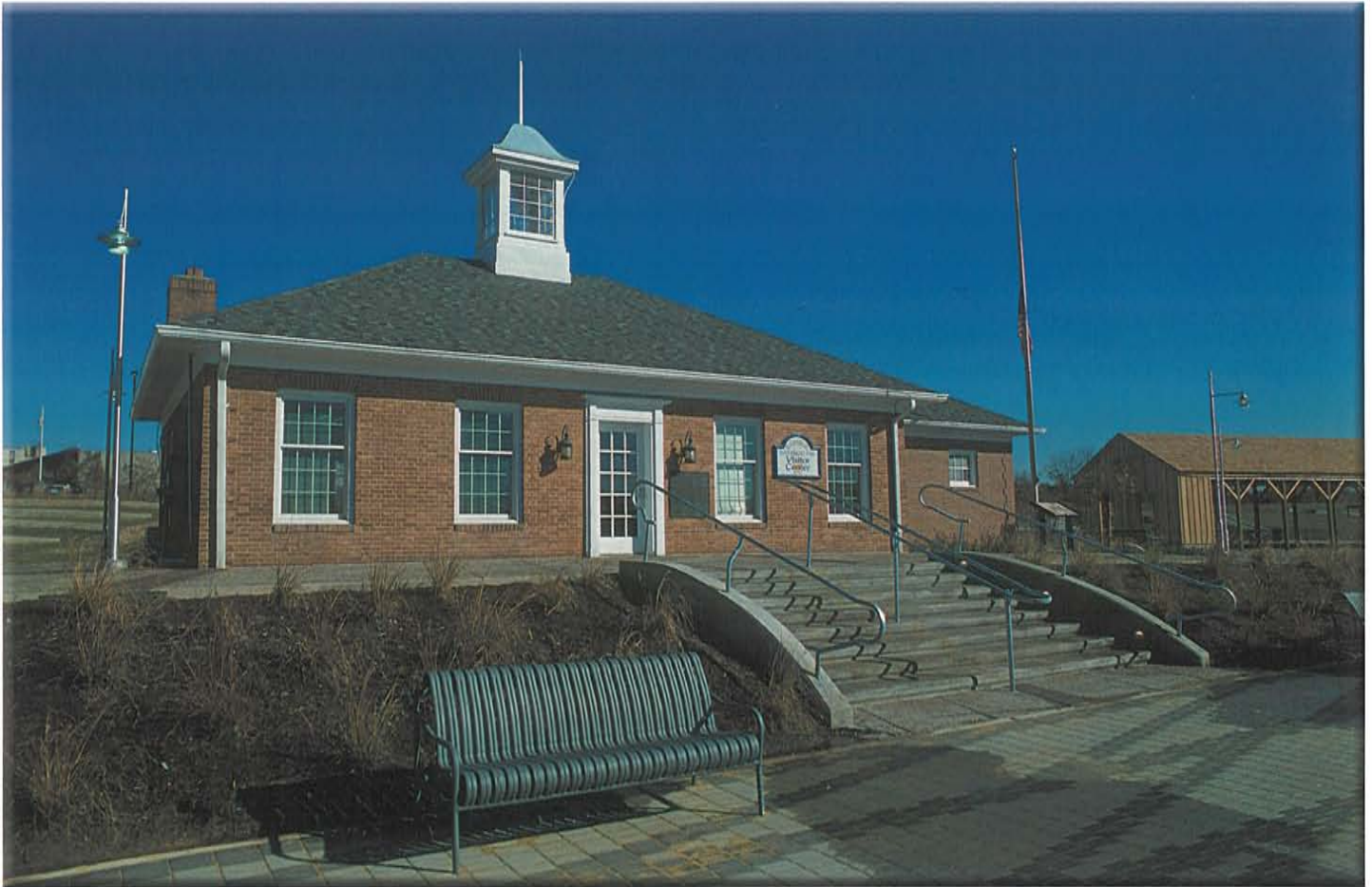


THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION



Comprehensive Annual Financial Report
For the Fiscal Year ended June 30, 2003

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ANNUAL REPORT
of**

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

For the Fiscal Year Ended June 30, 2003

Commissioners

Derick P. Berlage, Chairman of the Commission
Elizabeth M. Hewlett, Vice-Chairman of the Commission
Allison Bryant
William M. Eley, Jr.
James F. Harley
George H. Lowe, Jr.
Wendy C. Perdue
John M. Robinson
Sylvester J. Vaughns
Meredith K. Wellington

Officers

Trudye Morgan Johnson, Executive Director
Patricia Colihan Barney, Secretary-Treasurer
Adrian R. Gardner, General Counsel

Department Directors

Charles Loehr, Montgomery County Director of Park and Planning
Fern V. Piret, Prince George's County Director of Planning
Marye Wells-Harley, Prince George's County Director of Parks and Recreation
Trudye Morgan Johnson, Department of Human Resources and Management
Patricia Colihan Barney, Department of Finance
Adrian R. Gardner, Legal Department

Prepared by the Department of Finance

Patricia Colihan Barney, Secretary-Treasurer

Finance Managers

Alfred F. Warfield, Accounting
John M. Heater, Administration
Nancy J. Keogh, Purchasing
Philip Litman, Internal Audit
Keith R. Phillip, Cash Management
John W. Waddell, Information Technology

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◆ PART I ◆
INTRODUCTORY SECTION



Black Hill Visitors Center offers the public nature center exhibits and sweeping vistas of Little Seneca Lake

September 26, 2003

Commissioners:

The Comprehensive Annual Financial Report of The Maryland-National Capital Park and Planning Commission ("the Commission") for the fiscal year ended June 30, 2003 is hereby submitted. This Report was prepared by the Commission's Finance Department, in accordance with the provisions of Article 28, Sections 2-113 and 7-107, of the Annotated Code of Maryland. Responsibility for the completeness and reliability of all the information presented, including all disclosures, rests with the Commission. We assert that to the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position changes in financial position of the governmental activities, business-type activities and various funds of the Commission in accordance with accounting principles generally accepted in the United States of America (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

To provide a reasonable basis for making these representations, management of the Commission has established an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires business judgment by management.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the Commission's background and organization, and the Commission's program highlights. The Financial Section includes the basic financial statements, and the combining and individual nonmajor fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules. As part of the Financial Section, GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Commission's MD&A can be found immediately following the report of the independent auditors. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

State statutes require an annual audit by independent certified public accountants. The Commission selected the accounting firm of KPMG LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission for the fiscal year ended June 30, 2003 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Commission's financial statements for the fiscal year ended June 30, 2003 are fairly presented in conformance with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this Report.

The Commission is normally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as revised and U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. This audit is not required this year because of the relatively low level of federal grant awards received by the Commission.

The Commission is also required to file a Uniform Financial Report with the Maryland State Department of Legislative Services by November 1 of each year.

The Commission

The Commission is a body corporate of the State of Maryland established by the Maryland General Assembly in 1927. The Commission is a bi-county agency serving both Montgomery and Prince George's Counties. It is empowered to acquire, develop, maintain and administer a regional system of parks in the defined Metropolitan District in Montgomery and Prince George's Counties, and to prepare and administer a general plan for the physical development of a defined Regional District for the two Counties. The Commission also conducts the recreation program for Prince George's County.

The annual budget serves as the foundation for the Commission's financial planning and control. The Commission maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Montgomery County and Prince George's County governments. Activities of the General Fund, which include a transfer for debt service expenditures, are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established within each individual account in the General Fund. Budget-to-actual presentations for all five accounts of the General Fund are presented in Note 6 in the basic financial statements.

The Commission maintains an internal auditing division that reports to the Secretary-Treasurer. This staff performs internal audits throughout the Commission's offices and facilities. All internal control evaluations occur within the above framework. We believe that the Commission's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Factors Affecting Financial Condition

The Commission's financial condition is positive as a result of a stable primary revenue source and the Commission's conservative fiscal management policies. The assessable bases in both counties continue to experience modest growth, and collections, including interest and penalties as a percent of the levy, are consistently above 99%. The Commission prepares quarterly and long-term financial projections to help guide current year and future years' expenditures based upon anticipated revenue sources. In addition, the Commission adopted a comprehensive fund balance policy in fiscal year 2000 to provide a cushion against unforeseen expenditures or revenue shortfalls in each fund. The Commission's fiscal year 2003 General Fund budget basis ending fund balance was in excess of \$39.8 million.

Along with the Commission's internal financial management policies, spending affordability guidelines continue to be provided by Montgomery County Government for the Commission's Montgomery County operations, and by a Spending Affordability Committee for the Commission's Prince George's County operations. More detailed information on the financial outlook is provided in the Management's Discussion and Analysis section of this Report.

Major Initiatives

The Commission enjoyed an excellent program year in fiscal year 2003. The major accomplishments of the Commission are set forth in the Program Highlights section of this Report.

Cash Management

The Commission actively manages a cash and investment program. The primary objectives of the program are the preservation of capital, providing liquidity to meet financial obligations, and the maximization of investment return consistent with the risk limitations and investment guidelines per the Commission's investment policy. Commission investments are limited to those authorized by the Annotated Code of Maryland and the Commission's investment policy.

The Commission's accounting system operates under a pooled cash fund concept. This method reduces the efforts needed to manage cash and investments since bank accounts and investments are consolidated in a Treasurer's Fund instead of having separate bank accounts and investments for each fund. Investments of the Treasurer's Fund earned interest income of \$2,031,000 during fiscal year 2003. The average rate of return on the Commission's cash and investments during fiscal year 2003 was 1.45%.

Risk Management

The Commission is a participant in the Montgomery County Self-Insurance Program (the "Program") and is therefore self-insured for most claims filed by third parties. The Commission has an in-house Risk Management and Safety Office which develops and implements the internal loss control program to reduce workplace accidents and injuries. Commercial policies provide further liability and property loss coverage for claims arising out of real and personal property damage (over \$100,000), operation of a public airport, and other specific items of personal property.

Pension and Other Post Employment Benefits

The Commission sponsors a single employer defined benefit pension plan, The Maryland-National Capital Park and Planning Commission Employees' Retirement System (ERS), included in this report as the Employees' Retirement Pension Trust Fund. Each year an independent actuary engaged by the ERS calculates the amount of the annual contribution that the Commission must make to ERS to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Commission fully funds each year's annual required contribution as determined by the actuary. As a result of this conservative funding policy, the Commission has succeeded, as of July 1, 2002 in funding 118.7% of the actuarially accrued liability to employees.

The Commission also provides health and dental care benefits for certain retirees and their dependants. At the end of the fiscal year, 569 retired employees received these benefits, which are financed on a pay-as-you-go-basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to pay these benefits. The Commission has elected to establish a trust fund for payment of future benefits. Amounts placed here are not based on any actuarial studies. No contributions were made to this fund in 2003, and benefits totaling \$2,757,000 were paid from the fund. Benefits for 2004 are again to be paid by this fund. The fund had net assets of \$6,120,000 at June 30, 2003.

Other Information

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The Commission has received this award continuously since fiscal year 1973. In order to be awarded a Certificate of Achievement, the Commission must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This Report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

In addition, the Commission also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for fiscal year 2003. The Commission has received this award continuously since fiscal year 1987. In order to qualify for the Distinguished Budget Presentation Award, the Commission's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the Department has my sincere appreciation for the contributions made in the preparation of this Report. Special thanks are expressed to Alfred Warfield, Accounting Manager, and the entire Accounting Division staff. I would also like to thank and compliment the Commissioners for their interest and support in planning and conducting the financial operations of the Commission in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Patricia Colihan Barney". The signature is written in black ink and is positioned above the printed name and title.

Patricia Colihan Barney
Secretary-Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Maryland-National Capital Park and Planning Commission

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Commission Background and Organization

The Maryland-National Capital Park and Planning Commission is a body corporate of the State of Maryland, established by the Maryland General Assembly in 1927. The laws governing the Commission were codified in 1959, recodified in 1975 to be Article 66D of the Annotated Code of Maryland and again in 1983, to be Article 28.

The Commission is a bi-county agency, empowered to acquire, develop, maintain and administer a regional system of parks in a defined Metropolitan District within the Maryland Counties (Montgomery and Prince George's) adjacent to the District of Columbia. The Commission is also empowered to prepare and administer a general plan for the physical development of a larger Regional District in the same area.

As development and urbanization of the area have progressed, the two Districts have been enlarged by the General Assembly. They now embrace all of Maryland's Montgomery and Prince George's Counties, except for certain incorporated municipalities in each County and, for the Metropolitan District only, Election Districts No. 4 and No. 8 in Prince George's County.

Responsibility for public recreation in Prince George's County and the County Recreation Department was transferred to the Commission in July, 1970 as a result of legislative action. This legislation provided that taxes to support recreation be imposed County-wide and that the County Council may require the Commission to institute new recreation programs. The County Executive appoints a Parks and Recreation Advisory Board which works closely with the Commission in setting policy.

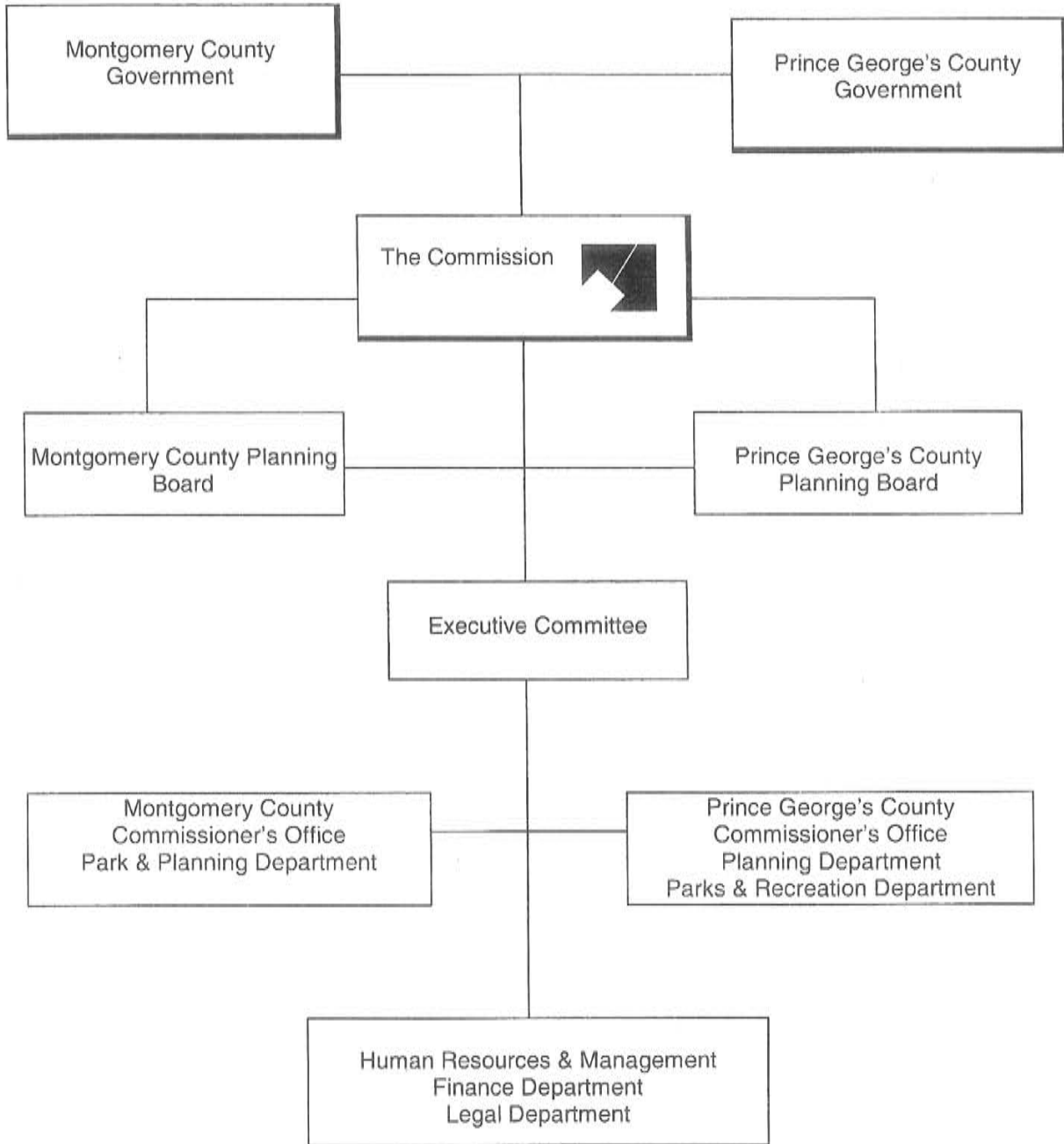
The Commission consists of ten members, five appointed by Montgomery County and five by Prince George's County. In Montgomery County, all five of the Commissioners are appointed by the County Council and confirmed by the County Executive. Montgomery County Commissioners may not be appointed for more than two consecutive terms. In Prince George's County, all five of the Commissioners are appointed by the County Executive and confirmed by the County Council. Each County designates one of its Commissioners for the position of Chairman of their respective Planning Board. The Commission elects one of such designees as its Chairman and the other as its Vice-Chairman. Under the Commission's rules of procedure, the Chairmanship and Vice-Chairmanship of the Commission rotate annually between the two designees. Terms of office are staggered and no more than three members from each County may belong to the same political party.

