 21,302,987           | 21,881,480           |
| Public Works*                                | 4,554,963              | 5,059,652           | 5,229,765           | 5,833,477           | 7,006,063           | 7,982,257           | 6,203,408           | 6,826,823             | 5,977,886            | 4,802,216            |
| Health and hospitals                         | 3,570,491              | 3,823,021           | 4,093,114           | 4,416,125           | 2,544,168           | 2,520,926           | 2,522,380           | 2,524,694             | 2,655,831            | 3,058,673            |
| Social services                              | 1,033,099              | 838,625             | 857,752             | 936,371             | 1,821,647           | 1,640,895           | 1,360,507           | 1,908,188             | 1,450,117            | 3,347,474            |
| Education*                                   | 39,818,352             | 40,802,775          | 44,015,863          | 42,060,240          | 43,247,006          | 44,193,888          | 46,535,733          | 54,696,071            | 66,549,524           | 50,709,864           |
| Recreation                                   | 286,009                | 550,994             | 389,354             | 490,067             | 601,223             | 909,747             | 617,321             | 624,825               | 483,874              | 807,726              |
| Conservation of natural resources            | 226,264                | 218,361             | 252,375             | 242,700             | 252,228             | 250,848             | 266,938             | 267,761               | 293,859              | 312,525              |
| Employee Benefits                            | 10,461,176             | 3,247,384           | 5,695,880           | 4,038,964           | 1,695,449           | 825,003             | 1,037,594           | 1,010,251             | 1,161,280            | 949,926              |
| Miscellaneous                                | 77,239                 | 95,150              | 79,206              | 101,568             | 74,127              | 130,261             | 110,226             | 132,842               | 167,164              | 269,318              |
| Intergovernmental                            | 820,446                | 822,434             | 874,438             | 1,068,923           | 948,472             | 964,560             | 1,203,193           | 1,176,405             | 877,568              | 1,107,959            |
| Debt service interest*                       | 15,904                 | 14,456              | 13,439              | 173,141             | 212,886             | 185,145             | 158,714             | 43,393                | 122,095              | 92,284               |
| Debt service principal*                      | 59,651                 | 48,355              | 48,645              | 50,680              | 799,855             | 835,569             | 861,726             | 889,579               | 917,703              | 947,294              |
| Debt issuance costs                          | -                      | -                   | -                   | -                   | 124,648             | -                   | -                   | -                     | 109,134              | -                    |
| Contingencies                                | 39,697                 | 97,297              | 214,355             | 41,972              | 81,219              | 114,433             | 22,990              | 34,030                | 69,069               | 355                  |
| <b>Total expenditures</b>                    | <b>80,453,673</b>      | <b>73,705,383</b>   | <b>81,634,022</b>   | <b>86,082,433</b>   | <b>84,415,147</b>   | <b>86,855,080</b>   | <b>87,163,155</b>   | <b>97,958,584</b>     | <b>110,860,994</b>   | <b>102,158,915</b>   |
| Excess of revenues over (under) expenditures | (12,195,979)           | 1,559,002           | (285,830)           | (2,341,037)         | (1,220,909)         | 1,553,559           | 320,015             | (3,412,856)           | (2,609,510)          | 18,264,631           |
| <b>Other Financing Sources (Uses)</b>        |                        |                     |                     |                     |                     |                     |                     |                       |                      |                      |
| Proceeds from long-term debt                 | -                      | -                   | 2,057,740           | 6,750,209           | 15,243,760          | -                   | -                   | -                     | 21,775,000           | -                    |
| 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)                           |                        |                     |                     |                     |                     |                     |                     |                       |                      |                      |
| Pools  | (100,216)              | (142,231)           | (113,850)           | (107,950)           | (191,030)           | -                   | -                   | -                     | -                    | -                    |
| Recreation                                   | (475,212)              | (392,970)           | (485,000)           | (514,400)           | (597,790)           | (536,460)           | (842,250)           | (486,000)             | (508,111)            | (772,340)            |
| <b>Total other financing sources (uses)</b>  | <b>(575,428)</b>       | <b>(535,201)</b>    | <b>1,458,890</b>    | <b>6,127,859</b>    | <b>2,882,178</b>    | <b>(532,302)</b>    | <b>(842,250)</b>    | <b>(486,000)</b>      | <b>24,411,429</b>    | <b>(772,340)</b>     |
| <b>Net change in fund balances</b>           | <b>\$ (12,771,407)</b> | <b>\$ 1,023,801</b> | <b>\$ 1,173,060</b> | <b>\$ 3,786,822</b> | <b>\$ 1,661,269</b> | <b>\$ 1,021,257</b> | <b>\$ (522,235)</b> | <b>\$ (3,898,856)</b> | <b>\$ 21,801,919</b> | <b>\$ 17,492,291</b> |