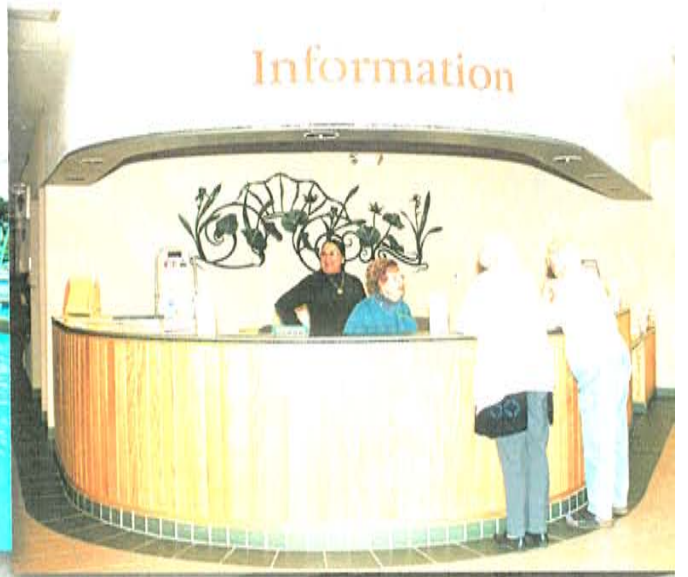
The Commission coordinates and acts on matters of interest to both Counties. Two regional offices are maintained, one in each County. The Commission meets once each month regularly, the site of the meetings alternating between the two regional offices. The members of the Commission from each County serve as separate Planning Boards to facilitate, review and administer the matters affecting only their respective County. To carry out their functions, the County Planning Boards meet at least once a week. The County Councils set priorities for the Planning Boards' park and planning operations through their annual determination and periodic review of the Commission's operating and capital improvement budgets and work programs.

The Commission administers a park system that currently contains over 56,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its staff consists of over 2,079 career employees - planners, park and recreation administrators, park police and administrative staff. In addition, it employs approximately 5,170 seasonal workers, primarily for its numerous park and recreation programs.

The operating and administrative functions of the Commission are financed primarily by property taxes levied for the Commission by the two Counties. The Commission has the authority to sell general obligation bonds to fund approved park acquisition and development projects.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
ORGANIZATION CHART





FY 2003 Program Highlights

The Commission completed its memorable series of successful 75th anniversary promotional events during fiscal year 2003 (FY03), using "Turning Visions into Reality" as the unifying theme, with thousands attending a gala closing ceremony and reception at Watkins Regional Park's Festival of Lights and Nature Center. After three years of drought the Commission weathered crippling snowstorms followed by months of record rainfall, assisted in the gripping regional sniper investigation, launched the SmartLinks online registration for parks and recreation classes, expanded the vast amount of information available to the public on our website, www.mncppc.org, and extended the network of hiker/biker trails through natural areas linking urban, suburban and rural communities to mass transit, cultural sites and shopping.

To focus on improving customer service and achieving greater efficiency, the Commission has launched a campaign for official accreditation through the national Commission for Accreditation of Parks and Recreation Agencies (CAPRA) which sets strict standards for every facet of operations: financial management; planning; human resources; safety and security; risk management; programs and services; agency authority, role and responsibility; facility and land use management; organization and administration; and evaluation and research.

Serving a diverse, multicultural community of more than 1.7 million residents, many of who do not speak or read English well, led the Commission to add online translation services to the Commission's web site using Altavista's free Babblefish translation service. Languages now available to those who wish to translate our web site almost instantaneously include: Spanish, French, Italian, Portuguese, German, Korean, Chinese and Japanese.

After years of planning, land acquisition, community outreach, design, and development, the Commission opened its spectacular Ridge Road Recreational Park on 56 acres in Germantown to serve the community's needs for active recreation in a rapidly growing area. Included in the Park are: four lighted and irrigated ballfields, an in-line skating rink, tennis courts, a network of trails, a dog exercise area, a colorful playground, picnic shelters, two restroom buildings and lighted parking for 580 cars. In addition, the Commission opened many renovated playgrounds and expanded parks during the year to great fanfare and community appreciation.

Prince George's County Department of Parks and Recreation

Meeting Customer Needs Through Innovative Service and Technology: The Department of Parks and Recreation serves over 812,000 residents in a diverse socio-economic area, and maintains a long-standing reputation as a national leader. Meeting the needs of an ever-growing and diverse population is accomplished by highly trained professional staff who are innovators in the leisure services field, and committed to enhancing customer service. As part of its commitment to service, the Department continued to expand upon the success of the automated **SMARTlink** registration program, designed to help the public find classes and activities with ease, and register online or by telephone. Approximately 15% of our customers used this self-service system during initial registration period. Continued growth is expected and additional business opportunities are being explored. The Department's established web site, www.pgpparks.com, continued to be enhanced, and offered vast amounts of information to the public with the click of a mouse—from trail maps to rental facility information.

Enhancing the Parks System: The Department completed work on projects designed to enhance the 24,000-acre parks system, including: Hilmar Suitland Community Park School; the Ernest Everett Just Community Park School; the Allentown Fitness and Splash Park; the College Park Dog Park; the Temple Hills Community Center addition; and improvements to the marquee, landscaping, and parking at the Prince George's Sports & Learning Complex. Design projects included the Clearwater Nature Center renovation and playground retrofits. Construction projects were underway at the Fort Washington Forest Elementary School and Huntington Community Centers; North Forest Elementary School gymnasium; and the Prince George's Sports & Learning Complex Learning Center addition. Funding for some projects came by way of grants, including \$2 million in Rural Legacy Funds; \$1.3 million for the Gateway Trails initiative; and \$4.3 million from Maryland Program Open Space for park acquisition and development.

Staging Outstanding Community Events: Popular events drew thousands of participants, including the annual Hispanic Festival, which hosted over 10,000 people; the 22nd annual Kinderfest; the Montpelier Spring Festival; Marlboro Day; the Harlem Renaissance Festival; and the 6th annual Teen Cotillion. Watkins Regional Park's Festival of Lights dazzled more than 110,000 visitors, including residents and tourists, and the Department assisted with a multitude of community events throughout the county attracting both newer and long-time residents.

Furnishing Recreational Opportunities for All: Thousands of community recreation programs met the interests of all ages, including teen and senior centers, day camps and summer playgrounds, and a wide variety of classes and popular off-site trips and excursions. Inclusion services were provided as an important part of a continuum of services for people with disabilities. Countless fitness enthusiasts improved their health and wellness at facilities offering the best in golf, swimming, tennis, weightlifting, running, hiking, and bicycling. Delighted users of our extended trails system traversed pristine natural areas of the county, with links to mass transit, cultural sites, and major shopping.

Providing Quality Childcare Services: The Prince George's Employees' Child Care Center in Upper Marlboro, and the childcare facility at Glenridge Elementary School, operated at full capacity, continuing to serve as models for child care centers across the nation. Staff at these facilities were frequently tapped to share their expertise as board members for a number of child-related organizations. Excellence in childcare was carried further as lunches were served to needy children at numerous summer program sites. Pre-schools, before- and after-care and Kids Day Out programs satisfied the needs of both parents and children for safe, educational, and enjoyable activities.

Offering Varied Sports and Leisure-Time Activities: The Sports/Permit Division administered a diversified program of countywide sports for youth and adults. Thousands of people permitted park facilities and the popular garden plots. The division also administered the Prince George's County Boys and Girls Club program, offering team recreation opportunities for thousands of youth.

Supporting the Arts and Building Cultural Heritage: Arts and cultural offerings were well attended, as the Arts and Cultural Heritage Division hosted local and nationally acclaimed artists and performers who thrilled audiences and gallery visitors. A major public art exhibition, **Birds-I-View**, was completed and a "flock" of artist-designed birds placed at high-visibility points throughout the County. The Clarice Smith Performing Arts Center at the University of Maryland continued to host numerous on-site M-NCPPC programs, special events, and performances. The Show Place Arena hosted the NCAA Division 1 Patriot League Conference Basketball Tournament. Montpelier Cultural Arts Center released its fourth CD, *Ron Holloway and Friends, Live at Montpelier*, to critical acclaim and outstanding sales.

Preserving and Protecting Natural and Historical Resources: Natural and historical interpretive programs again proved popular, with high attendance at special events like the Patuxent 10K Run for Wildlife. Special projects included the building and dedication of the James O. Hall Research Center at the Surratt House Museum and the opening of the Tobacco Museum at the Patuxent Rural Life Museum. Park naturalists continued the wild rice and wetlands restoration project at Patuxent River Park. Park Rangers provided a wide range of services including conservation and wildlife projects, and provided conservation and interpretation education for over 5,000 Prince George's County Public School students.

Keeping Parks Secure: Park Police maintained an around-the-clock watch at neighborhood parks, community centers, regional parks, and special facilities. Use of Mobile Data Terminals in police vehicles allowed officers direct access to records checks, thereby reducing time to verify information. Officers continued to assist with mentoring programs, the Drug Abuse Resistance Education program, a Halloween Safety Program, and the "Eddie the Eagle" Gun Safety Program. Volunteers attended the popular Park/Community Volunteer Academy to become trained to assist Park Police as another set of eyes and ears throughout the park system and at special events.

Maintaining Safe and Attractive Parks and Facilities: The task of maintaining a 24,000-acre park system and ensuring that all facilities and parks are in pristine condition for park patrons falls to the Maintenance and Development (M&D) Division. With several heavy snow storms blanketing the area, M&D staff was called into action to plow major county roads, totaling over 6,000 man-hours working 12-hour shifts per day. The M&D facility was a test site for implementation of M-NCPPC's energy cost reduction and staff awareness programs, and the FASTER System for vehicle maintenance work orders provided connectivity to satellite garages to further enhance fleet maintenance.

Prince George's County Planning Department

Providing Community Outreach and Public Information: *PlanningDotCom*, a new community outreach and education component designed to enhance the public's knowledge of and participation in planning, zoning and development processes was launched, with workshops held throughout the county. 25,000 copies of a brochure describing the work of the department were published and distributed to the public. The delivery of, and public access to, land-use information was enhanced with planning information services made available in a more accessible and user-friendly environment on the lower level of the County Administration Building where more than 1,500 customers each month can research zoning and property information; purchase property maps, plans and studies; and obtain information on planning, zoning and development regulations and processes. Information is also available on www.mncppc.org/pgco, which may be translated into eight languages and which receives more than 350,000 monthly hits. The department also continues to serve as a resource to county and municipal governments, compiling and disseminating census data in various formats and by geographic area.

Planning for Quality Communities: Staff continued work on master plans, sector master plans, sectional map amendment (SMA) revisions, specialized planning studies and land use legislation. The 2002 General Plan was approved by the County Council, which also enacted zoning ordinance legislation for aviation policy areas. Public participation and plan preparation proceeded on the Morgan Boulevard-Largo Town Center Metro and Prince George County Gateway Arts District Sector Plans/SMAs, and the Suitland and Riverdale Park Mixed-Use-Town Center Zone. Completed projects included: Biennial Growth Policy Update, Central Patuxent River Special Area, Accokeek Town Center, Strategic Plan for Transit-Oriented Development, and the West Hyattsville Transit-Oriented Development Studies. New Master Plans/SMAs were initiated for Bowie and Vicinity, and Henson Creek-South Potomac, and new studies begun for Seat Pleasant/Glenarden Martin Luther King, Jr. Highway and the Annapolis Road (MD 45 Corridor). Studies continued on: Tuxedo Road-Arbor Street-Cheverly Metro Station Area Sector Plan/SMA, Hyattsville M-UTC Zone Development Plan and the Purple Line/International Corridor.

Planning for Public Facilities: Public Facilities Planning staff completed a report for the Police Department support of their campaign for accreditation, continued to provide support for the School Construction Management Team and initiated a fair share fee system to assist the Fire Department in funding the construction of Emergency Medical Services Facilities.

Revitalizing and Preserving Older Communities: Planning staff working in the Redevelopment Authority (RA) continued to advance a number of projects and programs within older communities, including State certification of the Anacostia Trails Heritage Area (ATHA). Major grants were obtained from the Maryland Heritage Areas Authority, the U.S. Department of Housing and Urban Development (HUD), and the Maryland Community Legacy Program, and over \$1 million in Community Development Block Grant (CDBG) funds were secured for the acquisition of properties, relocation of tenants and construction of projects. In addition, the Neighborhood Improvement Grant Program (NIG) funded small projects designed to visually enhance older communities.

Developing Efficient Transportation Systems: Transportation Planning staff supported the Morgan Boulevard/Largo Town Center Metro and Cheverly/Tuxedo Sector Plans, and major planning studies for the Capital Beltway Corridor/Purple Line, I-95/Greenbelt Metro Access, I-95/Contee Interchange and the MD 210 Corridor. The County initiated the update to the Countywide Master Plan of Transportation in September 2002, and the Planning Board held a Public Forum in May 2003. Planning staff provided support to the Bicycle and Trail Advisory Group, updated traffic impact guidelines and continued work on a new transportation model. In addition, traffic forecasts for the design of three CIP projects were prepared or updated and 54 traffic impact studies for development activities were processed.

Preserving and Protecting the Environment and Historic Properties: The Environmental Planning Section assisted in the preparation of grants for the FY04 State Rural Legacy Program and for the statewide Scenic Byway Program. Work was initiated on the Countywide Green Infrastructure Plan and new outdoor lighting standards to reduce light pollution. Work was completed on the FY02 Forest Conservation Annual Report, Environmental Impact Reports for sand and gravel mining, and rubble landfill special exceptions. Historic Preservation staff prepared historic district nomination to the National Register of Historic Places for the Town of North Brentwood. The County

Historic Preservation Commission classified two historic resources as Historic Sites, recommended that two historic properties be classified as Historic Sites through sector plans and determined five Environmental Settings.

Achieving Better Customer Service Through Technical Innovation: The Data Systems Section successfully migrated all desktop computers to the Windows 2000 Operating System and moved a network file server from the Novell to Windows environment. Scanning and indexing of permit applications as part of final implementation of the Permit Tracking applications began, enabling concurrent review of permits by the Department.

Instituting State-of-the-Art Mapping Systems: The November 2002 roll-out of PGAtlas.com, the Department's GIS website, provided the citizens of Prince George's County (and the world) with ready access to County GIS data 24 hours a day. Department staff, County staff, residents, and businesses are all using this application regularly.

Promoting Responsible Development: Several hundred applications for zoning map amendments, special exceptions, conceptual and detailed site plans, and preliminary and final plats of subdivisions, along with over 19,000 permits of all types, were reviewed and analyzed, and expert professional advice provided to decision makers. A project undertaken to image new permit applications electronically will allow for simultaneous rather than sequential review and improve turn-around time. Permit status and comments are now available on the web, as a major customer convenience. Development review fees, raised January 1, 2003, are anticipated to generate nearly a million dollars annually in revenues. Development Review Division staff also provided support for two major County campaigns designed to streamline government operations: the Zoning Ordinance Task Force and the Permit Review Committee.

Montgomery County Department of Park and Planning

Protecting Important Open Space for the Future: In this third year of the Legacy Open Space program, staff negotiated contracts on 407 additional acres of sensitive natural resources, drinking water protection lands, and urban open space. Easements were placed on 850 acres, totaling more than 2,400 acres protected to date. In FY03, the Commission received the first donation to Legacy, a 106-acre parcel in the Broad Run watershed. To protect the drainage to the Rocky Gorge Reservoir on the Patuxent River, the Commission purchased the 41-acre Maiden's Fancy property. The Commission made first payments on two key installment contracts: the Wohlfarth property in urban Chevy Chase and the 258-acre Serpentine Barrens, a rare forest ecosystem in Potomac. Through Maryland's Rural Legacy program, more than 850 acres in the Hoyles Mill Diabase-North are now in conservation easement, successfully protecting those forest resources.

Keeping Montgomery County Moving: As the County's source of transportation forecasting and analysis, the Department continues to strive for the best approaches to knowledge-based decision-making. The Department has recently developed a Geographic Information Systems (GIS) database to store and analyze information on more than 700 County signalized intersections. Staff is investigating a new transportation model to provide peak hour and average daily traffic forecasts and permit changes in the regional transportation network to be efficiently incorporated. Staff also reviews all major County and State transportation project studies and designs, and supports all requests from the County Council and Department Divisions for transportation analysis and recommendations.

Promoting Development Patterns Concurrent with Environmental Protection: Recent master plans for the Upper Rock Creek, Olney, and Damascus areas will include guidelines that sustain and improve ecological systems and environmental quality. As the regulatory agency and administrator for the County's Forest Conservation Law, our forest conservation program goal is to plant trees on 600 additional acres each year using native trees grown in Park nurseries. The U.S. Department of Environmental Protection has honored the Commission as a clean water partner for our work in the Patuxent watershed.

Conserving our Past: A commitment to historic preservation extends to a leadership role in Heritage Tourism. This plan's adoption will reinforce the conservation and interpretation of significant historic resources. Work continues through the Locational Atlas of Historic Sites as the Planning Board reviews master plans. Staff continues work on an amendment to the Master Plan of Historic Preservation to consider designating additional historic sites. Staff has used the Commission's GIS to create mapped information on historic sites.

Streamlining the Development Approval Process: The Department continues to implement new tracking and information reporting systems to improve data collection and reporting of development activities. Advancements continue in integrating the new computer system with the GIS mapping program. Staff has developed computerized application forms and is moving toward electronic submission of applications and electronic transmission of application data to various reviewing agencies. Staff continues to work with the building industry to improve the development process.

Planning for Metro Station Areas: For more than 30 years, the Department has been planning for dense development in Metro station areas. Sector plans for the Shady Grove and Twinbrook Metro station will be updated in 2003. Continuing to provide opportunities for housing near the Metro station areas of Bethesda, Friendship Heights Grosvenor, and White Flint is also a primary focus of the work program. The Department continues plans to revitalize Wheaton and Silver Spring Metro areas.

Supporting Employment Center Development in the I-270 Corridor: Updating the master plans for the Shady Grove, Gaithersburg Vicinity, Twinbrook, and Germantown areas is included in the 2003 work program. Planners recognize the I-270 Corridor competes with jurisdictions in the Washington area and across the country. Accordingly, the program supports advanced technology and biotechnology industries, provides opportunities for affordable housing, links cultural facilities, preserves open space, increases recreation opportunities, and improves the transportation system.