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

|  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Total Governmental Principal Payments</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Education                                    | 2,143,416        | 2,233,937        | 2,298,447        | 2,464,368        | 2,705,900        | 2,653,858        | 2,739,243        | 2,214,920        | 2,311,732        | 2,345,858        |
| General Government                           | 59,651           | 48,355           | 48,645           | 50,680           | 799,855          | 835,569          | 861,726          | 889,579          | 917,703          | 947,294          |
| Public Works                                 | -                | -                | 43,339           | 47,658           | 48,610           | 49,582           | 50,572           | 47,239           | -                | -                |
| <b>Total Principal</b>                       | <b>2,203,067</b> | <b>2,282,292</b> | <b>2,390,431</b> | <b>2,562,706</b> | <b>3,554,365</b> | <b>3,539,009</b> | <b>3,651,541</b> | <b>3,151,738</b> | <b>3,229,435</b> | <b>3,293,152</b> |
| <b>Total Governmental Interest Payments</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Education                                    | 1,253,516        | 1,184,643        | 1,115,569        | 1,022,369        | 711,277          | 798,087          | 707,174          | 554,921          | 511,651          | 850,902          |
| General Government                           | 15,904           | 14,456           | 13,439           | 173,141          | 212,886          | 185,145          | 158,714          | 43,393           | 122,095          | 92,284           |
| Public Works                                 | -                | -                | 4,375            | 4,555            | 3,618            | 2,429            | 1,438            | 267              | -                | -                |
| <b>Total Interest</b>                        | <b>1,269,420</b> | <b>1,199,099</b> | <b>1,133,383</b> | <b>1,200,065</b> | <b>927,781</b>   | <b>985,661</b>   | <b>867,326</b>   | <b>598,581</b>   | <b>633,746</b>   | <b>943,186</b>   |

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

|   | Fiscal Year      |                  |                  |                   |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | <u>2012</u>      | <u>2013</u>      | <u>2014</u>      | <u>2015</u>       | <u>2016</u>      | <u>2017</u>      | <u>2018</u>      | <u>2019</u>      | <u>2020</u>      | <u>2021</u>      |
| Total expenditures (Schedule 4)                             | \$ 80,453,673    | \$ 73,705,383    | \$ 81,634,022    | \$ 86,082,433     | \$ 84,415,147    | \$ 86,855,080    | \$ 87,163,155    | \$ 97,958,584    | \$ 110,860,994   | \$ 102,158,915   |
| Less Capital Outlay Expenditures                            | <u>4,978,811</u> | <u>3,716,763</u> | <u>3,862,623</u> | <u>10,214,790</u> | <u>4,676,266</u> | <u>5,133,230</u> | <u>2,200,857</u> | <u>1,549,501</u> | <u>1,466,955</u> | <u>5,635,262</u> |
| Non-Capital Expenditures                                    | 75,474,862       | 69,988,620       | 77,771,399       | 75,867,643        | 79,738,881       | 81,721,850       | 84,962,298       | 96,409,083       | 109,394,039      | 96,523,653       |
| Debt Service Expenditures (Schedule 4)                      |                  |                  |                  |                   |                  |                  |                  |                  |                  |                  |
| Principal   | 2,203,067        | 2,282,292        | 2,390,431        | 2,562,706         | 3,554,365        | 3,539,009        | 3,651,541        | 3,151,738        | 3,229,435        | 3,293,152        |
| Interest  | <u>1,269,420</u> | <u>1,199,099</u> | <u>1,133,383</u> | <u>1,200,065</u>  | <u>927,781</u>   | <u>985,661</u>   | <u>867,326</u>   | <u>598,581</u>   | <u>633,746</u>   | <u>943,186</u>   |
| Total Debt Service Expenditures                             | 3,472,487        | 3,481,391        | 3,523,814        | 3,762,771         | 4,482,146        | 4,524,670        | 4,518,867        | 3,750,319        | 3,863,181        | 4,236,338        |
| Debt service as a percentage of<br>Non-capital expenditures | 4.60%            | 4.97%            | 4.53%            | 4.96%             | 5.62%            | 5.54%            | 5.32%            | 3.89%            | 3.53%            | 4.39%            |

**Schedule 6**

**Talbot County, Maryland**

**Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

| Fiscal Year | Real Property <sup>a</sup> |                        |                       |  | Public Utility Personal Property <sup>b</sup> |                        |                       | Total Estimated Market Value |
|-------------|----------------------------|------------------------|-----------------------|--|---|------------------------|-----------------------|------------------------------|
|             | Assessed Value             | Estimated Market Value | Tax Rate <sup>c</sup> | Weighted Average Tax Rate <sup>d</sup> | Assessed Value                                | Estimated Market Value | Tax Rate <sup>c</sup> |                              |
| 2021        | \$ 8,637,351,695           | \$ 8,637,351,695       | 0.6372                | 0.5907                                 | \$ 72,264,220                                 | \$ 72,264,220          | 1.5805                | 8,709,615,915                |
| 2020        | 8,499,252,532              | 8,499,252,532          | 0.6372                | 0.5851                                 | 69,100,240                                    | 69,100,240             | 1.5153                | 8,568,352,772                |
| 2019        | 8,384,993,791              | 8,384,993,791          | 0.6061                | 0.5572                                 | 64,395,380                                    | 64,395,380             | 1.4270                | 8,449,389,171                |
| 2018        | 8,365,734,487              | 8,365,734,487          | 0.5708                | 0.5214                                 | 64,786,610                                    | 64,786,610             | 1.3677                | 8,430,521,097                |
| 2017        | 8,367,983,282              | 8,367,983,282          | 0.5471                | 0.4990                                 | 63,153,192                                    | 63,153,192             | 1.3400                | 8,431,136,474                |
| 2016        | 8,354,090,629              | 8,354,090,629          | 0.5360                | 0.4884                                 | 62,229,920                                    | 62,229,920             | 1.3175                | 8,416,320,549                |
| 2015        | 8,494,000,738              | 8,494,000,738          | 0.5270                | 0.4805                                 | 56,604,950                                    | 56,604,950             | 1.2800                | 8,550,605,688                |
| 2014        | 8,812,185,090              | 8,812,185,090          | 0.5120                | 0.4660                                 | 59,473,730                                    | 59,473,730             | 1.2275                | 8,871,658,820                |
| 2013        | 9,278,557,414              | 9,278,557,414          | 0.4910                | 0.4470                                 | 59,151,090                                    | 59,151,090             | 1.1200                | 9,337,708,504                |
| 2012        | 9,710,928,300              | 9,710,928,300          | 0.4480                | 0.4050                                 | 58,123,220                                    | 58,123,220             | 1.0800                | 9,769,051,520                |