Strategies for Older Communities and Commercial Centers: Maintaining and enhancing older communities is a primary goal. Older communities provide a stable housing resource for the County. Strategies to maintain the character of these communities include improving bicycle and pedestrian connections, encouraging public investment in community facilities, reducing the impact of highway improvements on existing residential areas, and maintaining high quality community design. Existing commercial centers provide important retail services and contribute to the vitality of adjacent residential neighborhoods. Recent planning for these centers accommodates a greater mix of uses and improves the pedestrian connections to adjacent communities. Increasing opportunities for housing in old commercial centers is a focus of the planning program. New overlay zones, revised parking standards, and new street standards will augment and enhance these commercial centers.

Protecting Rural Communities: Protecting rural communities is an important planning goal in Montgomery County. Accordingly, methods to augment and enhance the rural landscape, maintain a vital agricultural economy, preserve important water resources such as the Patuxent River, and protect the character of rural communities have been established. Planning for rural areas includes creating new subdivision regulations, establishing new street standards, and revising sewer policies.

Geographic Information Systems and Research: The GIS team's work program for FY03 has focused on accessing the GIS through the Internet and database development and maintenance. Web-based projects include maps of parks, trails, park ballfields/facilities, and countywide base maps. Database maintenance programs and processes are being upgraded to improve data quality and staff efficiency. In FY03, research activities have included: the annual update of the economy study, completion of the 2003 Census Update Survey (analysis of results in FY04), demographic and market studies supporting two master plans, staff support of affordable housing initiatives, the 2003-2005 Annual Growth Policy *Policy Element*, and ongoing work on the Planning Board's website, www.mc-mncppc.org.

Parks' Capital Improvements Program (CIP): Significant FY03 accomplishments include completing construction, renovation, and/or design of the following facilities: Ridge Road Recreational Park Phase II, Flower Hill Local Park, and parks in Wheaton and Black Hill Regional Parks and Ridge Road Recreational Park, natural surface trails in Seneca Greenway and Magruder Branch, roller hockey rinks at Rock Creek Hills and Columbia Local Parks, tennis and basketball courts at seven parks and play equipment at four parks. In addition, the Department completed the facility plan for Matthew Henson Hard Surface Trail and completed designs for Montgomery Village Local Park, Jesup Elementary Local Park renovation, and Woodlawn Cultural Park's water and sewer. Also completed are facility or development plans for: East Norbeck Local Park, Black Hill Regional Park trail renovation, Cherry Avenue Connector to Sligo Creek Trail, Rickman Therapeutic Riding Center, and Woodlawn Barn. Construction began on: Black Hill maintenance facility, Woodstock Equestrian Park, lighting at Wheaton Regional Park, Blair High School Baseball Field, a car bar

the National Capital Trolley Museum, Crystal Rock Trail, storm water management ponds, and resurfacing of Little Falls Parkway.

Public Private Partnerships: The Department continues to pursue public/private partnerships with non-profit groups creating new and expanded recreational opportunities in parks. Examples include: improvements to Meadowbrook Stables, and the Rickman Therapeutic Riding Center. In addition, the Red Wiggler Foundation is developing an environmentally sensitive farming operation for physically and mentally challenged children at Ovid Hazen Wells Special Park.

Volunteers: During the past year the Volunteer Services Office has continued to expand the Department's volunteer program, despite budget cuts resulting in the cancellation of the Spring Festival and the County Fair booth, and the effects of the sniper threat and extreme weather. Still, 4,143 volunteers contributed 45,842 hours of service either as individuals or as part of the 102 group projects in parks. At the annual Volunteer Banquet, staff recognized volunteers with 20 years and 25 years of service. The Volunteer Services Office plans to create and implement background check procedures, arrange for an assessment of the program, train staff in using volunteers for projects and coordinate Volunteer Management training for all staff who supervise volunteers.

Park Safety: Park Police focused on crime prevention and safety through community involvement and initiatives. Programs educated seniors and trail users on personal safety. Park Police Volunteers helped develop a spirit of cooperation and partnership with the community. The division mobilized its Community Response Vehicle, which functions as a movable sub-station at community events. To provide speed management improvements on Sligo Creek Parkway, the Department recently reached agreement with the Department of Public Works and Transportation to install new traffic signs, increase Park Police enforcement, and construct speed tables along a five-mile segment of the parkway to slow and/or stop speeding. This parkway safety initiative will be duplicated along Beach Drive and Little Falls Parkway.

Enterprise Fund: Due to an unusual combination of factors, Enterprise Fund revenue for FY03 came in significantly under budget. Extreme weather conditions all year and the sniper threat in October resulted in a worst-case business scenario for the golf courses and other outdoor Enterprise facilities. Wheaton Carousel's closure for extensive mechanical repairs also contributed to the downturn. In spite of curtailing expenditures to mitigate the effects of reduced revenues, higher than anticipated utility costs and other unexpected costs partially offset those expenditure reductions.

SmartParks: With a grant from Montgomery County's Technology Innovation Fund, the Commission's SmartParks program has begun. The Commission will be creating an inventory of park facilities, tracking operating and maintenance costs at parks, and streamlining service delivery using state-of-the-art computer technology including GIS, GPS, and distributive data collection and retrieval.

Park Land Acquisition: Including the Legacy Open Space properties mentioned previously, parkland acquisitions totaled more than 275 acres in FY 03, bringing the total acreage managed in Montgomery County Parks to more than 32,100 acres. Properties acquired as additions to existing parks included lands in Northwest Branch Stream Valley Park, Great Seneca Stream Valley Park, Sligo Mill Open Space Area, Patuxent River Watershed and Seven Locks Local Park.

Several acquisitions represented initial purchase in new parks that did not exist prior to the fiscal year. These included Broad Run Stream Valley Park, Berryville Road Neighborhood Conservation Area, Germantown Commons, Chevy Chase Open Space, Serpentine Barrens Conservation Park and Wildcat Branch Stream Valley Park.

Property Management: For FY03, the residential element of the property management program came under review as a source of affordable housing for the Montgomery County workforce as part of the newly launched Housing Montgomery initiative. Further work on this initiative will continue into FY04. A multi-year effort to perform lead abatement work on all residential units was completed during FY03. For many units, this is a continuing program to ensure that the units remain compliant.

Department of Human Resources and Management

Under the leadership of the Commission's Executive Director, the Department of Human Resources and Management (DHRM), provides quality administrative, managerial and human resources services to the public and Commission. Organized into two major divisions, the Department includes Corporate Management and Human Resources. A team structure supports the work program to enhance service quality and increase productivity.

Organizational Development: In FY03 the Department continued to focus on the *One Commission: A Preferred Workplace* initiative through the coordination and guidance of special organizational development activities and programs. Activities included the culmination of the Commission's 75th Anniversary, launching of the first formal mentoring program, release of new portals for Internet and Intranet systems, and the Leadership Institute - Supervisory Training that graduated approximately 120 supervisors during this fiscal year. The Leadership Institute also incorporated the process to apply for accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA) as part of its Capstone Projects. Before becoming involved in the CAPRA process, new Capstone Projects were completed by program participants involving such topics as: One Commission Bus Tour, Marketing the Commission's Website, Commission-wide Wellness program, Characteristics of Commission Mentors, Marketing the Commission as a Career, Annual Employee Day of Service, Emergency Response Plan, and the Positive Exchange Program. In addition, senior leadership workshops were established to provide a forum to introduce and address priorities of the Commission collectively. Through these workshops, cross-functional leadership teams were formed to address additional critical success factors of the *One Commission: A Preferred Workplace* initiatives, which were identified as: Awards and Recognition, Commission-wide Marketing, Formal Cross-training and Performance Management. Work continued on critical success factors of communication through the employee speak-out forum *Have Your Say*, monthly publication of the supervisory help guide entitled *TIPS*, and use of a messaging tree for priority information flow.

Employee/Labor Relations: The Department negotiated a new, three-year collective bargaining agreement for employees in the Service/Labor, Trades and Office/Clerical Bargaining Units. It also conducted implementation workshops for changes to the new FOP contract, particularly in the retirement options available for Park Police. Staff developed and conducted joint labor relations training with representatives for the Service/Labor, Trades and Office/Clerical Bargaining Units to improve and strengthen accountability for good labor/management working relationships at the work site.

Continuous Improvement in Management and Employee Services: Other accomplishments included production of a new training program on Workers' Compensation Benefits, implementation of domestic partner benefits, expansion of the successful employment program for persons with disabilities, coordination of the upgrade of the Personnel/Payroll System, development and adoption of a new policy for teleworkers and continuation of the increase in the quantity and diversity of applicant pools for job vacancies through web-based recruiting and outreach efforts including numerous job fairs and networking. During FY03, three classification series were revised and reclassification actions were processed during two open windows. The Department continued leading Emergency Preparedness efforts by coordinating the crisis management plans and rolling out the Access Proximity system for facility security at four additional sites. Staff also completed a Risk Management Analysis that included assessment of risk factors and cost effectiveness.

Recognized Efforts: On behalf of the Commission, the Department has received: the recognition award as *Workplace of Excellence* from the Work-Life Alliance for the 2nd year and the *Distinguished Budget Presentation Award* from the Government Finance Officers' Association for the 16th consecutive year. These awards are evidence of fulfillment of the Commission's workplace initiative.

Department of Finance

The Department of Finance provides fiscal management and oversight of all Commission financial activities. Services of the Department include financial reporting and policy development; processing of payroll, disbursements and purchasing transactions; investment management; debt issuance; internal audit, and information system management.

Financing Capital Projects and Equipment: In FY03, the Department coordinated the sale of \$21.2 million Park Acquisition and Development Bonds (Variable Auction Rate Notes) to refinance the Prince George's Sports and Learning Complex taxable debt. The bonds are auctioned every 35 days, and the interest rate has gone from a high of 1.45% to a low of 1.05%. A Debt Service Rate Stabilization Fund was created with the savings generated to provide a means to offset future interest rate increases. The Commission also refunded Park Acquisition and Development Bonds amounting to over \$21 million for Prince George's County and almost \$8.5 million for Montgomery County, resulting in a net present value savings of approximately \$1.5 million. Additionally, over \$5.0 million of new CIP projects were funded in FY03 as well as \$2.8 million worth of capital equipment for Montgomery County.

Safeguarding Commission Assets: Department staff completed close to 200 facility, program and financial audits, including approximately 15 special audits. A fixed asset procedure manual and related Commission Practice were finalized to serve as a new Administrative Procedure to provide guidance on the protection of Commission assets, and annual inventories were completed for more than 90 Commission facilities.

Automating/Streamlining Efforts: Expansion of the Purchase Card program continued with almost 100 cardholders throughout the Commission, and Phase II of the automated purchasing module was implemented, which enables the electronic creation of direct purchase orders thereby eliminating the need for manual field purchase orders. Phase III, which will allow the creation of requisitions electronically and increase online approval processing, is in a pilot stage. These efforts are expected to continue generating efficiencies in the Commission's purchasing and payment processes. In addition, the Commission's online class registration system was partially integrated with the financial system to allow the decentralized recording of certain revenue transactions.

Information Systems Support: The Department's IT Division continues to support and maintain more than 70 different applications, primarily the financial, human resources and payroll systems, but also numerous other program support systems. During the year, efforts continued on the implementation of Personality 2000; network and financial system security was improved due to the implementation of a managed firewall system; a contract routing system was designed and implemented in Access; an upgrade to the Performance Series system was completed, and the KRONOS timekeeping system and the FASER utility system were migrated to Windows 2000. Also, CAS users were provided a means to access e-mail when outside of the office with the implementation of a secure Outlook Web Access server, and unwanted e-mail was reduced due to the addition of an Antigen-based filtering system. Division staff also logged and resolved over 1,500 help desk requests from users.

Financial Reporting: For the 30th consecutive year, the Commission received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the FY02 Comprehensive Annual Financial Report (CAFR), prepared by the Finance Department. The CAFR was produced based on the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and efforts continue on additional compliance with the new requirements.

Office of General Counsel

The Office of General Counsel provides a comprehensive program of legal services to the Commission, supporting virtually every facet of the Commission's work program. The Office of General Counsel guides the Commission's internal corporate operations; advises staff and the Planning Boards as they navigate their important quasi-judicial and regulatory responsibilities; advocates on the Commission's behalf in litigation before the state and federal courts; and participates in cross-functional teams assembled periodically to develop creative solutions to new challenges facing the Commission. The Commission's legal team includes recognized subject matter experts in several areas of the law, including employment law, regulation of land use, government contracting and procurement, commercial transactions, tort claims and risk management, and Maryland legislative procedure.

Regulation of Land Use: FY03 was another successful and challenging year for the Office of the General Counsel. For example, in an effort to preserve the integrity of the Commission's jurisdiction over master planning for properties annexed into a municipality, Commission attorneys filed an *amicus* brief with Maryland's highest appellate court, and

that brief was quoted favorably in the seminal land use decision captioned Mayor and Council of Rockville v. Rylins Enterprises, Inc. Commission attorneys also won the resounding dismissal of a federal lawsuit seeking \$2 million in damages, injunctive relief and attorneys' fees in a case alleging that Commission staff violated the plaintiff's civil rights by finding that the property owner was not entitled to a use and occupancy permit.

Circuit Court Cases: The Office of General Counsel also successfully defended a number of planning board decisions in circuit court actions filed to contest those cases. For example, in Prince George's County Circuit Court Commission attorneys defeated one municipality's attempt to overturn the Planning Board's approval of a fine subdivision plat; another municipality's challenge concerning approval of a complex preliminary plan of subdivision; and an applicant's legal appeal over the Board's decision to deny a specific design plan submitted for a 7-11 convenience store. In the Montgomery County Circuit Court, the Office of General Counsel argued successfully that the Cultural Arts Center and pedestrian bridge proposed for the Montgomery College campus in Jesup Blair Park did not violate the devise of Violet Blair Janin and Section 5-106, Art. 28, Annotated Code of Maryland. In another case, the Montgomery County Circuit Court upheld the Planning Board's application of Section 50-29(c) of the Montgomery County Code.

Disputes and Transactions: Commission attorneys are frequently involved in cutting-edge transactions. For example, grounded firmly in case law and statutory analysis concerning the federal Americans With Disabilities Act, the Office of General Counsel negotiated a complex voluntary compliance agreement with the Department of Justice that not only captured substantial savings by resisting unneeded building improvements to the Brookside Gardens facility in Wheaton, but also preserved the Commission's ability to pursue error and omission claims stemming from original design deficiencies. Commission attorneys also won favorable settlements in two negligent design cases that resulted in payments to the Commission of more than \$70,000. Legal staff now routinely organizes intricate public/private partnership transactions, this year including a development and license agreement for the Blair High School stadium with the Thunderbolts team, and a complicated lease with Montgomery County to promote development of an Aquatic Center in South Germantown Recreational Park.

Legislative Action: The Office of the General Counsel continued its role as the Commission's spearhead in the Maryland General Assembly, winning legislation that extends the Commission's minority business enterprise program for an additional five years, and legislation that requires the State Highway Administration to transfer several dozens of acres for the Commission's construction of a hiker/biker trail in Matthew Henson State Park. The Office also monitored approximately 40 other local and State-wide bills of potential interest to the Commission.

Merit System Board

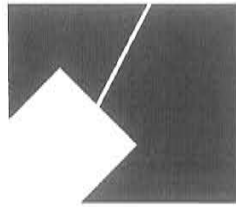
The Merit System Board is an impartial Board which provides recommendations and decisions regarding the Merit System of the Commission and is the highest level within the Commission for hearing appeals. During FY03, the Board continued to maintain its caseload on a current and timely basis.

Employees' Retirement System

The Employees' Retirement System (ERS), administered by the 13-member Board of Trustees, in accordance with the Trust Agreement between the Board and the Commission, is a contributory defined benefit pension system with four plans, qualified under the Internal Revenue Code Section 401(a). The administrative operations are the responsibility of the ERS Staff and Board-appointed Administrator, who reports directly to the Chairman of the Board of Trustees.

On July 18, 2001, the Commission approved a change in the composition of the Board of Trustees staged over the next several years to accommodate completion of terms of current members of the Board. Effective July 1, 2003, the Board will consist of 11 voting members as explained in the Financial Statements report available from the System.

ERS Trust Fund assets closed the year with a fair market value in excess of \$451 million. The FY03 annualized rate of return on investment was an overall gain of approximately 6.5%. The Board of Trustees actions for the year included continued comprehensive communications to all members including publishing the System's Annual Summary Report and conducting concentrated worksite and full day retirement planning workshops for participants.



◆ PART IIA ◆
FINANCIAL SECTION

Basic Financial Statements



Future Olympic gymnasts wait their turn on the mats at the Fairland Sports and Aquatics Complex



2001 M Street NW
Washington, DC 20036

Independent Auditors' Report

To The Maryland-National Capital Park and Planning Commission:

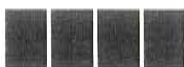
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Maryland-National Capital Park and Planning Commission (the Commission), as of and for the year ended June 30, 2003, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the schedules of funding progress and Commission contributions as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and



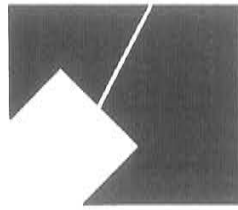


statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 12, 2003 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

KPMG LLP

September 12, 2003



MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of The Maryland-National Capital Park and Planning Commission ("the Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities for the Commission for the fiscal year ended June 30, 2003.

The Maryland-National Capital Park and Planning Commission is a body corporate of the State of Maryland established by the General Assembly in 1927. The Commission is a bi-county agency. It is empowered to acquire, develop, maintain and administer a regional system of parks in a defined Metropolitan District of Montgomery and Prince George's Counties and to prepare and administer a general plan for the physical development of a defined Regional District for the two Counties. The Commission also conducts the recreation program for Prince George's County.

The major source of funding for the Commission's primary services are five property taxes levied on an individual County basis:

- Montgomery County
 - Administration tax - general administration and planning
 - Park tax - park operations and debt service for park acquisition and development bonds
- Prince George's County
 - Administration tax - general administration and planning
 - Park tax - park operations and debt service for park acquisition and development bonds
 - Recreation tax - the recreation program

Five separate accounts are maintained within the General Fund to account for the Commission's primary services. Revenues and expenditures that can be specifically identified with a county are recorded in the appropriate account. Expenses that apply to both counties are allocated to the appropriate accounts. Debt is issued on a county basis, not for the Commission as a whole. General obligation debt is guaranteed by the Commission and by the county government for which the proceeds will be expended. Due to this unique arrangement, certain financial information provided in this discussion and analysis, as well as in the summaries presented in Note 6 of the Notes to the Financial Statements, has been provided by county to reflect the financing constraints within each county. Other funds and accounts are maintained on a Commission-wide or on a separate county basis as necessary and appropriate.

Financial Highlights

- The assets of the Commission exceeded its liabilities at June 30, 2003 by \$474.9 million (net assets). Of this amount, \$88.1 million may be used to meet the Commission's ongoing obligations.
- The Commission's net assets grew by \$22.9 million during fiscal year 2003. This is primarily a result of \$20.9 million of grants received for capital asset acquisitions and development.
- As of June 30, 2003, the Commission's governmental funds reported combined ending fund balances of \$91.8 million, an increase of \$4.3 million. Of this amount, \$24.3 million is reserved for contracts already issued (encumbrances) and \$18.4 million is designated for use in the fiscal year 2004 budget and as contingency reserves.
- The Commission's General Fund balance at June 30, 2003 was \$49.7 million, an increase of \$0.6 million during the year. The unreserved fund balance of \$39.8 million is approximately 20% of fiscal year 2003 expenditures and transfers out. Of this amount, \$22.1 million (11% of fiscal year 2003 expenditures and transfers out) is unreserved and undesignated.
- The assets of the enterprise funds exceeded liabilities by \$82.9 million, a decrease of \$3.7 million.

- The Commission's general obligation bonded debt decreased by \$3.1 million as scheduled principal payments exceeded new debt incurred by refunding selected previous issues (\$1.8 million) and a new issue of \$5.9 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. This report also contains other 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 the Commission's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Commission 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 Commission include General Government, County Planning and Zoning, Park Operations and Maintenance, Recreation Programs and Interest on Long-term Debt. The business-type activity of the Commission is Recreational and Cultural Facilities.

The government-wide financial statements can be found as Exhibits 1 and 2 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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission 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, 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 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. For both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, a reconciliation is provided to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Project Funds for each county, and the Debt Service Fund of Prince George's County, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements, Schedules 1 and 2 in the Combining and Individual Statements section of this report.

The Commission adopts an annual appropriated budget for its General Fund, which is actually adopted as five "accounts" corresponding to the five different property tax levies. A budgetary comparison statement for the total General Fund has been provided as Exhibit 6, and summaries for each account are included in Note 6 of the Notes to the Financial Statements, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits 3 - 6 of this report.

Proprietary funds. The Commission maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Commission uses enterprise funds to account for Montgomery County's and Prince George's County's Recreational and Cultural Facilities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Commission's various functions. The Commission uses internal service funds to account for Montgomery County's Capital Equipment, Employee Benefits and Risk Management and Prince George's County's Executive Office Building, Employee Benefits and Risk Management. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each county's Recreational and Cultural Facilities, both of which are considered to be major funds of the Commission. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements, Schedules 6 - 8 in the Combining and Individual Statements Section of this report.

The basic proprietary fund financial statements can be found as Exhibits 7 - 9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Commission uses fiduciary funds to account for the Employees' Retirement System Pension Trust, Postemployment Benefit Trust, Private Purpose Trusts for each county, and two agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Commission's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary financial statements can be found as Exhibits 10 and 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Commission has also included financial statements for each county's portion of the governmental funds financial statements to reflect the relationship between the financing sources and responsibility for debt. The Notes to the Financial Statements can be found following Exhibit 11 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately following the Notes to the Financial Statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$474.9 million at the close of the most recent fiscal year. A summary of the Commission's net assets follows.

Commission's Net Assets (in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change 2003-2002</u>
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	
<u>Assets</u>							
Current and Other Assets	\$ 147.7	\$ 138.8	\$ 5.3	\$ 7.0	\$ 153.0	\$ 145.8	4.9%
Capital Assets	440.1	423.9	95.0	97.8	535.1	521.7	2.6%
Total Assets	<u>587.8</u>	<u>562.7</u>	<u>100.3</u>	<u>104.8</u>	<u>688.1</u>	<u>667.5</u>	3.1%
<u>Liabilities</u>							
Current Portion of Long-term							
Liabilities	24.3	41.8	1.5	1.4	25.8	43.2	-40.3%
Long-term Liabilities	152.9	139.2	14.2	15.1	167.1	154.3	8.3%
Other Liabilities	18.6	16.3	1.7	1.7	20.3	18.0	12.8%
Total Liabilities	<u>195.8</u>	<u>197.3</u>	<u>17.4</u>	<u>18.2</u>	<u>213.2</u>	<u>215.5</u>	-1.1%
<u>Net Assets:</u>							
Invested in Capital Assets,							
Net of Related Debt	305.8	282.6	80.4	82.2	386.2	364.8	5.9%
Restricted for Debt Service	-	-	0.6	0.6	0.6	0.6	0.0%
Unrestricted	86.2	82.8	1.9	3.8	88.1	86.6	1.7%
Total Net Assets	<u>\$ 392.0</u>	<u>\$ 365.4</u>	<u>\$ 82.9</u>	<u>\$ 86.6</u>	<u>\$ 474.9</u>	<u>\$ 452.0</u>	5.1%

The current portion of the long-term debt decreased 40.3% from last year because the June 30, 2002 balance included a \$21.0 million note payment due August 1, 2002, which is not a normal event for the Commission. At June 30, 2003 the current portion only includes normal amortization schedule payments.

By far the largest portion of the Commission's net assets of \$386.2 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Commission'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 the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Commission's net assets of \$0.6 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$88.1 million of net assets is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Commission is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

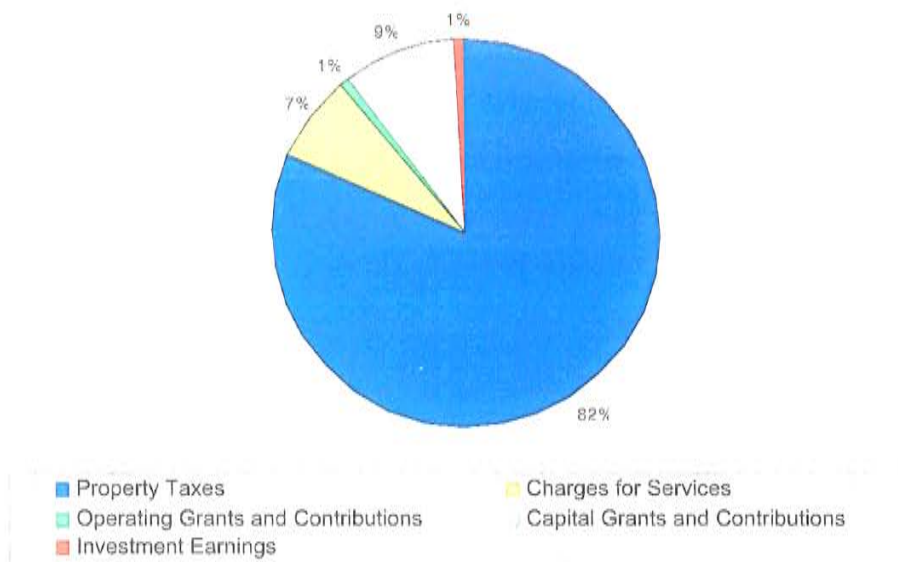
A summary of changes in net assets (in millions) follows.

	Governmental Activities		Business-type Activities		Total		Percentage Change 2003-2002
	2003	2002	2003	2002	2003	2002	
Program Revenues:							
Charges for Services	\$ 16.0	\$ 17.0	\$ 19.8	\$ 22.4	\$ 35.8	\$ 39.4	-9.1%
Operating Grants and Contributions	1.9	1.7	-	-	1.9	1.7	11.8%
Capital Grants and Contributions	20.9	26.1	-	-	20.9	26.1	-19.9%
General Revenues:							
Property Taxes	181.9	174.7	-	-	181.9	174.7	4.1%
Interest	1.9	3.1	0.1	0.3	2.0	3.4	-41.2%
Total Revenues	<u>222.6</u>	<u>222.6</u>	<u>19.9</u>	<u>22.7</u>	<u>242.5</u>	<u>245.3</u>	<u>-1.1%</u>
Expenses:							
General Government	12.7	11.6	-	-	12.7	11.6	9.5%
County Planning and Zoning	29.1	29.7	-	-	29.1	29.7	-2.0%
Park Operations and Maintenance	104.5	102.4	-	-	104.5	102.4	2.1%
Recreation Programs	38.1	38.0	-	-	38.1	38.0	0.3%
Recreational and Cultural Facilities	-	-	28.2	28.2	28.2	28.2	0.0%
Interest on Long-term Debt	7.0	8.5	-	-	7.0	8.5	-17.6%
Loss on Disposal of Land	-	3.2	-	-	-	3.2	-100.0%
Total Expenses	<u>191.4</u>	<u>193.4</u>	<u>28.2</u>	<u>28.2</u>	<u>219.6</u>	<u>221.6</u>	<u>-0.9%</u>
Increase (Decrease) in Net Assets Before Transfers	31.2	29.2	(8.3)	(5.5)	22.9	23.7	-3.4%
Transfers	(4.6)	(8.1)	4.6	8.1	-	-	
Increase in Net Assets	<u>26.6</u>	<u>21.1</u>	<u>(3.7)</u>	<u>2.6</u>	<u>22.9</u>	<u>23.7</u>	
Net Assets - beginning	<u>365.4</u>	<u>344.3</u>	<u>86.6</u>	<u>84.0</u>	<u>452.0</u>	<u>428.3</u>	
Net Assets - ending	<u>\$ 392.0</u>	<u>\$ 365.4</u>	<u>\$ 82.9</u>	<u>\$ 86.6</u>	<u>\$ 474.9</u>	<u>\$ 452.0</u>	

During the current fiscal year the Commission's net assets increased by \$22.9 million. This increase was due to receipts of capital grants of \$20.9 million and revenues in excess of ongoing expenses of \$2.0 million. Charges for services decreased in both governmental and business-type activities, primarily due to the unusual weather in the area this fiscal year, and the impact of the Washington area sniper in the fall of 2002. These decreases are discussed in more detail when reviewing each activity individually. Interest income was also down due to extremely low interest rates available for investments.

Governmental activities. Governmental activities increased the Commission's net assets by \$26.6 million, thereby accounting for 116 percent of the total growth in the net assets of the Commission. The previously mentioned capital grants receipts of \$20.9 million, added to an excess of ongoing revenues over ongoing expenses of \$10.3 million, were offset by the transfers to business-type activities of \$4.6 million.

Revenues by Source - Governmental Activities



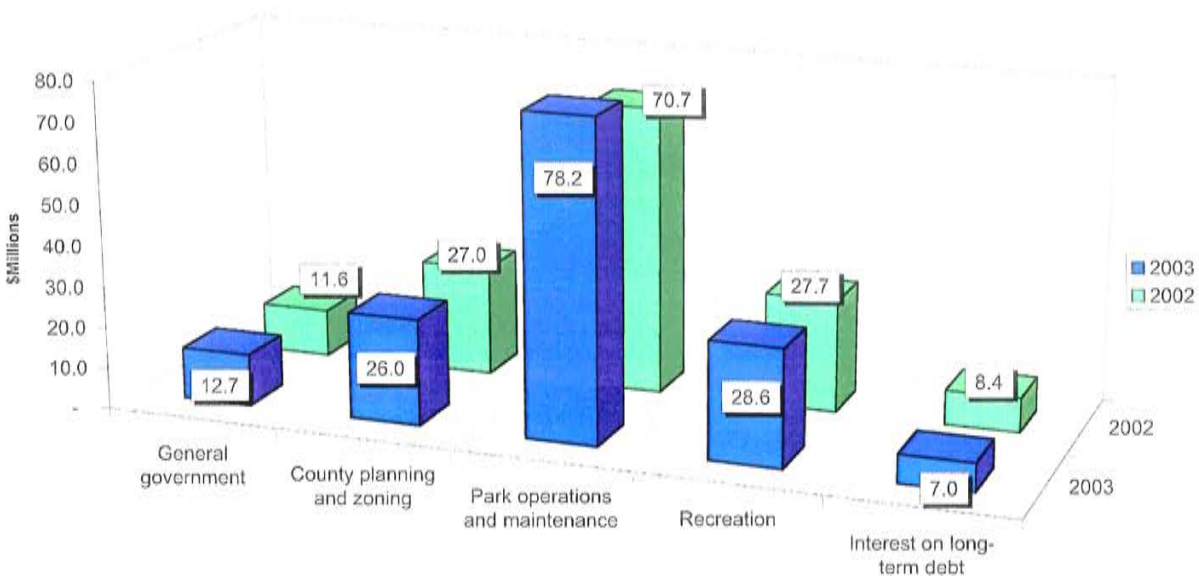
As the above diagram shows, property taxes make up 82% of Commission governmental revenues. Property tax revenues in fiscal year 2003 were approximately 1.8% in excess of anticipated amounts. Interest income was lower than anticipated due to the drop in interest rates on investments.

As is reflected in the following chart (000's omitted), the Commission's governmental activities are largely supported by general revenues and in particular property taxes. Program revenues cover 20.3% of governmental activities expenses.

The net cost of Park Operations and Maintenance increased 10.6% from last year primarily due to the reduction in capital contributions, all of which are recognized as Park Operations program revenues. Interest on long-term debt declined due to lower interest costs on refunded debt and the use of \$21.2 million of variable rate debt.

	2003		2002		Percentage Change 2003 - 2002	
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services
General Government	\$ 12,678	\$ 12,678	\$ 11,615	\$ 11,615	9.2%	9.2%
County Planning and Zoning	29,120	26,062	29,740	26,968	-2.1%	-3.4%
Park Operations and Maintenance	104,485	78,163	102,355	70,689	2.1%	10.6%
Recreation Programs	38,058	28,647	37,993	27,661	0.2%	3.6%
Interest on Long-term Debt	6,994	6,994	8,461	8,461	-17.3%	-17.3%
Total	\$ 191,335	\$ 152,544	\$ 190,164	\$ 145,394	0.6%	4.9%

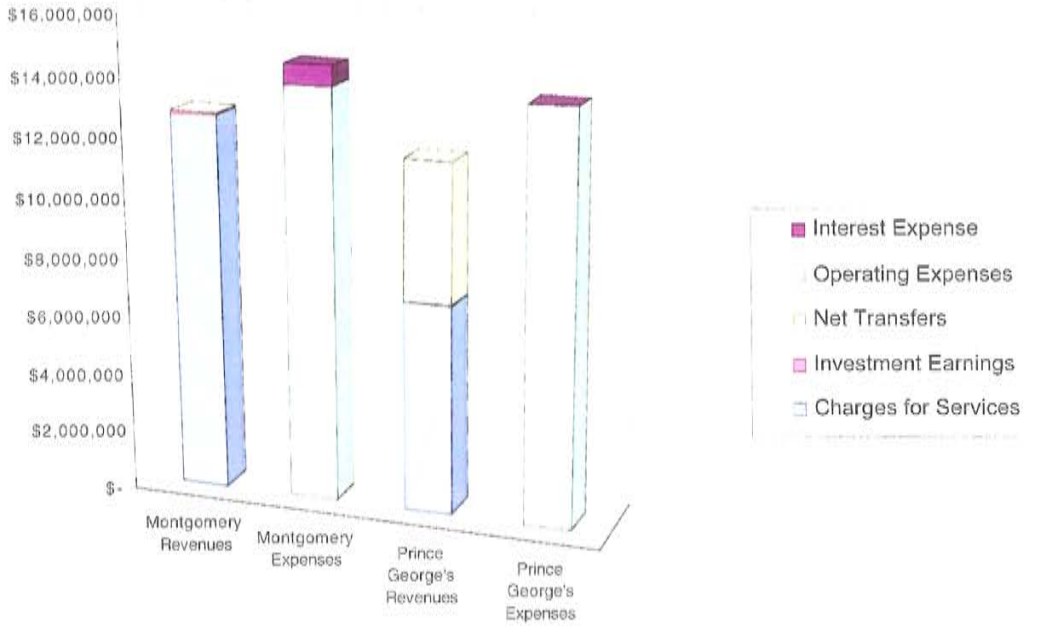
Net Cost by Function - General Government



Business-type Activities. Business-type activities decreased the Commission's net assets by \$3.7million, reducing by 16% the total growth in the Commission's net assets. Key elements of this decrease are as follows:

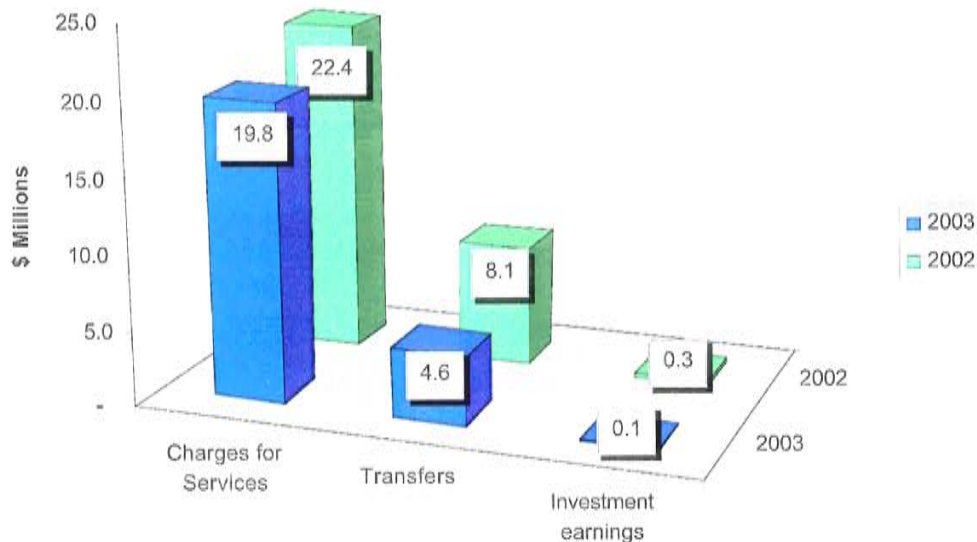
- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services and interest income by \$8.4 million.
- Governmental activities contributed \$4.6 million to support the enterprise activities. The support is primarily \$4.2 million of operating support for the Prince George's County business-type activities.