**Source:** State of Maryland, Department of Assessments and Taxation

**Notes:**

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

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

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

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

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

| Fiscal<br>Year<br>Ending<br>June 30 | Talbot County Direct Real Property Tax Rate |        |        |               |              |        |                                 | Overlapping Real Property Tax Rates |        |               |              |        | Total                            |        |        |               |              |        |
|-------------------------------------|---|--------|--------|---------------|--------------|--------|---------------------------------|-------------------------------------|--------|---------------|--------------|--------|----------------------------------|--------|--------|---------------|--------------|--------|
|                                     | Unincorporated<br>Area of County            | Easton | Oxford | Queen<br>Anne | St. Michaels | Trappe | Weighted<br>Average<br>Tax Rate | Easton                              | Oxford | Queen<br>Anne | St. Michaels | Trappe | Unincorporated<br>Area of County | Easton | Oxford | Queen<br>Anne | St. Michaels | Trappe |
| 2021                                | 0.6372                                      | 0.5042 | 0.5192 | 0.5771        | 0.5102       | 0.5329 | 0.5907                          | 0.520                               | 0.3047 | 0.180         | 0.524        | 0.330  | 0.6372                           | 1.0242 | 0.8239 | 0.7571        | 1.0342       | 0.8629 |
| 2020                                | 0.6372                                      | 0.5042 | 0.5192 | 0.5771        | 0.5102       | 0.5392 | 0.5851                          | 0.520                               | 0.3047 | 0.180         | 0.524        | 0.330  | 0.6372                           | 1.0242 | 0.8239 | 0.7571        | 1.0342       | 0.8692 |
| 2019                                | 0.6061                                      | 0.4731 | 0.4891 | 0.546         | 0.4791       | 0.5081 | 0.5572                          | 0.520                               | 0.3047 | 0.180         | 0.524        | 0.330  | 0.6061                           | 0.9931 | 0.7938 | 0.7260        | 1.0031       | 0.8381 |
| 2018                                | 0.5708                                      | 0.4378 | 0.4538 | 0.5098        | 0.4438       | 0.4728 | 0.5214                          | 0.520                               | 0.3000 | 0.180         | 0.524        | 0.330  | 0.5708                           | 0.9578 | 0.7538 | 0.6898        | 0.9678       | 0.8028 |
| 2017                                | 0.5471                                      | 0.4142 | 0.4302 | 0.4862        | 0.4202       | 0.4492 | 0.4990                          | 0.520                               | 0.2952 | 0.180         | 0.460        | 0.310  | 0.5471                           | 0.9342 | 0.7254 | 0.6662        | 0.8802       | 0.7592 |
| 2016                                | 0.5360                                      | 0.4030 | 0.4190 | 0.4750        | 0.4090       | 0.4380 | 0.4884                          | 0.520                               | 0.2952 | 0.180         | 0.450        | 0.290  | 0.5360                           | 0.9230 | 0.7142 | 0.6550        | 0.8590       | 0.7280 |
| 2015                                | 0.5270                                      | 0.3950 | 0.4100 | 0.4660        | 0.4000       | 0.4300 | 0.4805                          | 0.520                               | 0.2783 | 0.180         | 0.450        | 0.290  | 0.5270                           | 0.9150 | 0.6883 | 0.6460        | 0.8500       | 0.7200 |
| 2014                                | 0.5120                                      | 0.3800 | 0.3960 | 0.4520        | 0.3860       | 0.4250 | 0.4660                          | 0.520                               | 0.2438 | 0.180         | 0.450        | 0.290  | 0.4910                           | 0.8810 | 0.6398 | 0.6320        | 0.8360       | 0.7150 |
| 2013                                | 0.4910                                      | 0.3610 | 0.3770 | 0.4330        | 0.3670       | 0.4060 | 0.4470                          | 0.520                               | 0.2438 | 0.180         | 0.520        | 0.290  | 0.4480                           | 0.8390 | 0.6208 | 0.6130        | 0.8870       | 0.6960 |
| 2012                                | 0.4480                                      | 0.3190 | 0.3350 | 0.3910        | 0.3250       | 0.3640 | 0.4050                          | 0.520                               | 0.2200 | 0.180         | 0.580        | 0.290  | 0.4320                           | 0.8220 | 0.5550 | 0.5710        | 0.9050       | 0.6540 |

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 Property Tax Payers,  
Current Year and Nine Years Ago**

| <u>Taxpayer</u>                     | <u>Fiscal Year 2021</u> |             |   | <u>Fiscal Year 2011</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          | \$ 25,497,233           | 1           | 0.30%   |                         |             |   |
| Easton Shoppes Business Trust       | 15,929,133              | 2           | 0.18%   | \$ 13,594,600           | 3           | 0.14%   |
| Remco Properties, LLC               | 14,462,600              | 3           | 0.17%   | 12,337,200              | 5           | 0.13%   |
| Bayleigh Chase, Inc                 | 12,969,200              | 4           | 0.15%   |                         |             |   |
| Tred Avon LLC                       | 12,301,600              | 5           | 0.14%   |                         |             |   |
| Lowe's Home Centers, Inc.           | 11,200,100              | 6           | 0.13%   | 13,388,866              | 4           | 0.14%   |
| Target Corporation                  | 10,920,000              | 7           | 0.13%   | 9,920,066               | 7           | 0.10%   |
| Wal Mart Real Estate Business Trust | 10,669,000              | 8           | 0.12%   | 8,902,500               | 9           | 0.09%   |
| Tidewater Inn LLC                   | 10,660,667              | 9           | 0.12%   |                         |             |   |
| Fre USA LLC                         | 10,320,400              | 10          | 0.12%   |                         |             |   |
| Perry Cabin Acquisitions Corp.      |                         |             |   | 21,795,300              | 1           | 0.22%   |
| William Hill Manor, Inc             |                         |             |   | 15,943,033              | 2           | 0.16%   |
| Individual                          |                         |             |   | 11,447,600              | 6           | 0.12%   |
| Individual                          |                         |             |   | 9,165,000               | 8           | 0.09%   |
| Individual                          |                         |             |   | 8,570,990               | 10          | 0.09%   |
| <b>Total</b>                        | <b>\$ 134,929,933</b>   |             | <b>1.59%</b>                                      | <b>\$ 125,065,155</b>   |             | <b>1.29%</b>                                      |

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 |
| 2021        | \$ 45,555,340                    | \$ 45,542,257                                | 99.97%             | \$ -   | 45,542,257                | 99.97%             |
| 2020        | 44,839,529                       | 43,533,445                                   | 97.09%             | 169,680  | 43,703,125                | 97.47%             |
| 2019        | 41,746,371                       | 40,715,401                                   | 97.53%             | (1,304)  | 40,714,097                | 97.53%             |
| 2018        | 38,639,733                       | 37,718,867                                   | 97.62%             | (17,048)   | 37,701,819                | 97.57%             |
| 2017        | 35,775,649                       | 35,760,252                                   | 99.96%             | 44,109   | 35,804,361                | 100.08%            |
| 2016        | 34,576,428                       | 34,546,760                                   | 99.91%             | (7,509)  | 34,539,251                | 99.89%             |
| 2015        | 34,024,027                       | 33,996,787                                   | 99.92%             | (3,091)  | 33,993,696                | 99.91%             |
| 2014        | 33,071,077                       | 33,026,089                                   | 99.86%             | (11,804)   | 33,014,285                | 99.83%             |
| 2013        | 32,194,472                       | 32,120,054                                   | 99.77%             | (7,843)  | 29,375,974                | 99.83%             |
| 2012        | 29,426,822                       | 29,384,626                                   | 99.86%             | (7,424)  | 28,616,913                | 99.96%             |

**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 \$1,000<br>Net Taxable<br>Income | \$1,001 to \$2,000<br>Net Taxable<br>Income | \$2,001 to \$3,000<br>Net Taxable<br>Income | In excess of \$3,000<br>Net Taxable<br>Income | \$3,001 to \$100,000<br>Net Taxable<br>Income | \$100,001 to \$125,000<br>Net Taxable<br>Income | \$125,001 to \$150,000<br>Net Taxable<br>Income | \$150,001 to \$250,000<br>Net Taxable<br>Income | In excess of \$250,000<br>Net Taxable<br>Income |
|----------|---|---|---|---|---|---|---|---|---|
| 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%                                       | N/A   | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.75%   |
| 2017     | 2.00%                                   | 3.00%                                       | 4.00%                                       | N/A   | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.75%   |
| 2016     | 2.00%                                   | 3.00%                                       | 4.00%                                       | N/A   | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.75%   |
| 2015     | 2.00%                                   | 3.00%                                       | 4.00%                                       | N/A   | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.75%   |
| 2014     | 2.00%                                   | 3.00%                                       | 4.00%                                       | N/A   | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.75%   |
| 2013     | 2.00%                                   | 3.00%                                       | 4.00%                                       | N/A   | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.75%   |
| 2012     | N/A                                     | N/A   | N/A   | N/A   | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.75%   |
| 2011     | 2.00%                                   | 3.00%                                       | 4.00%                                       | N/A   |   |   |   |   |   |

State Income Tax Rates\*

| Tax Year | \$3,001 to \$150,000<br>Net Taxable<br>Income | \$150,001 to \$300,000<br>Net Taxable<br>Income | \$300,001 to \$500,000<br>Net Taxable<br>Income | \$500,001 to \$1,000,000<br>Net Taxable<br>Income | In excess of \$1,000,000<br>Net Taxable<br>Income | Talbot County<br>Income Tax<br>Direct Rate |
|----------|---|---|---|---|---|--|
| 2020     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2019     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2018     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2017     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2016     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2015     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2014     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2013     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.40%                                      |
| 2012     | N/A   | N/A   | N/A   | N/A   | N/A   | 2.25%                                      |
| 2011     | 4.75%   | 5.00%   | 5.25%   | 5.50%   | 5.50%   | 2.25%                                      |

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

Notes:

\*Individual Filing Status

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

| <b>Tax Year</b> | <b>Number of Taxable Returns</b> | <b>Maryland Adjusted Gross Income</b> | <b>Net Taxable Income</b> | <b>Net State Income Tax</b> | <b>Local Income Tax</b> | <b>Total Tax Liability</b> | <b>Talbot County Income Tax Direct Rate</b> |
|-----------------|----------------------------------|---------------------------------------|---------------------------|-----------------------------|-------------------------|----------------------------|---|
| 2019            | 14,917                           | \$ 1,587,698,110                      | \$ 1,369,915,139          | \$ 62,880,943               | \$ 31,964,480           | 94,845,423                 | 2.40%                                       |
| 2018            | 14,703                           | 1,750,525,330                         | 1,478,248,845             | 71,214,224                  | 34,654,632              | 105,868,856                | 2.40%                                       |
| 2017            | 14,846                           | 1,502,571,658                         | 1,235,868,490             | 57,102,071                  | 28,647,595              | 85,749,666                 | 2.40%                                       |
| 2016            | 14,666                           | 1,400,448,708                         | 1,132,954,384             | 52,190,441                  | 26,246,660              | 78,437,101                 | 2.40%                                       |
| 2015            | 14,528                           | 1,481,708,151                         | 1,169,805,337             | 54,581,324                  | 27,153,206              | 81,734,530                 | 2.40%                                       |
| 2014            | 14,603                           | 1,403,550,972                         | 1,135,662,569             | 52,780,635                  | 26,577,777              | 79,358,412                 | 2.40%                                       |
| 2013            | 14,331                           | 1,386,024,598                         | 1,111,304,912             | 50,085,415                  | 26,353,729              | 76,439,144                 | 2.40%                                       |
| 2012            | 14,370                           | 1,394,066,465                         | 1,124,865,958             | 51,652,571                  | 25,013,073              | 76,665,644                 | 2.25%                                       |
| 2011            | 14,068                           | 1,285,429,925                         | 1,014,019,704             | 45,374,930                  | 22,534,206              | 67,909,136                 | 2.25%                                       |
| 2010            | 13,970                           | 1,231,712,157                         | 966,801,287               | 43,848,608                  | 21,476,332              | 65,324,940                 | 2.25%                                       |

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

**Notes:**

See Schedule 12 for detailed breakout of adjusted gross income.

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

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

|                                    | <b>Tax Year 2019</b>             |                            |                           |                            |                            |                            |
|------------------------------------|----------------------------------|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
|                                    | <b>Number of Taxable Returns</b> | <b>Percentage of Total</b> | <b>Net Taxable Income</b> | <b>Percentage of Total</b> | <b>Local Tax Liability</b> | <b>Percentage of Total</b> |
| <b>Adjusted Gross Income Level</b> |                                  |                            |                           |                            |                            |                            |
| \$500,000 and higher               | 332                              | 2.2%                       | \$ 408,965,977            | 29.9%                      | \$ 9,369,106               | 29.3%                      |
| \$250,000 - 499,999                | 679                              | 4.6%                       | 211,290,349               | 15.4%                      | 5,001,614                  | 15.6%                      |
| \$100,000 - 249,999                | 2,990                            | 20.0%                      | 389,292,243               | 28.4%                      | 9,297,216                  | 29.1%                      |
| \$50,000 - 99,999                  | 3,860                            | 25.9%                      | 219,285,397               | 16.0%                      | 5,245,477                  | 16.4%                      |
| \$25,000 - 49,999                  | 4,307                            | 28.9%                      | 111,995,513               | 8.2%                       | 2,451,626                  | 7.7%                       |
| \$5,000 - 24,999                   | 2,681                            | 18.0%                      | 28,959,344                | 2.1%                       | 596,436                    | 1.9%                       |
| Under \$5,000                      | 68                               | 0.5%                       | 126,314                   | 0.0%                       | 3,005                      | 0.0%                       |
| <b>Totals</b>                      | <b>14,917</b>                    | <b>100.0%</b>              | <b>\$ 1,369,915,137</b>   | <b>100.0%</b>              | <b>\$ 31,964,479</b>       | <b>100.0%</b>              |

|                                    | <b>Tax Year 2009</b>             |                            |                           |                            |                            |                            |
|------------------------------------|----------------------------------|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
|                                    | <b>Number of Taxable Returns</b> | <b>Percentage of Total</b> | <b>Net Taxable Income</b> | <b>Percentage of Total</b> | <b>Local Tax Liability</b> | <b>Percentage of Total</b> |
| <b>Adjusted Gross Income Level</b> |                                  |                            |                           |                            |                            |                            |
| \$500,000 and higher               | 194                              | 1.4%                       | \$ 261,990,246            | 29.4%                      | \$ 5,894,782               | 29.8%                      |
| \$250,000 - 499,999                | 584                              | 4.3%                       | 147,189,821               | 16.5%                      | 3,311,772                  | 16.7%                      |
| \$100,000 - 249,999                | 1,744                            | 12.8%                      | 181,020,989               | 20.3%                      | 4,073,015                  | 20.6%                      |
| \$50,000 - 99,999                  | 3,625                            | 26.6%                      | 180,327,725               | 20.2%                      | 4,057,377                  | 20.5%                      |
| \$25,000 - 49,999                  | 3,975                            | 29.2%                      | 91,503,779                | 10.3%                      | 1,924,536                  | 9.7%                       |
| \$5,000 - 24,999                   | 3,406                            | 25.0%                      | 30,302,310                | 3.4%                       | 548,680                    | 2.8%                       |
| Under \$5,000                      | 87                               | 0.6%                       | 155,708                   | 0.0%                       | 3,354                      | 0.0%                       |
| <b>Totals</b>                      | <b>13,615</b>                    | <b>100.0%</b>              | <b>\$ 892,490,578</b>     | <b>100.0%</b>              | <b>\$ 19,813,516</b>       | <b>100.0%</b>              |