Changes in Net Assets - Business-type Activities



The operating losses occurred as a result of a significant unexpected decrease in revenues from golf courses (\$2.1 million). Rainy fall 2002 and spring 2003 seasons, combined with very warm summer 2002 playing season reduced the rounds of golf played. More detail is provided later in the Proprietary Funds discussion.

Revenues by Source - Business-type Activities



Charges for services make up the major portion of revenues for the business-type operations, although support from governmental operations (transfers) also makes up a significant portion. Transfers are less than in fiscal year 2002 because that fiscal year included a land transfer of \$3.8 million, a non-recurring event.

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Financial Analysis of the Commission's Funds

Governmental funds. The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$91.8 million, an increase of \$4.3 million in comparison with the prior year. Approximately 53% of this total amount, or \$49.1 million, constitutes unreserved and undesignated fund balance, which is available for spending in future years, with \$21.1 million of this balance in the capital project funds. The remaining fund balances are reserved to indicate that they are not available for new spending as \$24.3 million has been committed to liquidate contracts and purchase orders, \$0.7 million has been committed to pay debt service, and \$17.7 million is designated to fund the next fiscal year's expenditures and provide reserves for unforeseen expenditure needs.

The General Fund is the primary operating fund of the Commission. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$22.1 million, while total fund balance was \$49.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 11% of the total general fund expenditures and transfers out, while total fund balance represents 25% of the same amount.

The fund balance of the Commission's General Fund increased by \$0.6 million during the current fiscal year. Key factors in this increase are as follows:

- Property taxes were \$3.2 million more than anticipated
- Interest fell short of budget by \$1.2 million due to declining interest rates
- A use of \$10.5 million was planned in the budget for fiscal year 2003
- A control of expenditures generated \$6.4 million savings to provide funding for future years budgets
- Debt refinancing and use of a variable rate debt financing resulted in savings of \$0.9 million on debt service
- Use of the Postemployment Retirement Fund to pay for current retiree health care costs was not anticipated in the Prince George's County budget. This resulted in a savings of \$1.5 million

The capital project funds for Montgomery and Prince George's counties have total fund balances of \$8.8 million and \$26.3 million, respectively, all of which represents authorized and funded projects that are not completed. The net change in fund balances during the current year in these funds was an increase of \$4.8 million due to the \$5.2 million bond sale in Montgomery County, and a decrease of \$1.0 million in Prince George's County. Positive fund balances were maintained in these funds at all times.

Proprietary Funds. The Commission has determined that certain recreational and cultural facilities should be predominantly self-supporting through user fees. Enterprise fund accounting and reporting is used to emphasize the self-supporting nature of these activities and to provide improved cost accounting information. Enterprise Fund accounting, which is on a commercial accounting accrual basis, more accurately reflects whether individual facilities return the full cost of the program.

One enterprise fund has been established in each county to account for the various facilities. Separate cost centers are maintained for each major type of facility including an historical airport, four ice rinks, eight golf courses, four enclosed tennis facilities, three conference centers, an equestrian center, a multipurpose arena, a trap and skeet center, certain regional park facilities, a sports and learning complex and a marina.

The Commission's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Montgomery County fund at the end of the year amounted to \$0.7 million and those for the Prince George's County fund amounted to \$1.2 million. The total reduction in net assets for both funds was \$1.7 million and \$2.0 million, respectively.

Summary comparative results of the financial operations of the Enterprise Funds for fiscal years 2003 and 2002 follow (\$000's).

	Montgomery County		Prince George's County	
	<u>FY2003</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2002</u>
Operating Revenues	\$ 12,686	\$ 14,238	\$ 7,054	\$ 8,182
Operating Expenses, Excluding Depreciation	<u>12,263</u>	<u>12,368</u>	<u>11,532</u>	<u>11,380</u>
Operating Income (Loss), Excluding Depreciation	423	1,870	(4,478)	(3,198)
Depreciation	<u>1,592</u>	<u>1,472</u>	<u>2,181</u>	<u>2,238</u>
Operating Income (Loss)	(1,169)	398	(6,659)	(5,436)
Nonoperating Revenue (Expense)	(583)	(514)	32	31
Transfers	7	3,879	4,648	4,243
	<u>\$ (1,745)</u>	<u>\$ 3,763</u>	<u>\$ (1,979)</u>	<u>\$ (1,162)</u>

Comparative Montgomery County key data are as follows (\$000's).

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	<u>FY 2003</u>	<u>FY 2002</u>	<u>Change</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>Change</u>
Conference Centers	\$ 366	\$ 368	\$ (2)	\$ (118)	\$ (57)	\$ (61)
Golf Courses	5,598	7,315	(1,717)	(562)	892	(1,454)
Ice Rinks	4,068	3,712	356	481	212	269
Indoor Tennis	1,097	1,125	(28)	339	381	(42)
Park Facilities	1,557	1,718	(161)	283	442	(159)
Total	<u>\$ 12,686</u>	<u>\$ 14,238</u>	<u>\$ (1,552)</u>	<u>\$ 423</u>	<u>\$ 1,870</u>	<u>\$ (1,447)</u>

The Enterprise Fund revenues decreased by \$1.6 million and operating income, excluding depreciation, decreased by \$1.4 million. Significant changes occurred at a few of the facilities. The ice rink revenues increased by \$356,000 and the operating income increased by \$269,000, fueled by the continuing improvement in operating income of the reconstructed and expanded Cabin John Ice Rink. The golf course revenues decreased \$1.7 million and park facilities revenue decreased by \$161,000 due to very poor weather in 2003, as well as the impact of the Washington Metropolitan Area sniper crisis in the fall of 2002. This resulted in decreases in operating income of \$1.5 million and \$159,000, respectively.

Comparative Prince George's County key data are as follows (\$000's).

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY 2003	FY 2002	Change	FY 2003	FY 2002	Change
Airport	\$ 124	\$ 175	\$ (51)	\$ (63)	\$ (109)	\$ 46
Equestrian Center/Arena	1,241	1,222	19	(1,357)	(1,252)	(105)
Golf Courses	2,078	2,525	(447)	(316)	24	(340)
Ice Rinks	247	240	7	(195)	(163)	(32)
Regional Parks	271	230	41	14	54	(40)
Trap and Skeet Center	1,082	1,262	(180)	(89)	(16)	(73)
Sports and Learning Complex	1,986	2,508	(522)	(2,258)	(1,530)	(728)
Bladensburg Marina	25	21	4	(214)	(206)	(8)
Total	<u>\$ 7,054</u>	<u>\$ 8,183</u>	<u>\$ (1,129)</u>	<u>\$ (4,478)</u>	<u>\$ (3,198)</u>	<u>\$ (1,280)</u>

The Enterprise Fund revenues decreased by \$1,129,000 and the operating loss, excluding depreciation, increased by \$1,280,000. The major changes occurred in the Golf Courses and the Sports and Learning Complex. The Golf Courses suffered from the same problems as in Montgomery County, resulting in a revenue decrease of \$447,000; the Sports and Learning Complex revenues decreased by \$522,000 for some of the same reasons, including having a national meet canceled by a major snow storm. Expenses increased only slightly overall, although the Sports and Learning Complex had increased expenses of \$206,000 due to start up costs on several new programs.

General Fund Budgetary Highlights

The Commission's park, recreation, planning and general administrative functions are financed primarily by five legally designated property taxes that must be levied on a separate County basis. These functions are accounted for in accounts within the General Fund, each of which has its own budget, and is presented separately in the Notes to the Financial Statements.

In the Montgomery County Administration and Park Accounts, the \$1,239,000 and \$2,897,000, respectively, positive variances were primarily a result of expenditure savings. Favorable property tax collections and increased charges for services were offset by shortfalls in intergovernmental revenues and interest income, resulted in total revenues exceeding the budget by \$275,000 and \$528,000, respectively. Total expenditure savings of \$965,000 and \$2,370,000 including (net of) transfers in and out of \$10,000 and (\$23,000) added to the positive variance. The expenditure savings was primarily the result of the commitment to the County to realize a 3% budget savings, to be utilized in the fiscal year 2004 budget and non-departmental savings from liquidation of prior year encumbrances of \$68,000. The variance, together with July 1, 2003 undesignated fund balances, resulted in budget basis fund balances at June 30, 2003 of \$2,303,000 and \$5,489,000. Of those amounts, \$860,000 and \$2,392,000 are designated to fund fiscal year 2004 expenditures and \$814,000 and \$1,621,000 are designated for unforeseen circumstances (approximating 3.4% of the fiscal year 2003 operating budget). The remaining balances, \$629,000 and \$1,476,000, are undesignated as of June 30, 2003.

Prince George's County experienced positive variances for the Administration, Park and Recreation Accounts of \$1,766,000, \$2,979,000, and \$1,103,000 respectively. The revenue variances of \$778,000, \$741,000, and \$(1,088,000) respectively, were generated as a result of property tax revenues exceeding the budget, offset by a shortfall in interest revenues due to declining interest rates, and a significant shortfall in charges for services in the Recreation Account. Charges for services revenues actually decreased from fiscal year 2002, as customers reacted adversely to some rate increases, and one facility, the Allentown Pool, was closed for part of the year. With respect to expenditures, the Commission had savings of \$1,386,000, \$572,000, and \$1,843,000, respectively. Transfers generated positive variances, as use of the Postemployment Retirement Fund to pay for current retiree health care costs, not anticipated in the Prince George's County budget, resulted in transfers in of \$379,000, \$725,000, and \$347,000 respectively. Transfers out to the debt service fund were reduced \$740,000 from budget expectations due to refunding of debt and the savings generated by using a variable rate debt instrument. Expenditure savings were primarily from salary lapses achieved in the Planning Department.

and the Parks and Recreation Department. The variance, together with July 1, 2003 undesignated fund balances, resulted in budget basis fund balances at June 30, 2003 of \$5,779,000, \$17,581,000, and \$8,675,000, respectively. Of these amounts, \$1,527,000 (Park Account), and \$2,066,000 (Recreation Account), are designated for fiscal year 2004 expenditures; \$685,000 (Administrative Account), \$1,718,000 (Park Account), and \$1,036,000 (Recreation Account) are designated for unforeseen circumstances (approximating 3.2% of the fiscal year 2003 operating budget); and \$5,026,000 is designated in the Park Account for the operating costs and debt service of future facilities. The remaining balances in the Administrative Account, Park Account and Recreation Account, \$5,094,000, \$9,311,000 and \$5,573,000, are undesignated as of June 30, 2003.

There was only one difference between the total original budget and the final amended budget. A \$375,000 increase in expected grant revenues resulted in a similar increase in appropriations.

Capital Asset and Debt Administration

Capital assets. The Commission's investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounts to \$535.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and roads. The total increase in the Commission's investment in capital assets for the current fiscal year was 2.6% (a 3.8% increase for governmental activities and a 2.8% decrease for business-type activities). The only significant capital asset change in business-type activities is the depreciation of existing assets.

Major capital asset events during the current fiscal year included the following: proceeds of general obligation park acquisition and development issues are accounted for in Capital Projects Funds until the projects are completed. Completed projects and construction in progress at year-end are shown as capital assets in the Government-wide Statement of Net Assets. During fiscal year 2003, projects totaling \$8.3 million in governmental activities and \$0.8 million in business-type activities were completed. Among these projects are the Ridge Road Recreation Park, Nike Local Park, Point Way Neighborhood Playground, and Sligo Golf Course Improvements.

Expenditures on Montgomery County projects totaled \$7.0 million in fiscal year 2003, of which \$0.7 million was for acquisition and \$6.3 million was for development. The largest project was completion of construction at Ridge Road Recreational Park including an in-line skating facility, ball fields, picnic shelters, restrooms, playground and parking lots which were constructed at a cost of \$3.8 million, of which \$1.0 million was in fiscal year 2003. Other major projects that are yet to be completed with their accumulated costs through fiscal year 2003 are: Rosemary Hills-Laytonsville Local Park - \$0.8 million, Ball field initiatives - \$1.0 million, and numerous park and recreation construction projects. In addition, expenditures totaling \$5.1 million were spent on 44 projects for routine maintenance of parks, roads, buildings and other structures.

Prince George's County projects totaled \$9.3 million in fiscal year 2003, of which \$4.0 million was for acquisition and \$5.3 million was for development. Major acquisition projects included park acquisitions such as the Patuxent River Corridor (funded by Rural Legacy) of \$3.0 million, Piscatawa Creek Park of \$0.4 million, and Henson Creek Park of \$0.4 million. Park development expenditures include the addition to the Sports and Learning Center for \$1.6 million, Improvements at the Showplace Arena of \$0.5 million, Tennis Bubble replacement of \$0.4 million, Tucker Road ice rink of \$0.4 million, and Temple Hills Community Center of \$0.4 million. Renovations of park facilities, playground equipment, and various community centers cost about \$1.0 million.

Commission's Capital Assets (net of depreciation) (\$000's)

	June 30, 2003			June 30, 2002			Percent Change Total
	Governmental	Business-	Total	Governmental	Business-	Total	
	Activities	type Activities		Activities	type Activities		
Land	\$ 243,461	\$ 19,364	\$ 262,825	\$ 230,157	\$ 19,364	\$ 249,521	5.3%
Buildings and improvements	76,783	70,566	147,349	74,226	72,937	147,163	0.1%
Infrastructure	82,645	-	82,645	83,625	-	83,625	-1.2%
Machinery and equipment	17,608	3,516	21,124	18,411	3,730	22,141	-4.6%
Construction in progress	19,621	1,583	21,204	17,443	1,773	19,216	10.3%
Total	\$ 440,118	\$ 95,029	\$ 535,147	\$ 423,862	\$ 97,804	\$ 521,666	2.6%

Additional information on the Commission's capital assets can be found in the Note 4B of the Notes to Financial Statements in this report.

Long-term debt. Debt Service Funds are used to account for the payments on the Commission's general obligation debt, which includes Park Acquisition and Development Bonds (Park Bonds) and Advance Land Acquisition Bonds (ALA Bonds). The outstanding issues totaling \$152.5 million and the related debt service requirements to maturity are set forth in Note 4E of the Notes to the Financial Statements.

The Commission's general obligation bonds are unconditionally guaranteed by the Commission and the county for which issued. Debt service principal and interest expenditures for Park Bonds and ALA Bonds totaled \$38.0 million (Montgomery - \$4.3 million; Prince George's - \$33.7 million) for the fiscal year. Included in this total is a payment at maturity of a short-term Prince George's County Park Bond of \$21.0 million, which was refinanced with a \$21.2 million Park Acquisition and Development General Obligation Bonds issuance.

Of the outstanding debt, Park Bonds totaled \$145.8 million (Montgomery County - \$32.1 million and Prince George's County - \$113.7 million) at June 30, 2003. Park Bonds debt service expenditures totaled \$36.9 million (Montgomery - \$3.6 million, Prince George's - \$33.3 million) for the fiscal year. The Commission's Metropolitan District (Park) tax includes a mandatory tax for debt service for Park Bonds of 3.6 cents for real property and 9 cents for personal property in Montgomery County and 4 cents for real property and 10 cents for personal property in Prince George's County. Debt service payments approximated 0.46 cents of the mandatory debt service tax proceeds for real property and 1.15 cents for personal property for Montgomery County and 2.88 cents for real property and 7.20 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for park operation and maintenance expenditures in the respective counties.

The Commission's outstanding general obligation bonds have the following ratings:

	Moody's Investor Services Inc.	Standard & Poor's Rating Services	Fitch Ratings
Montgomery County	Aaa	AAA	AAA
Prince George's County	Aa2	AA	AA+

The Commission's Montgomery County revenue bonds and revenue notes payable totaled \$10.9 million as of June 30, 2003. The bonds and notes have a reported value of \$10.6 million, after considering the \$0.3 million of unamortized discount and are accounted for in the Enterprise Funds. The revenue bonds and notes are not general obligations of the Commission or Montgomery County and are payable solely from revenues generated from revenue producing facilities. Debt service expenditures for the revenue bonds and notes totaled \$1.0 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2003, and the related debt service requirements are set forth in the Notes to the Financial Statements.

During fiscal year 2003, the Commission sold \$21.2 million of Prince George's County Park Acquisition and Development General Obligation Bonds, Series AA-2, which have maturities through May 1, 2022 to redeem the Series X-2 Refunding Bonds that matured August 1, 2002. The AA-2 bonds were issued as auction rate notes, and interest is reset every 35 days. Interest rates have been between 1.05% and 1.45% in 2003.

Also during fiscal 2003, the Commission issued \$21.1 million of Prince George's County Park Acquisition and Development Refunding Bonds, Series BB-2; \$12.155 million of Montgomery County Park Acquisition and Development Refunding and Project Bonds; Series CC-2; and \$1.55 million Montgomery County Advanced Land Acquisition General Obligation Refunding Bonds, Series DD-2. Except for \$5.2 million of CC-2 proceeds used for capital project financing, the bonds provided the resources to purchase U. S. government securities that were placed in an irrevocable trust to defease bonds totaling \$27.8 million (\$7.9 million Montgomery County and \$19.9 million Prince George's County). These liabilities have been removed from the Statement of Net Assets. Reductions in debt service payments total \$1.6 million (\$0.5 million Montgomery County and \$1.1 million Prince George's County).

The Commission also issued a note payable of \$2.8 million to finance capital equipment for Montgomery County. Semiannual payments are due until April 1, 2008 at an interest rate of 2.46%.

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) at June 30, 2003 follow (\$000's).