**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**

| <b>Fiscal Year</b> | <b>Governmental Activities</b>  | <b>Business Activities</b>      |                       | <b>Total Primary Government</b> | <b>Percentage of Personal Income</b> | <b>Debt Per Capita</b> |
|--------------------|---------------------------------|---------------------------------|-----------------------|---------------------------------|--------------------------------------|------------------------|
|                    | <b>General Obligation Bonds</b> | <b>General Obligation Bonds</b> | <b>Capital Leases</b> |                                 |                                      |                        |
| 2021               | \$ 36,113,140                   | \$ 14,710,784                   | \$ 297,638            | 51,121,562                      | 1.81%                                | 1,357                  |
| 2020               | 43,373,783                      | 16,316,084                      | 356,429               | 60,046,296                      | 2.12%                                | 1,594                  |
| 2019               | 21,889,178                      | 15,695,215                      | 149,448               | 37,733,841                      | 1.36%                                | 1,021                  |
| 2018               | 25,216,355                      | 16,925,000                      | 242,299               | 42,383,654                      | 1.57%                                | 1,140                  |
| 2017               | 29,043,335                      | 16,322,002                      | 324,066               | 45,689,403                      | 1.73%                                | 1,236                  |
| 2016               | 32,753,625                      | 8,806,100                       | 151,602               | 41,711,327                      | 1.67%                                | 1,124                  |
| 2015               | 35,367,806                      | 9,641,102                       | 193,364               | 45,202,272                      | 1.86%                                | 1,213                  |
| 2014               | 31,257,626                      | 10,503,339                      | 48,875                | 41,809,840                      | 1.76%                                | 1,115                  |
| 2013               | 31,667,641                      | 11,114,740                      | 95,555                | 42,877,936                      | 1.85%                                | 1,139                  |
| 2012               | 34,027,257                      | 11,969,066                      | 159,691               | 46,156,014                      | 2.01%                                | 1,217                  |

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

**Notes:**

2018 & 2019 percentages calculated using 2017 personal income data, which is the most recent available.

See Schedule 17 for population and personal income data.

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

| <b>Fiscal Year</b> | <b>General Obligation Bonds<sup>a</sup></b> | <b>Total Taxable Assessable Base<sup>b</sup></b> | <b>Percentage of Total Taxable Assessable Base</b> | <b>Population<sup>c</sup></b> | <b>General Obligation Debt Per Capita</b> |
|--------------------|---|--|--|-------------------------------|---|
| 2021               | \$ 50,823,924                               | \$ 8,709,615,915                                 | 0.58%  | 37,673                        | \$ 1,349                                  |
| 2020               | 59,689,867                                  | 8,568,352,772                                    | 0.70%  | 36,972                        | 1,614                                     |
| 2019               | 37,584,393                                  | 8,449,389,171                                    | 0.44%  | 37,181                        | 1,011                                     |
| 2018               | 42,141,355                                  | 8,430,521,097                                    | 0.50%  | 36,968                        | 1,140                                     |
| 2017               | 45,365,337                                  | 8,431,136,474                                    | 0.54%  | 37,103                        | 1,223                                     |
| 2016               | 41,559,725                                  | 8,416,320,549                                    | 0.49%  | 37,278                        | 1,115                                     |
| 2015               | 45,008,908                                  | 8,550,605,688                                    | 0.53%  | 37,512                        | 1,200                                     |
| 2014               | 41,760,965                                  | 8,871,658,820                                    | 0.45%  | 37,643                        | 1,109                                     |
| 2013               | 42,782,381                                  | 9,337,708,504                                    | 0.44%  | 37,931                        | 1,128                                     |
| 2012               | 45,996,323                                  | 9,769,051,520                                    | 0.45%  | 38,040                        | 1,209                                     |

**Sources:**

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

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

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

**Schedule 15**  
**Talbot County, Maryland**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2021**

| <u>Governmental Unit</u> | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Direct and<br/>Overlapping<br/>Debt</u> |
|--------------------------|-----------------------------|--|---|
| Direct:                  |                             |  |   |
| Talbot County            | \$ 25,513,626               | 100%   | \$ 25,513,626   |
| Overlapping Debt:        |                             |  |   |
| Easton                   | \$ 10,704,267               | 100%   | \$ 10,704,267   |
| Oxford                   | 1,579,188                   | 100%   | 1,579,188   |
| Queen Anne               | 35,800                      | 100%   | 35,800  |
| St. Michaels             | 1,547,365                   | 100%   | 1,547,365   |
| Trappe                   | 397,780                     | 100%   | 397,780   |
| Subtotal Overlapping     | <u>14,264,400</u>           |  | <u>14,264,400</u>   |
| <b>Total</b>             | <u>\$ 39,778,026</u>        |  | <u>\$ 39,778,026</u>  |

**Note:**

Overlapping governments are those below the state level that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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

|   | <u>2012</u>         | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016</u>         | <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u>         | <u>2021</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Taxable Assessable Base *   | \$ 9,710,928        | \$ 9,278,557        | \$ 8,812,185        | \$ 8,494,001        | \$ 8,354,091        | \$ 8,367,983        | \$ 8,365,734        | \$ 8,384,994        | \$ 8,499,253        | \$ 8,637,352        |
| Debt Limit, 15% of Assessable Base                                      | 1,456,639           | 1,391,784           | 1,321,828           | 1,274,100           | 1,253,114           | 1,255,197           | 1,254,860           | 1,257,749           | 1,274,888           | 1,295,603           |
| Amount of Debt Applicable to Limit                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Obligation Bonds  | 33,201              | 31,668              | 31,258              | 35,368              | 32,754              | 29,043              | 25,216              | 21,889              | 43,374              | 36,113              |
| Legal Debt Margin   | <u>\$ 1,423,438</u> | <u>\$ 1,360,116</u> | <u>\$ 1,290,570</u> | <u>\$ 1,238,732</u> | <u>\$ 1,220,360</u> | <u>\$ 1,226,154</u> | <u>\$ 1,229,644</u> | <u>\$ 1,235,860</u> | <u>\$ 1,231,514</u> | <u>\$ 1,259,490</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 2.28%               | 2.28%               | 2.36%               | 2.78%               | 2.61%               | 2.31%               | 2.01%               | 1.74%               | 3.40%               | 2.79%               |