**Commission's Outstanding Debt
General Obligation and Revenue Bonds and Notes**

	Governmental Activities		Business-type Activities		Total		Change
	2003	2002	2003	2002	2003	2002	
General obligation bonds	\$ 150,701	\$ 155,620	\$ -	\$ -	\$ 150,701	\$ 155,620	-3.2%
Revenue bonds and notes	-	-	10,563	11,491	10,563	11,491	-8.1%
Notes payable	6,651	5,342	290	217	6,941	5,559	24.9%
Total	<u>\$ 157,352</u>	<u>\$ 160,962</u>	<u>\$ 10,853</u>	<u>\$ 11,708</u>	<u>\$ 168,205</u>	<u>\$ 172,670</u>	-2.6%

Montgomery County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Change
	2003	2002	2003	2002	2003	2002	
General obligation bonds	\$ 35,850	\$ 33,200	\$ -	\$ -	\$ 35,850	\$ 33,200	8.0%
Revenue bonds and notes	-	-	10,563	11,491	10,563	11,491	-8.1%
Notes payable	4,976	3,577	290	217	5,266	3,794	38.8%
Total	<u>\$ 40,826</u>	<u>\$ 36,777</u>	<u>\$ 10,853</u>	<u>\$ 11,708</u>	<u>\$ 51,679</u>	<u>\$ 48,485</u>	6.6%

Prince George's County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Change
	2003	2002	2003	2002	2003	2002	
General obligation bonds	\$ 114,851	\$ 122,420	\$ -	\$ -	\$ 114,851	\$ 122,420	-6.2%
Revenue bonds and notes	-	-	-	-	-	-	0.0%
Notes payable	1,675	1,765	-	-	1,675	1,765	-5.1%
Total	<u>\$ 116,526</u>	<u>\$ 124,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,526</u>	<u>\$ 124,185</u>	-6.2%

The Commission's total debt decreased by \$4.5 million (3.2%) during the current fiscal year. The key factor in this decrease was that normal principle payments were greater than the small new issue of bonded debt for Montgomery County capital projects (\$5.2 million).

State statutes limit the amount of general obligation debt the Commission may issue to the amount that can be redeemed within 30 years from date of issue by the tax or taxes authorized for payment of the bonds. The legal debt margin for each County of the Commission is \$821.6 million of debt service for Montgomery County and \$392.7 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of \$43.5 million and \$147.4 million, respectively, over the 30 year period.

Additional information on the Commission's long-term debt can be found in Note 4E of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

In evaluating the Commission's economic condition and future outlook consideration should be given to two factors. First, at year-end, the Commission had a budget basis fund balance in the General Fund of \$39.8 million. Of this amount, \$6.8 million is designated to fund fiscal year 2004, \$5.9 million is designated for unforeseen circumstances, \$5.0 million is designated to fund the operating maintenance and debt service costs of future Prince George's County facilities, and \$22.1 million is uncommitted as of June 30, 2003. Second, property taxes, which constitute approximately 82% of the Commission's Governmental funds revenues in fiscal year 2003, are expected to continue to be a stable revenue source. The assessed value of all taxable property increased, contributing to an increase in property tax revenues from \$177.1 million to \$182.2 (2.9%). The Commission's total Montgomery County tax rate decreased slightly in fiscal year 2004. The Commission's total Prince George's County real and personal property tax rates increased by 3.5 cents and 8.75 cents respectively in fiscal year 2004 to allow for provide funding of delayed capital projects, new capital projects and other programs. The Montgomery and Prince George's County unemployment rates obtained from the Maryland Department of Labor, Licensing and Regulations were 2.7% and 4.9%, respectively, as of June 2003 in comparison to the 4.6% State and 6.5% national unemployment rates.

The Commission's Montgomery County activities are subject to spending affordability guidelines of Montgomery County Government. Legislation was passed in 2001 by the Prince George's County Council which created a Spending Affordability Committee to make recommendations during the budgetary process to the Council concerning spending affordability of the Commission's Prince George's County operations. These efforts add to the solid foundation of financial management and assist the Commission in meeting the challenge of providing enhanced public services at an economical cost.

All of these factors were considered in preparing the Commission's budget for the 2004 fiscal year.

Requests for Information

The financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, Office of Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Riverdale, Maryland 20737.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 1

**Statement of Net Assets
June 30, 2003**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ 115,363,216	\$ 3,215,984	\$ 118,579,200
Receivables - Taxes	2,899,710	-	2,899,710
Receivables - Other	425,638	6,035	431,673
Due from Fiduciary Funds	932,702	-	932,702
Due from County Governments	3,978,744	-	3,978,744
Due from Other Governments	1,014,854	-	1,014,854
Inventories	-	1,391,872	1,391,872
Deposits and Other	50,450	-	50,450
Restricted Cash, Cash Equivalents and Investments:			
Revenue Bond Covenant Accounts	-	589,848	589,848
Unspent Debt Proceeds	23,034,601	51,717	23,086,318
Capital Assets:			
Land and Construction in Progress	263,081,657	20,946,815	284,028,472
Other Capital Assets, Net of Accumulated Depreciation	177,035,941	74,081,827	251,117,768
Total Assets	<u>587,817,513</u>	<u>100,284,098</u>	<u>688,101,611</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	12,616,954	928,713	13,545,667
Accrued Interest Payable	3,088,253	116,240	3,204,493
Deposits and Deferred Revenue	2,881,857	687,597	3,569,454
Payable to Advance Land Acquisition Trust Fund	-	3,829,363	3,829,363
Claims Payable:			
Due within One Year	1,954,077	-	1,954,077
Due in more than One Year	4,849,318	-	4,849,318
Compensated Absences:			
Due within One Year	7,886,751	376,414	8,263,165
Due in more than One Year	5,077,292	593,998	5,671,290
Bonds and Notes Payable:			
Due within One Year	12,585,556	1,071,155	13,656,711
Due in more than One Year	144,766,392	9,782,345	154,548,737
Estimated Liability for Closure and Postclosure Costs			
Due within One Year	26,230	-	26,230
Due in more than One Year	91,805	-	91,805
Total Liabilities	<u>195,824,485</u>	<u>17,385,825</u>	<u>213,210,310</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	305,800,251	80,397,496	386,197,747
Restricted for Debt Service	-	589,848	589,848
Unrestricted	86,192,777	1,910,929	88,103,706
Total Net Assets	<u>\$ 391,993,028</u>	<u>\$ 82,898,273</u>	<u>\$ 474,891,301</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Statement of Activities
For the Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues				Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Governmental Activities:	\$ 12,678,079	\$ -	\$ -	\$ -	(12,678,079)	\$ -	(12,678,079)
General Government	29,119,749	2,206,015	852,120	-	(26,061,614)	-	(26,061,614)
County Planning and Zoning	104,484,551	4,689,195	762,869	20,869,343	(78,163,144)	-	(78,163,144)
Park Operations and Maintenance	38,057,899	9,083,148	327,394	-	(28,647,357)	-	(28,647,357)
Recreation Programs	6,994,245	-	-	(6,994,245)	-	-	(6,994,245)
Interest on Long-term Debt	191,334,523	15,978,358	1,942,383	20,869,343	(152,544,439)	-	(152,544,439)
Total Governmental Activities							
Business-type Activities:	\$ 28,243,046	19,757,618	-	-	(8,485,428)	(8,485,428)	(8,485,428)
Recreational and Cultural Facilities	219,577,569	35,735,976	1,942,383	20,869,343	(152,544,439)	(8,485,428)	(161,029,867)
Total Government							
General Revenues:							
Property Taxes					181,859,997	-	181,859,997
Unrestricted Investment Earnings					1,931,787	123,811	2,055,598
Transfers					(4,637,187)	4,637,187	-
Loss on Disposal of Land					(4,920)	-	(4,920)
Net General Revenues and Transfers					179,149,677	4,760,998	183,910,675
Change in Net Assets					26,605,238	(3,724,430)	22,880,808
Net Assets - Beginning					365,387,790	86,622,703	452,010,493
Net Assets - Ending					\$ 391,993,028	\$ 82,898,273	\$ 474,891,301

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2003

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Prince George's County Park Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Investments	\$ 59,477,493	\$ 3,000,241	\$ 9,660,967	\$ 706,396	\$ 6,562,519	\$ 79,427,616
Receivables - Taxes (net of allowance for uncollectibles)	2,899,710	-	-	-	-	2,899,710
Receivables - Other (net of allowance for uncollectibles)	193,759	-	194,396	-	37,233	425,388
Due from County Governments	1,088,410	2,328,951	-	-	374,297	3,791,658
Due from Other Governments	119,362	393,044	502,448	-	-	1,014,854
Restricted Cash - Unspent Debt Proceeds	-	4,624,373	17,360,874	-	-	21,985,247
Other	2,198	-	-	-	5,130	7,328
Total Assets	\$ 63,780,932	\$ 10,346,609	\$ 27,718,685	\$ 706,396	\$ 6,999,179	\$ 109,551,801
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 5,212,275	\$ 610,140	\$ 580,539	\$ -	\$ 140,828	\$ 6,523,782
Accrued Liabilities	3,537,242	-	-	33,523	108,393	3,679,158
Retainage Payable	-	903,031	827,099	-	-	1,730,130
Due to County Governments	-	-	-	-	5,002	5,002
Deposits and Deferred Revenue	5,375,528	-	-	-	406,039	5,781,567
Total Liabilities	14,125,045	1,513,171	1,387,638	33,523	660,262	17,719,639
Fund Balances:						
Reserved for Encumbrances	9,828,316	7,574,722	6,468,341	-	418,638	24,290,017
Reserved for Debt Service	-	-	-	672,873	32,012	704,885
Unreserved, Designated for Subsequent Years	17,744,500	-	-	-	-	17,744,500
Unreserved, Undesignated, Reported in:						
General Fund	22,083,071	-	-	-	-	22,083,071
Special Revenue Fund	-	-	-	-	5,888,267	5,888,267
Capital Projects Fund	-	1,258,716	19,862,706	-	-	21,121,422
Total Fund Balances	49,655,887	8,833,438	26,331,047	672,873	6,338,917	91,832,162
Total Liabilities and Fund Balances	\$ 63,780,932	\$ 10,346,609	\$ 27,718,685	\$ 706,396	\$ 6,999,179	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	432,134,728
Internal service funds are used by management to charge the costs of capital equipment financing, risk management, group insurance and the Executive Office Building. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	18,961,237
Some of the Commission's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	2,899,710
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(153,834,809)
Net Assets of Governmental Activities	\$ 391,993,028

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2003

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Prince George's County Park Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 180,604,705	\$ -	\$ -	\$ -	\$ 1,576,149	\$ 182,180,854
Intergovernmental -						
Federal	166,064	-	2,709	-	-	168,773
State	357,276	1,415,781	5,882,530	-	-	7,655,587
County	503,052	5,037,401	-	-	838,043	6,378,496
Local	35,467	-	19,912	-	33,360	88,739
Charges for Services	7,595,403	-	10,972	-	678,858	8,285,233
Rentals and Concessions	3,221,285	-	-	-	3,341,611	6,562,896
Interest	840,140	59,750	366,058	-	95,415	1,361,363
Contributions	-	-	20,000	-	9,121	29,121
Miscellaneous	582,647	-	98,851	-	418,857	1,100,355
Total Revenues	<u>193,906,039</u>	<u>6,512,932</u>	<u>6,401,032</u>	<u>-</u>	<u>6,991,414</u>	<u>213,811,417</u>
EXPENDITURES						
Current -						
General Government	12,698,310	-	-	-	-	12,698,310
Planning and Zoning	29,189,477	-	-	-	198,097	29,387,574
Park Operations and Maintenance	98,618,980	-	-	-	847,179	99,466,159
Recreation	32,602,831	-	-	-	4,864,677	37,467,508
Debt Service -						
Principal	-	-	-	28,375,000	2,960,000	31,335,000
Interest	-	-	-	4,865,785	1,773,148	6,638,933
Bond Issuance Costs	-	-	-	406,056	147,574	553,630
Capital Outlay -						
Park Acquisition	-	763,419	4,033,598	-	-	4,797,017
Park Development	-	6,275,577	5,314,929	-	-	11,590,506
Total Expenditures	<u>173,109,598</u>	<u>7,038,996</u>	<u>9,348,527</u>	<u>33,646,841</u>	<u>10,790,675</u>	<u>233,934,637</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>20,796,441</u>	<u>(526,064)</u>	<u>(2,947,495)</u>	<u>(33,646,841)</u>	<u>(3,799,261)</u>	<u>(20,123,220)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from General Obligation Bonds	-	5,222,900	-	21,200,000	-	26,422,900
Refunding Bonds Issued	-	-	-	21,110,000	8,482,100	29,592,100
Premiums on Bonds Issued	-	-	-	172,273	109,534	281,807
Payment to Refunding Bond Escrow Account	-	-	-	(21,109,592)	(8,442,494)	(29,552,086)
Transfers In from Private Purpose Trust Funds	-	-	-	-	9,874	9,874
Transfers out to Private Purpose Trust Funds	-	-	-	-	(493,058)	(493,058)
Transfers In	3,297,891	185,000	2,469,936	12,947,033	3,681,157	22,591,017
Transfer Out	(23,531,990)	(59,750)	(581,627)	-	(222,936)	(24,396,303)
Total Other Financing Sources (Uses)	<u>(20,234,099)</u>	<u>5,348,150</u>	<u>1,888,309</u>	<u>34,319,714</u>	<u>3,134,177</u>	<u>24,456,251</u>
Net Change in Fund Balances	562,342	4,822,086	(1,059,186)	672,873	(665,084)	4,333,031
Fund Balances - Beginning	<u>49,093,545</u>	<u>4,011,352</u>	<u>27,390,233</u>	<u>-</u>	<u>7,004,001</u>	<u>87,499,131</u>
Fund Balances - Ending	<u>\$ 49,655,887</u>	<u>\$ 8,833,438</u>	<u>\$ 26,331,047</u>	<u>\$ 672,873</u>	<u>\$ 6,338,917</u>	<u>\$ 91,832,162</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 5

**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, 2003**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances -- total governmental funds (Exhibit 4)	\$	4,333,031
<p>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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital Outlay	\$	17,713,437
Depreciation Expense		<u>(10,018,124)</u>
Net adjustment		7,695,313
<p>In the Statement of Activities, only the gain (loss) on the sale of property is reported, whereas in the governmental funds, the proceeds from sales increase financial resources. Other land activity that has no impact on financial resources is also included in the statement of activities.</p>		
Donations of Land		8,511,010
Loss on Disposal of Land		<u>(4,920)</u>
Net adjustment		8,506,090
<p>Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount by which the deferred revenues changed from last fiscal year.</p>		
		(320,857)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
General Obligation Bonds issued, net of bond issuance costs of \$482,987		(55,813,820)
Repayments of Principal		31,335,000
Payment to Refunding Bond Escrow Account		<u>29,552,086</u>
Net adjustment		5,073,266
<p>Accrued interest expense and landfill postclosure costs 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. The amount is the impact of the net change in the liabilities from the prior year.</p>		
		(93,357)
<p>Internal service funds are used by management to charge the costs of capital equipment financings, employee benefits, risk management and Executive Office Building costs, to individual funds. The change in net assets of certain activities of internal service funds is reported with governmental activities.</p>		
		1,411,752
Change in net assets of governmental activities (Exhibit 2)	\$	<u><u>26,605,238</u></u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 6

**Statement of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - GENERAL FUND
For the Year Ended June 30, 2003**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 177,397,810	\$ 177,397,810	\$ 180,604,705	\$ 3,206,895
Intergovernmental	1,118,930	1,492,542	1,061,859	(430,683)
Charges for Services	8,423,920	8,423,920	7,600,034	(823,886)
Rentals and Concessions	2,821,150	2,821,150	3,216,654	395,504
Interest	2,030,000	2,030,000	840,140	(1,189,860)
Miscellaneous	507,200	507,200	582,647	75,447
Total Revenues	192,299,010	192,672,622	193,906,039	1,233,417
Expenditures/Encumbrances:				
Current -				
General Government	12,892,100	12,892,100	12,548,210	343,890
County Planning and Zoning	30,906,700	30,949,939	29,730,412	1,219,527
Park Operation and Maintenance	102,715,500	102,327,600	99,362,793	2,964,807
Recreation Programs	34,151,000	34,419,273	32,576,229	1,843,044
Total Expenditures/Encumbrances	180,665,300	180,588,912	174,217,644	6,371,268
Excess of Revenues over (under) Expenditures/Encumbrances	11,633,710	12,083,710	19,688,395	7,604,685
Other Financing Sources (Uses):				
Operating Transfers In	1,790,000	1,790,000	3,297,891	1,507,891
Operating Transfers Out	(23,953,800)	(24,403,800)	(23,531,990)	871,810
Total Other Financing Sources (Uses)	(22,163,800)	(22,613,800)	(20,234,099)	2,379,701
Excess of Revenues and Other Financing Sources over (under) Expenditures/Encumbrances and Other Financing Uses - Budget Basis	\$ (10,530,090)	\$ (10,530,090)	(545,704)	\$ 9,984,386
Fund Balances - Budget Basis, July 1			40,373,275	
Fund Balances - Budget Basis, June 30			\$ 39,827,571	