**Source:**

\* State of Maryland, Department of Assessments and Taxation

**Note:**

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

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

| <b>Year</b> | <b>Population<sup>b</sup></b> | <b>Personal<br/>Income<sup>b</sup></b><br><i>(thousands<br/>of dollars)</i> | <b>Per<br/>Capita<br/>Personal<br/>Income<sup>b</sup></b> | <b>Public<br/>School<br/>Enrollment<sup>c</sup></b> | <b>Unemployment<br/>Rate<sup>d</sup></b> |      |
|-------------|-------------------------------|---|---|---|--|------|
| 2021        | 37,673                        | a   | *   | *   | 4,547                                    | 4.6% |
| 2020        | 36,972                        |   | 2,829,386   | 76,528  | 4,703                                    | 7.1% |
| 2019        | 37,181                        |   | 2,777,842   | 74,711  | 4,674                                    | 3.6% |
| 2018        | 36,968                        |   | 2,707,240   | 73,232  | 4,646                                    | 4.1% |
| 2017        | 37,103                        |   | 2,643,437   | 71,246  | 4,593                                    | 4.0% |
| 2016        | 37,278                        |   | 2,496,549   | 66,971  | 4,625                                    | 4.1% |
| 2015        | 37,512                        |   | 2,430,909   | 64,804  | 4,630                                    | 5.2% |
| 2014        | 37,643                        |   | 2,375,672   | 63,111  | 4,537                                    | 6.1% |
| 2013        | 37,931                        |   | 2,318,765   | 61,131  | 4,570                                    | 7.6% |
| 2012        | 38,040                        |   | 2,297,444   | 60,395  | 4,547                                    | 7.3% |
| 2011        | 38,025                        |   | 2,118,791   | 55,721  | 4,504                                    | 7.2% |

**Sources:**

<sup>a</sup> Maryland Department of Planning - Projections and State Data Center Unit for years not available from Bureau of Economic Analysis, U.S. Department of Commerce.

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

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

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

\* Information not yet available.

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

| <u>Employer</u>                   | <u>CY 2021</u>   |             |  | <u>CY 2011</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 | 1,641            | 1           | 8.39%  |                  |             |  |
| Allen Harim Foods                 | 408              | 2           | 2.09%  |                  |             |  |
| Genesis Healthcare/The Pines      | 250              | 3           | 1.28%  | 186              | 8           | 0.99%  |
| Bayleigh Chase                    | 220              | 4           | 1.12%  |                  |             |  |
| Walmart                           | 205              | 5           | 1.05%  |                  |             |  |
| Quality Health Strategies         | 185              | 6           | 0.95%  |                  |             |  |
| Wildlife International            | 160              | 7           | 0.82%  |                  |             |  |
| Chesapeake Building Components    | 156              | 8           | 0.80%  |                  |             |  |
| Target                            | 150              | 9           | 0.77%  |                  |             |  |
| Aphena Pharma Solutions           | 150              | 10          | 0.77%  |                  |             |  |
| Shore Health Systems/EMH          |                  |             |  | 2,400            | 1           | 12.80%                                       |
| Allen Family Foods                |                  |             |  | 550              | 2           | 2.93%  |
| Quality Health Strategies         |                  |             |  | 400              | 3           | 2.13%  |
| Shore Bancshares                  |                  |             |  | 350              | 4           | 1.87%  |
| William Hill Manor                |                  |             |  | 300              | 5           | 1.60%  |
| Wal-Mart                          |                  |             |  | 220              | 6           | 1.17%  |
| Global Strategies Group           |                  |             |  | 200              | 7           | 1.07%  |
| Pro Temps Staffing Solutions      |                  |             |  | 175              | 9           | 0.93%  |
| Chesapeake Publishing             |                  |             |  | 160              | 10          | 0.85%  |
|                                   | <u>3,525</u>     |             | <u>18.02%</u>                                | <u>4,941</u>     |             | <u>26.35%</u>                                |

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

| <b><u>Function/Program</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> | <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government             | 60.3               | 61.1               | 63.8               | 65.8               | 65.4               | 66.8               | 65.7               | 68.9               | 65.9               | 72.5               |
| Public Safety                  | 146.7              | 151.2              | 156.3              | 161.7              | 170.2              | 161.3              | 164.2              | 177.4              | 213.3              | 209.8              |
| Public Works                   | 42.5               | 41.2               | 40.8               | 41.9               | 44.7               | 46.1               | 46.8               | 46.9               | 46.5               | 44.9               |
| Social Services                | 0.8                | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Recreation                     | 32.8               | 33.0               | 35.1               | 35.9               | 35.6               | 38.0               | 37.2               | 34.9               | 24.2               | 28.0               |
| Airport                        | <u>5.0</u>         | <u>5.1</u>         | <u>5.1</u>         | <u>5.0</u>         | <u>5.1</u>         | <u>5.3</u>         | <u>5.2</u>         | <u>5.4</u>         | <u>5.2</u>         | <u>5.5</u>         |
| Total                          | <u>303.0</u>       | <u>288.1</u>       | <u>301.1</u>       | <u>310.3</u>       | <u>321.0</u>       | <u>317.5</u>       | <u>319.1</u>       | <u>333.5</u>       | <u>355.3</u>       | <u>360.7</u>       |