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 7

**Statement of Net Assets
Proprietary Funds
June 30, 2003**

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
ASSETS				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 1,455,113	\$ 1,760,871	\$ 3,215,984	\$ 35,935,600
Restricted Cash, Cash Equivalents and Investments:				
Revenue Bond Covenant Accounts	589,848	-	589,848	-
Unspent Equipment Financing Proceeds	51,717	-	51,717	1,049,354
Accounts Receivable	3,647	2,388	6,035	250
Due from County Government	-	-	-	187,086
Due from Other Funds	-	-	-	932,702
Deposits and Other	-	-	-	43,122
Inventories	854,621	537,251	1,391,872	-
Total Current Assets	<u>2,954,946</u>	<u>2,300,510</u>	<u>5,255,456</u>	<u>38,148,114</u>
Noncurrent Assets:				
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748,497
Buildings and Improvements	26,132,269	65,055,716	91,187,985	2,752,334
Machinery and Equipment	4,720,278	4,295,454	9,015,732	17,845,377
Construction in Progress	1,583,216	-	1,583,216	-
	44,020,231	77,130,301	121,150,532	21,346,208
Less - Accumulated Depreciation	(10,193,409)	(15,928,481)	(26,121,890)	(13,363,338)
Total Capital Assets, Net of Depreciation	<u>33,826,822</u>	<u>61,201,820</u>	<u>95,028,642</u>	<u>7,982,870</u>
Total Noncurrent Assets	<u>33,826,822</u>	<u>61,201,820</u>	<u>95,028,642</u>	<u>7,982,870</u>
Total Assets	<u>36,781,768</u>	<u>63,502,330</u>	<u>100,284,098</u>	<u>46,130,984</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	299,065	243,713	542,778	423,697
Claims Payable	-	-	-	1,954,077
Accrued Salaries and Benefits	154,631	231,304	385,935	245,121
Compensated Absences	210,050	166,364	376,414	7,886,751
Interest Payable	116,240	-	116,240	72,236
Revenue Collected in Advance	548,900	138,697	687,597	-
Current Portion of Revenue Bonds Payable	300,000	-	300,000	-
Current Portion of Revenue Notes Payable	684,444	-	684,444	-
Current Portion of Notes Payable	86,711	-	86,711	1,830,556
Due to County Government	-	-	-	10,064
Total Current Liabilities	<u>2,400,041</u>	<u>780,078</u>	<u>3,180,119</u>	<u>12,422,502</u>
Noncurrent Liabilities:				
Claims Payable	-	-	-	4,849,318
Revenue Bonds Payable	2,831,433	-	2,831,433	-
Revenue Notes Payable	6,747,224	-	6,747,224	-
Notes Payable	203,688	-	203,688	4,820,635
Compensated Absences	239,547	354,451	593,998	5,077,292
Payable to Advance Land Acquisition Trust Fund	-	3,829,363	3,829,363	-
Total Noncurrent Liabilities	<u>10,021,892</u>	<u>4,183,814</u>	<u>14,205,706</u>	<u>14,747,245</u>
Total Liabilities	<u>12,421,933</u>	<u>4,963,892</u>	<u>17,385,825</u>	<u>27,169,747</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	23,025,039	57,372,457	80,397,496	2,381,033
Restricted for Debt Service	589,848	-	589,848	-
Unrestricted	744,948	1,165,981	1,910,929	16,580,204
Total Net Assets	<u>\$ 24,359,835</u>	<u>\$ 58,538,438</u>	<u>\$ 82,898,273</u>	<u>\$ 18,961,237</u>

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

04

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 8

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2003**

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Operating Revenues:				
Sales	\$ 1,343,769	\$ 1,268,004	\$ 2,611,773	\$ -
Charges for Services	8,730,639	3,789,223	12,519,862	36,562,499
Claim Recoveries	-	-	-	290,501
Rentals and Concessions	2,611,242	1,996,982	4,608,224	-
Total Operating Revenues	<u>12,685,650</u>	<u>7,054,209</u>	<u>19,739,859</u>	<u>36,853,000</u>
Operating Expenses:				
Cost of Goods Sold	815,033	998,229	1,813,262	-
Personal Services	5,637,641	7,464,442	13,102,083	12,555,636
Supplies and Materials	1,678,246	1,230,011	2,908,257	288,962
Montgomery County Self Insurance Program Claims Incurred	-	-	-	1,836,140
Insurance	-	-	-	8,455,522
Communications	131,142	205,794	336,936	10,070,402
Utilities	737,127	4,835	741,962	-
Maintenance	307,010	434,166	741,176	-
Contractual Services	1,501,624	813,649	2,315,273	-
Other Services and Charges	259,463	381,489	640,952	855,470
Administrative Services	1,195,419	-	1,195,419	-
Depreciation	1,592,080	2,181,239	3,773,319	1,646,874
Total Operating Expenses	<u>13,854,785</u>	<u>13,713,854</u>	<u>27,568,639</u>	<u>35,709,006</u>
Operating Income (Loss)	<u>(1,169,135)</u>	<u>(6,659,645)</u>	<u>(7,828,780)</u>	<u>1,143,994</u>
Nonoperating Revenues (Expenses):				
Investment Earnings	91,593	32,218	123,811	570,424
Interest Expense, net of Amortization	(674,407)	-	(674,407)	(227,930)
Total Nonoperating Revenue (Expense)	<u>(582,814)</u>	<u>32,218</u>	<u>(550,596)</u>	<u>342,494</u>
Income (Loss) before Transfers	<u>(1,751,949)</u>	<u>(6,627,427)</u>	<u>(8,379,376)</u>	<u>1,486,488</u>
Transfers In - Park Account	86,000	4,162,200	4,248,200	-
Transfer In - Recreation Account	-	388,600	388,600	-
Transfer In - Internal Service Fund - Group Insurance	78,173	97,214	175,387	13,362
Transfer In - Trust	17,759	-	17,759	2,757,165
Transfers Out	-	-	-	(2,845,263)
Transfer Out- CIP Fund	(175,000)	-	(175,000)	-
Change in Net Assets	<u>(1,745,017)</u>	<u>(1,979,413)</u>	<u>(3,724,430)</u>	<u>1,411,752</u>
Total Net Assets - Beginning	<u>26,104,852</u>	<u>60,517,851</u>	<u>86,622,703</u>	<u>17,549,485</u>
Total Net Assets - Ending	\$ <u>24,359,835</u>	\$ <u>58,538,438</u>	\$ <u>82,898,273</u>	\$ <u>18,961,237</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 9

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2003

	Business-type Activities- Enterprise Funds			Government Activities- Internal Service Func
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 12,795,570	\$ 7,038,079	\$ 19,833,649	\$ 35,911,921
Payments to Suppliers	(4,680,753)	(3,861,070)	(8,541,823)	(21,783,111)
Payments to Employees	(5,608,387)	(7,384,629)	(12,993,016)	(11,865,161)
Payments for Interfund Services Used	(860,000)	(243,100)	(1,103,100)	(303,800)
Payments for Administrative Charges	(1,195,419)	-	(1,195,419)	
Net Cash Provided (Used) by Operating Activities	<u>451,011</u>	<u>(4,450,720)</u>	<u>(3,999,709)</u>	<u>1,959,841</u>
Cash Flows from Noncapital Financing Activities:				
Operating Transfers In from Other Funds	181,931	4,648,014	4,829,945	
Operating Transfers Out to Other Funds	(175,000)	-	(175,000)	(74,731)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>6,931</u>	<u>4,648,014</u>	<u>4,654,945</u>	<u>(74,731)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(819,468)	(178,117)	(997,585)	(1,700,821)
Principal Paid on Notes Payable	(732,920)	-	(732,920)	(1,358,901)
Principal Paid on Revenue Bonds	(285,000)	-	(285,000)	
Interest Paid	(642,344)	-	(642,344)	(227,921)
Proceeds from Financing - Notes Payable	131,593	-	131,593	2,668,401
Net Cash Used by Capital and Related Financing Activities	<u>(2,348,139)</u>	<u>(178,117)</u>	<u>(2,526,256)</u>	<u>(619,251)</u>
Cash Flows from Investing Activities:				
Interest on Restricted Investments	104,895	-	104,895	
Interest on Investments	(13,302)	32,218	18,916	570,421
Net Cash Provided by Investing Activities	<u>91,593</u>	<u>32,218</u>	<u>123,811</u>	<u>570,421</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,798,604)	51,395	(1,747,209)	1,836,281
Cash, Cash Equivalents and Restricted Cash, July 1	<u>3,895,282</u>	<u>1,709,476</u>	<u>5,604,758</u>	<u>35,148,671</u>
Cash, Cash Equivalents and Restricted Cash, June 30	<u>\$ 2,096,678</u>	<u>\$ 1,760,871</u>	<u>\$ 3,857,549</u>	<u>\$ 36,984,951</u>
Disclosed as:				
Equity in Pooled Cash and Investments	\$ 1,455,113	\$ 1,760,871	\$ 3,215,984	\$ 36,984,951
Restricted for Revenue Bond Covenants	589,848	-	589,848	
Restricted Revenue and Equipment Financing Proceeds	51,717	-	51,717	
	<u>\$ 2,096,678</u>	<u>\$ 1,760,871</u>	<u>\$ 3,857,549</u>	<u>\$ 36,984,951</u>

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

**Exhibit 9
continued**

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (1,169,135)	\$ (6,659,645)	\$ (7,828,780)	\$ 1,143,994
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,592,080	2,181,239	3,773,319	1,646,874
Changes in Assets and Liabilities:				
Increase) Decrease in Accounts Receivable	(3,275)	(61)	(3,336)	250
Increase) Decrease in Due from County Government	-	-	-	(22,622)
Increase) Decrease in Inventories, at Cost	(11,915)	8,828	(3,087)	-
Increase) Decrease in Deposits and Other	-	-	-	13,994
Increase) Decrease in Due from Other Funds	-	-	-	(932,702)
Increase (Decrease) in Accounts Payable	(89,033)	(44,825)	(133,858)	244,795
Increase (Decrease) in Claims Payable	-	-	-	(633,434)
Increase (Decrease) in Accrued Salaries and Benefits	18,370	28,768	47,138	57,675
Increase (Decrease) in Compensated Absences	10,884	51,045	61,929	632,795
Increase (Decrease) in Interest Payable	(10,160)	-	(10,160)	53,562
Increase (Decrease) in Incurred But Unreported Clms	-	-	-	(53,905)
Increase (Decrease) in Other Accrued Liabilities	-	-	-	(201,500)
Increase (Decrease) in Due to County Government	-	-	-	10,062
Increase (Decrease) in Revenue Collected in Advance	113,195	(16,069)	97,126	-
Total Adjustments	1,620,146	2,208,925	3,829,071	815,851
Net Cash Provided (Used) by Operating Activities	\$ 451,011	\$ (4,450,720)	\$ (3,999,709)	\$ 1,959,845

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 10

Statement of Net Assets
Fiduciary Funds
June 30, 2003

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ -	\$ 13,032,277	\$ 3,355,329
Cash and Marketable Securities	457,537,063	-	-
Restricted Cash: Unspent Bond Proceeds	-	843,866	-
Collateral for Securities Lending Transactions	43,782,139	-	-
Accounts Receivable	1,829,141	2,000	-
Due from Other Governments	27,627	-	-
Deposits and Other	109,444	-	-
Receivable From Enterprise Fund	-	3,829,363	-
Land Held for Transfer	-	37,224,354	-
Other	-	481,665	-
Total Assets	<u>503,285,414</u>	<u>55,413,525</u>	<u>3,355,329</u>
LIABILITIES			
Accounts Payable	871,424	1,497	2,819,512
Due to Group Insurance Internal Service Fund	932,702	-	-
Obligation for Collateral Received under Securities Lending transactions	43,782,139	-	-
Deposits	-	-	535,817
Total Liabilities	<u>45,586,265</u>	<u>1,497</u>	<u>3,355,329</u>
NET ASSETS			
Assets Held in Trust for:			
Land Held for Transfer	-	41,053,717	-
Pension Benefits	451,579,126	-	-
Other Postemployment Benefits	6,120,023	-	-
Other Purposes	-	14,358,311	-
Total Net Assets	<u>\$ 457,699,149</u>	<u>\$ 55,412,028</u>	<u>\$ -</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 11

Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2003

	Pension Trust Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Employer	\$ 540,369	\$ -
Plan Members	3,583,083	-
Private Donations	-	55,660
Total Contributions	<u>4,123,452</u>	<u>55,660</u>
Receipts from Commission Debt Service Funds	-	493,058
Investment Earnings:		
Interest	9,577,534	213,443
Dividends	2,106,769	-
Net increase (decrease) in the Fair Value of Investments	<u>16,137,514</u>	<u>-</u>
Total Investment Earnings	27,821,817	213,443
Less Investment Expense		
Investment Advisory and Management Fees	<u>(1,641,940)</u>	<u>-</u>
Net Income from Investing Activities	<u>26,179,877</u>	<u>213,443</u>
Securities Lending Activity		
Securities Lending Income	714,806	-
Securities Lending Fees	<u>(642,489)</u>	<u>-</u>
Net Income from Securities Lending Activity	<u>72,317</u>	<u>-</u>
Total Net Investment Income	<u>26,252,194</u>	<u>213,443</u>
Total Additions	<u>30,375,646</u>	<u>762,161</u>
DEDUCTIONS		
Benefits	13,734,100	-
Refunds of Contributions	349,645	-
Administrative Expenses	1,047,466	-
Transfers to Group Insurance Internal Service Fund	2,757,165	-
Transfers to Commission Debt Service Funds	-	9,874
Transfers to Enterprise Fund	-	17,759
Other	-	73,415
Total Deductions	<u>17,888,376</u>	<u>101,048</u>
Change in Net Assets	12,487,270	661,113
Net Assets - Beginning	445,211,879	54,750,915
Net Assets - Ending	<u>\$ 457,699,149</u>	<u>\$ 55,412,028</u>

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

NOTES TO FINANCIAL STATEMENTS

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS June 30, 2003

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) The Commission and Its Services

Background

The Maryland-National Capital Park and Planning Commission (the "Commission") is a body corporate of the State of Maryland established by the Maryland General Assembly in 1927. The Commission is a bi-county agency. It is empowered to acquire, develop, maintain and administer a regional system of parks in the defined Metropolitan District in Montgomery and Prince George's Counties and to prepare and administer a general plan for the physical development of a defined Regional District for the two Counties. The Commission also conducts the recreation program for Prince George's County. The express powers of the Commission are provided in Article 28 of the Annotated Code of Maryland. As a body corporate of the State of Maryland, the Commission is not generally subject to local county legislation such as the Tax Reform Initiative by Marylanders ("TRIM"), a Prince George's County Charter Amendment originally enacted in November 1978.

The major source of funding for the Commission's primary services are five property taxes levied on an individual County basis: Montgomery County administration tax - general administration and planning; Montgomery County park tax - park operations and debt service for park acquisition and development bonds; Prince George's County administration tax - general administration and planning; Prince George's County park tax - park operations and debt service for park acquisition and development bonds; and the Prince George's County recreation tax for the recreation program. Five separate accounts are maintained within the General Fund to account for the Commission's primary services. Revenues and expenditures that can be specifically identified with a County are recorded in the appropriate account of that County and those that apply to both Counties are allocated to the appropriate accounts. Other funds and accounts are maintained on a Commission-wide or on a separate County basis as necessary and appropriate.

The provisions of Sections 2-113 and 7-107 of Article 28 of the Annotated Code of Maryland require that the Commission publish an annual financial report and that its financial statements be audited by independent certified public accountants. The accompanying financial statements have been presented to meet the financial reporting needs of the Commission and the requirements of Maryland law.

Financial Reporting Entity

The Employees' Retirement System (ERS), administered by the 12 member Board of Trustees, in accordance with the Trust Agreement between the Board and the Commission, is a contributory defined benefit pension system qualified under the Internal Revenue Code Section 401(a). The administrative operations are the responsibility of the ERS Staff and Board-appointed Administrator, who reports directly to the Board of Trustees. Publicly available Financial Statements for the ERS can be obtained at 6611 Kenilworth Avenue, Suite 100, Riverdale, Maryland 20737.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the Commission and its blended component unit, the ERS. A blended component unit, although a legally separate entity, is, in substance, part of the Commission's operations and therefore data from this unit are combined with data of the Commission. Accordingly, the financial statements of the ERS are included as a pension trust fund in the accompanying financial statements, and the ERS is the only such component unit of the Commission.

In accordance with GAAP, the Commission represents a joint venture of Montgomery and Prince George's Counties, reportable in the notes to their respective financial statements. The financial data of the Commission pertinent to Montgomery County and Prince George's County, for governmental, internal service, and private-purpose trust funds are set forth on a County basis in Note 6.

(B) Government-wide and Fund Financial Statements

The Commission follows accounting standards established by the Governmental Accounting Standards Board ("GASB"). The reporting requirements include:

Management's Discussion and Analysis – GASB standards requires that financial statements be accompanied by a narrative introduction and analytical overview of the Commission's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the Commission's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Full accrual accounting also recognizes all revenues and the full cost to provide services each year, not just those received or paid in the current year or soon thereafter. Neither fiduciary funds nor component units that are fiduciary in nature are included in Government-wide financial statements.

The basic financial statements include both Government-wide (based on the Commission as a whole) and fund financial statements. The focus is on both the Commission as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Both the Government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the Government-wide Statement of Net Assets and Statement of Activities, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Eliminations have been made to minimize the double counting of internal activities. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the Commission (government and business-type activities). The Commission reports all capital assets, including infrastructure, in the Government-wide Statement of Net Assets and reports depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of the Commission have been broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. The Commission generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Commission may defer the use of restricted assets based on a review of the specific transaction.

Statement of Activities – The Government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the Commission's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). The Government-wide Statement of Activities reflects both the gross and net cost per functional category (county planning and zoning, park operations and maintenance, recreation, etc.) that is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (county

planning and zoning, park operations and maintenance, recreation, etc.) or a business-type activity. Program revenues include 1) charges for County planning and zoning services; 2) charges for park operations and maintenance; 3) rentals and concessions; 4) recreational and cultural facilities and events and 5) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported as general revenues. Direct expenses are considered those that are clearly identifiable with a specific function or segment. The Commission does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In the fund financial statements, financial transactions and accounts of the Commission are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements' governmental activities column, reconciliations are presented which briefly explain the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the Government-wide financial statements.

The Commission's fiduciary funds and the Employees' Retirement System, which is fiduciary in nature, are presented in the fund financial statements by fund type (pension, private purpose trust, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Commission, these funds are not incorporated into the Government-wide statements.

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of the Commission's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. For this reason, the Commission has chosen to make its General Fund budgetary comparison statement part of the basic financial statements. The Commission and many other governments revise their original budgets over the course of the year for a variety of reasons.