**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>Function/Program</u>             | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government</b>           |             |             |             |             |             |             |             |             |             |             |
| Building Permits issued             | 267         | 261         | 245         | 239         | 259         | 294         | 299         | 408         | 493         | 690         |
| Value of new construction (000's)   | 27,067      | 28,540      | 24,379      | 28,289      | 34,149      | 58,099      | 38,235      | 34,598      | 40,477      | 65,511      |
| <b>Public Safety</b>                |             |             |             |             |             |             |             |             |             |             |
| Detention Center                    |             |             |             |             |             |             |             |             |             |             |
| Avg. daily population               | 85          | 81          | 72          | 63          | 67          | 75          | 69          | 72          | 72          | 99          |
| Bookings                            | 1,020       | 954         | 880         | 804         | 775         | 727         | 626         | 935         | 961         | 855         |
| 9-1-1 Calls Answered                |             |             |             |             |             |             |             |             |             |             |
| Fire                                | 1,975       | 2,034       | 1,917       | 2,112       | 2,523       | 3,338       | 2,070       | 2,088       | 2,067       | 1,954       |
| Emergency Medical Services          | 4,458       | 4,551       | 4,358       | 4,774       | 4,682       | 3,894       | 5,897       | 5,973       | 5,726       | 5,946       |
| Sheriff                             | 13,923      | 12,165      | 13,139      | 13,397      | 14,896      | 16,879      | 20,167      | 26,083      | 23,733      | 22,175      |
| Other Police                        | 8,367       | 11,533      | 12,040      | 11,184      | 11,834      | 32,403      | 29,852      | 33,902      | 29,329      | 33,927      |
| <b>Education</b>                    |             |             |             |             |             |             |             |             |             |             |
| Students                            | 4,547       | 4,570       | 4,537       | 4,630       | 4,625       | 4,593       | 4,646       | 4,674       | 4,703       | 4,524       |
| Teachers Instructional              | 312         | 321         | 321         | 321         | 326         | 327         | 325         | 326         | 336         | 341         |
| <b>Recreation Facilities</b>        |             |             |             |             |             |             |             |             |             |             |
| Boat ramp permits                   | 6,689       | 6,443       | 6,185       | 6,034       | 5,886       | 3,957       | 3,581       | 3,540       | 3,531       | 3,745       |
| Golf rounds                         | 31,467      | 28,439      | 29,057      | 26,889      | 35,998      | 37,903      | 31,140      | 29,838      | 31,282      | 30,684      |
| <b>Public Works</b>                 |             |             |             |             |             |             |             |             |             |             |
| Centerline miles of road maintained | 374         | 374         | 374         | 374         | 373         | 373         | 373         | 373         | 373         | 378         |
| Wastewater treated (mgd)            | 0.477       | 0.483       | 0.460       | 0.363       | 0.428       | 0.401       | 0.382       | 0.552       | 0.304       | 0.542       |
| <b>Airport</b>                      |             |             |             |             |             |             |             |             |             |             |
| Based aircraft                      | 146         | 176         | 220         | 216         | 229         | 233         | 224         | 225         | 203         | 206         |
| Gallons of fuel sold                | 633,071     | 581,342     | 642,726     | 648,140     | 660,362     | 642,921     | 748,246     | 709,282     | 591,963     | 820,519     |

**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**

| <b><u>Function/Program</u></b>      | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> | <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Public Safety</b>                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Detention center capacity           | 145                | 145                | 145                | 145                | 145                | 145                | 145                | 145                | 145                | 148                |
| Fire stations                       | 7                  | 7                  | 7                  | 7                  | 7                  | 7                  | 7                  | 7                  | 7                  | 7                  |
| Emergency Medical Services Stations | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  |
| <b>Education</b>                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Elementary Schools                  | 6                  | 6                  | 6                  | 6                  | 6                  | 6                  | 6                  | 6                  | 6                  | 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                    | 3                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  |
| <b>Recreation Facilities</b>        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Community Center/Ice Rink           | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  |
| Golf Course (27 holes)              | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  |
| County Parks                        | 12                 | 14                 | 14                 | 14                 | 14                 | 14                 | 14                 | 14                 | 14                 | 14                 |
| Park acreage                        | 272                | 293                | 293                | 293                | 293                | 293                | 293                | 293                | 293                | 293                |
| Public Landings & Wharves           | 30                 | 30                 | 30                 | 30                 | 30                 | 30                 | 30                 | 30                 | 29                 | 29                 |
| Boat Slips                          | 136                | 136                | 136                | 136                | 136                | 136                | 136                | 136                | 136                | 136                |
| Public Pools                        | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  |
| <b>Public Works</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Centerline miles of county roads    | 374                | 374                | 374                | 374                | 373                | 373                | 373                | 373                | 373                | 378                |
| Bridges                             | 9                  | 9                  | 9                  | 9                  | 9                  | 9                  | 9                  | 9                  | 9                  | 9                  |
| Wastewater Treatment Plants         | 3                  | 3                  | 3                  | 3                  | 3                  | 2                  | 2                  | 2                  | 2                  | 2                  |
| Miles of mains                      | 38                 | 38                 | 40                 | 40                 | 40                 | 42                 | 42                 | 43                 | 43                 | 44                 |
| Pump stations                       | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 |
| <b>Airport</b>                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Number of Runways                   | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 4                  |

Sources: Talbot County Finance Office and applicable County Departments.