Since the Commission adopts its General Fund budget by accounts within each county, each of which has a dedicated tax levy, budgetary comparison summaries are presented for each account in Note 6. These accounts are as follows: Montgomery County Administration, Montgomery County Park, Prince George's County Administration, Prince George's County Park, and Prince George's County Recreation.

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The Government-wide, proprietary and pension trust and private purpose fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are generally recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in

which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Employee and employer contributions to Pension Trust Funds are recognized as revenues (additions to net assets) in the period in which employee services are performed. Both benefits and refunds paid are recognized as expenses (deductions from net assets) in the period in which employee services are performed.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment has matured and is due.

Property taxes, interest and grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

The Commission reports the following major governmental funds:

General Fund -- The General Fund is the general operating fund of the Commission. It is used to account for the tax revenues and other revenues which fund the Commission's general operations and to account for all other financial resources except those required to be accounted for in another fund.

Montgomery County and Prince George's County Capital Projects Funds -- These Capital Projects Funds are used to account for the acquisition, development or improvement of parkland and the acquisition or construction of major capital facilities other than those accounted for in the proprietary funds and the Advance Land Acquisition Private Purpose Trust Funds. The Commission maintains separate funds for each county.

Prince George's County Debt Service Fund - This Debt Service Fund is used to account for the accumulation of resources and the payment of Prince George's County Park Bond principle, interest, and related costs.

The Commission reports the following major enterprise funds:

Montgomery County and Prince George's County Enterprise Funds -- These Enterprise Funds are used to account for recreational and cultural facilities operations that are financed and operated in a manner similar to private business enterprises. A separate Enterprise Fund is maintained for the enterprise operations of each county, each of which is considered a major fund. The General Fund absorbs utility and administrative charges of the Prince George's County Enterprise Fund. These costs are estimated to be \$1,250,000 and \$530,000, respectively.

Additionally, the Commission reports the following fund types:

Other Governmental Funds - The other governmental fund types used by the Commission are special revenue and nonmajor debt service. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes. Debt Service funds account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Internal Service Funds - Internal Service Funds are used to account for the financing of certain goods or services provided by one department to other departments of the Commission on a cost-reimbursement basis. There are six Internal Service Funds reported by the Commission: Montgomery County Capital Equipment Fund, Montgomery County Employee Benefits Fund, Montgomery County Risk Management Fund, Prince George's County Executive Office Building Fund, Prince George's County Employee Benefits Fund, and Prince George's County Risk Management Fund. Internal Service Funds are used to account for the Commission's group insurance and risk management programs; the executive office building on Kenilworth Avenue in Prince George's County; the recording of annual and sick leave earned, taken and accrued by employees; the administrative leave used by employees who are bargaining unit members; and financing of capital equipment purchases. Within the Employee Benefit Funds, the Commission has fully funded the short-term portion of the annual and compensatory leave liability required to be recorded in the governmental activities column of the Government Wide financial statements, and has funded 55.8% of the long-term portion.

The Commission reports the following fiduciary fund types:

Pension Trust Funds – The Employees' Retirement Fund is used to account for all activities of the Employees' Retirement System including accumulation of resources for, and payment of, retirement annuities and/or other benefits and the administrative costs of operating the system.

The Other Postemployment Benefits Fund is used to account for the accumulation of resources for postretirement health care benefits provided by the Commission. The Commission is not required to make additional contributions unless obligated to do so by resolution, and the fund is not funded based on actuarial information. Starting in fiscal year 2003 this fund is being used to provide current retiree health care benefits.

Private-Purpose Trust Funds – Private-Purpose Trust Funds are used to account for funds whose principal and interest are legally held in trust and must be expended in accordance with their designated purposes.

Agency Funds – The Agency Funds are used to account for the State retirement funds of participating Commission employees and retirees, and for certain deposits held.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The Commission has elected to apply GASB pronouncements as well as Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

In the process of aggregating data for the Government-wide financial statements, some amounts reported as interfund activity and balances in the funds should be eliminated or reclassified. As a general rule the effect of interfund activity has been eliminated from the Government-wide financial statements. Internal Service Funds are used by management to charge to funds using the service the costs of capital equipment financing, risk management, employee benefits, and the Executive Office Building. The assets and liabilities of the Internal Service Funds are included in the governmental activities column of the Statement of Net Assets. The Commission eliminates internal fund expenses by allocating the expenses to other funds. Expenses for capital equipment are allocated based on revenues, for risk management based on revenues, and for employee benefits based on salaries expense. The funds are so unique that a single allocation method was not appropriate.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in

connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(D) Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents – Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature within three months of the date acquired by the Commission.

Equity in Pooled Cash and Investments – The Commission pools the cash and investments of all funds into a common pool to maintain investment flexibility and maximize earnings. The Commission's Finance Department manages the pool. Investment earnings are allocated to participating Funds based upon their average monthly equity in pooled cash balances. Commission investments, including those in the Pension Trust Fund, are stated at fair value.

Property Taxes Receivable - All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is based on an aging of receivables, with increasing percentages applied to older receivables. Property taxes are levied and collected for the special taxing districts of the Commission by Montgomery and Prince George's County Governments, as appropriate. Semiannual tax payment plans are automatic for homeowners living in their properties unless they request to remain on an annual payment plan. Under the semiannual payment plan, one-half of the real property taxes are due by September 30 and the remaining one-half is due by December 31. Real property taxes are levied on July 1 each year and become delinquent on October 1 and January 1, at which time interest and penalties commence. Personal property and real property taxes levied for a fraction of a year are due when billed. Tax liens on real property are sold at public auction on the second Monday in June in Montgomery County and on the second Monday in May in Prince George's County for taxes that are delinquent.

The property tax revenues and rates of the Commission are not subject to any legislative limitations. However, the respective County Council approves such revenues and rates when budgets are adopted.

Accounts Payable and Other Current Liabilities – Accounts payable includes only short-term liabilities due and payable within the normal course of business.

Inventories – Inventories are valued at the lower of cost (first-in, first-out) or market for proprietary funds.

Restricted Assets – Certain proceeds of the Commission's bonds, as well as certain resources set aside for enterprise fund revenue bond repayment, are classified as restricted assets on the balance sheet because they are maintained in investment accounts and their use is limited by applicable bond covenants.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, trails, dams and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. The Commission defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed and actual costs are not known. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 – 40
Infrastructure	15 - 60
Machinery and Equipment	5 - 10

Advances to Other Funds - Long-term interfund advances at June 30, 2003, consist of \$3,829,363 of land acquired by the Prince George's County Advance Land Acquisition Private Purpose Trust Fund that is being used for park purposes in the Prince George's County Enterprise Fund. The advances are recorded as noncurrent receivables/payables in the respective Funds.

Compensated Absences - Commission employees earn annual leave and sick leave in varying amounts, and are granted three days of personal leave annually. Some employees may also earn compensatory leave in lieu of overtime pay. There is no liability for unpaid accumulated sick leave since the Commission does not have a policy to pay any amounts when employees separate from service.

Each pay cycle, an estimated amount for compensated absences expenditures is recorded for the General Fund employees and is recognized as expenditures in the General Fund and revenue in the Employee Benefits Internal Service Fund. The estimate is equal to the amount of annual and sick leave expected to be taken during the year, plus an amount to fund the long-term leave liability. As General Fund employees take annual and sick leave, this usage is charged to the Employee Benefits Internal Service Fund. When annual and sick leave are used or taken by employees charged to proprietary funds, the expense is charged directly to the employees' cost center in the proprietary funds. Compensated absences for leave liabilities are charged directly to the proprietary funds' cost center to which the employee is assigned. The year-end liability for annual leave and compensatory leave is calculated based on hours of leave available, priced at current salary rates plus applicable employer payroll taxes.

Long-term Obligations – In the Government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Landfill Closure and Postclosure Costs - The Bonifant Road Rubble Landfill stopped receiving solid waste and is closed. The landfill was capped during fiscal year 2003. The total current cost of landfill postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The postclosure care cost, estimated to be approximately \$118,000 over the 4 1/2 year remaining postclosure care period, is reported as a long-term obligation in the Government-wide financial statements. The Montgomery County Park Account in the General Fund will pay the annual operating expense of approximately \$26,000 to monitor and maintain the landfill.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a

specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reserves - Fund balances in the governmental funds are reserved for encumbrances and debt service to indicate the amounts are not available for other expenditures.

Designated Fund Balances for Individual Funds and Accounts - The Commission has designated \$17,744,500 of fund balances in the General Fund at June 30, 2003, to fund fiscal year 2004 operations and contingencies, as follows.

	Montgomery County	Prince George's County	Total
Administration Account	\$ 1,673,900	\$ 685,300	\$ 2,359,200
Park Account	4,013,400	8,270,200	12,283,600
Recreation Account	N/A	3,101,700	3,101,700
	<u>\$ 5,687,300</u>	<u>\$ 12,057,200</u>	<u>\$ 17,744,500</u>

(2) – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet (Exhibit 3) includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the Statement of Net Assets (Exhibit 1). Details related to the most significant items on the reconciliation are as follows.

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds. The capital assets related to governmental funds (not including internal service funds) include:

Land	\$ 242,712,154
Buildings	140,735,264
Improvements Other than Buildings	13,724,214
Infrastructure	120,645,893
Machinery and Equipment	38,859,474
Accumulated Depreciation on Buildings, Improvements and Machinery and Equipment	(144,163,277)
Construction in Progress	19,621,006
Total	<u>\$ 432,134,728</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds. The long-term debt related to governmental funds (not including internal service funds) include:

Bonds and Notes Payable:	
Due Within One Year	\$ 10,755,000
Due in More than One Year	139,945,757
Estimated Liability for Postclosure Costs:	
Due Within One Year	26,230
Due in More than One Year	91,805
Accrued Interest Payable	3,016,017
Totals	<u>\$ 153,834,809</u>

(3) - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(A) Budgetary Information

The following procedures are used in establishing the annual budget.

On or before January 15, the Commission submits to the County Executive of each County a proposed annual budget for the respective accounts of the General Fund (including park debt service) and the Special Revenue Funds, and a budget plan for the respective Enterprise Funds and Internal Service Funds. The Capital Projects Funds' budgets and six-year expenditure plans are submitted to the County Executive of Prince George's County prior to each November 1 and to the County Executive of Montgomery County prior to November 1 of each odd-numbered year. These budgets and plans include proposed expenditures and the means of financing them.

Each County Executive transmits the budgets and plans with recommendations to the respective County Council. The County Councils conduct public hearings on the budgets and plans, and the budgets and plans are legally adopted prior to July 1.

The legal level of budgetary control is the department or function for the Administration Accounts and the Account level for the Montgomery County Park Account, Prince George's County Park Account, and Prince George's County Recreation Account. The Commission's expenditures may not exceed the total approved budget for each of the General Fund Accounts without prior approval by the respective County Council, except where grant funds received with the knowledge and approval of the respective County constitute an automatic budget amendment, thereby increasing the appropriations. Management is authorized to allow a department or function within a General Fund Account to be overspent by up to 10% of the approved budget without Council approval, provided the account in total is not overspent.

General Fund and Special Revenue Funds unencumbered appropriations lapse at year-end. Capital project appropriations do not lapse until the project is completed. The budget plans for the proprietary funds serve as a guide to the Commission and not as legally binding limitations.

Formal budgetary integration is employed as a management control device for the General Fund. The budget for the General Fund is adopted on a modified accrual basis consistent with GAAP except that encumbrances are treated as expenditures.

The actual expenditures in the General Fund Statements of Revenues, Expenditures/Encumbrances, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual are presented on a basis consistent with The Maryland-National Capital Park and Planning Commission Adopted Annual Budget. All expenditures made during fiscal year 2003 were within the legal limitations pertinent to the Commission. Under the budgetary method, current year outstanding encumbrances are charged to the budgetary appropriations and are considered expenditures of the current period. Governmental GAAP considers outstanding encumbrances as reservations of fund balances that are charged to expenditures in the period in which the goods or services are used or received.

A reconciliation from the Budget Basis to the GAAP Basis for the year ended June 30, 2003 is as follows. The account information shown below is reported in Note 6.

	Montgomery County		Prince George's County			Total General Fund
	Administration Account	Park Account	Administration Account	Park Account	Recreation Account	
Adjustment to Expenditures						
To Increase -						
Encumbrances -						
June 30, 2002	\$ 1,322,048	\$ 960,100	\$ 2,383,788	\$ 2,963,424	\$ 1,090,910	\$ 8,720,270
To Decrease -						
Encumbrances -						
June 30, 2003	(1,252,687)	(2,152,000)	(2,843,984)	(2,515,337)	(1,064,308)	(9,828,316)
Total Adjustment	69,361	(1,191,900)	(460,196)	448,087	26,602	(1,108,046)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses:						
GAAP Basis	218,385	2,557,558	1,800,180	(3,042,392)	(971,389)	562,342
Budget Basis	\$ 287,746	\$ 1,365,658	\$ 1,339,984	\$ (2,594,305)	\$ (944,787)	\$ (545,704)

(4) - DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2003, totaled \$660,806,040. The Commission's pool of deposits and investments (\$134,966,806) is available to all funds, except for the Pension Trust Funds.

Cash in Banks - At year-end, the carrying amount of deposits was \$1,503,457 and the bank balance was \$867,918. In addition, the Commission held cash at various locations totaling \$250,538, and the Employees' Retirement System Pension Trust Fund had a cash deficit of \$(3,856). Of the bank balance, \$500,000 was covered by Federal depository insurance and the remainder was collateralized by \$3,709,902 of securities held by a member of the Federal Reserve banking system in the name of the Commission and the Commission's bank.

The Commission requires collateral for the pooled cash and investments of ten or more days duration to be held in the Commission's name by the trust department of a bank other than the pledging bank. The Commission's policy was complied with throughout the year ended June 30, 2003. Collateral shall be maintained in excess of FDIC insurance coverage for all Commission bank cash accounts, certificates of deposits and time deposits.

Money Market Deposits - At year end the carrying value (fair value) of deposits in money market accounts is \$4,055,008. All such deposits relate to cash and investments restricted for debt service, for construction or for retiree health costs.

Investments - The Annotated Code of Maryland authorizes the Commission to invest in obligations for which the United States has pledged its full faith and credit for the payment of principal and interest, obligations that are issued by a Federal agency, repurchase agreements, bankers' acceptances, commercial paper, money market mutual funds, the State Treasurer's investment pool, certificates of deposits and municipal bonds and notes.

Statutes require that investments comply with the guidelines relative to investment grade and/or ratings and Securities and Exchange Commission registrations where applicable. Also, statutes require that securities underlying repurchase agreements have a fair value of at least 102% of the cost of the investment. If during the year, the fair value of securities underlying such investments falls below this required level, additional collateral is pledged or other collateral in the amount of the required level is

substituted. All collateral must meet statutory requirements and is held in the Commission's name by a third-party custodian.

There were no unusual variations in the mix or volume of the investment portfolio during the fiscal year. The Commission was in compliance with all applicable investment statutes throughout the fiscal year.

The cash included in the following restricted cash and investments are fully collateralized as discussed above:

Cash and Investments Restricted for Debt Service - At year-end, the Commission had \$589,848 restricted to pay debt service for Little Bennett Golf Course Revenue Bonds.

Cash and Investments Restricted for Unspent Debt Proceeds - At year-end, the Commission had \$23,086,318 of unspent bond and note proceeds restricted to pay construction costs for various projects, and for equipment purchase.

Pension Trust Funds Investments - Statutes do not restrict the investment activity of these two funds.

Securities Lending Transactions for Defined Benefit Pension Plan - The Maryland-National Capital Park and Planning Commission Employees' Retirement System Board of Trustees policies authorize the lending of investment securities. These lending transactions are managed by the custodian bank. There were no violations of legal or contractual provisions, or borrower or lending agent default losses known to the securities lending agent as of June 30, 2003. Due to the nature of the program's collateralization of securities loaned at a minimum of 102% of the market value plus accrued interest, management of the System believes that there is no credit risk, since the lender owes the borrower more than the borrower owes the lender.

Securities are loaned against collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned against collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned against collateral valued at 105% of the fair value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Consequently, the non-cash collateral has not been reported as an asset or liability on the Fiduciary Fund Statement of Net Assets. All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans is 35 days.

Cash collateral is invested in a short-term investment pool, which has an average weighted maturity of 38 days. Cash collateral may also be invested in "term loans", in which case the investments match the loan term. These loans can be terminated on demand by either borrower or lender. There are no dividends or coupon payments owing on the securities lent.

The custodian bank's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. Loss indemnification is provided when securities are not returned due to the insolvency of a borrower and the trustee bank fails to fulfill its contractual responsibilities relating to the lending of those securities to that borrower.

The fair value of securities on loan as of June 30, 2003 was \$51,472,325, which was collateralized by cash of \$43,782,139 and non-cash collateral of \$9,025,169. The securities lending gross earnings for the year ended June 30, 2003 were \$714,806, while the borrower's rebate totaled \$594,602 and bank fees and commissions were \$47,887, which resulted in a net addition from securities lending activity of \$72,317.

Categories of Investments - Investments are categorized to give an indication of the level of risk assumed by the Commission at year-end. Category 1 includes investments for which the securities are insured, registered, or held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investment securities held by the counterparty's trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investment securities held by the counterparty or its trust department or agent but not in the Commission's name. The Commission, including the Pension Trust Fund, did not hold Category 2 or 3 investments at year-end. Certain investments as listed in the following table are not subject to categorization, including mutual funds and commingled trusts, because they are not evidenced by securities that exist in physical or book entry form.

The Commission's investments at June 30, 2003 were as follows:

	Reported Amount/ <u>Fair Value</u>
Investments Subject to Categorization	
Commission Investments (all Category 1):	
Commercial Paper	\$ 424,091
United States Treasury Bills	7,035,174
Bankers' Acceptances	22,691,359
Federal National Mortgage Association Notes	31,599,131
Federal Home Loan Bank Notes	6,801,921
Federal Home Loan Mortgage Association Notes	27,053,480
Repurchase Agreements	59,532,241
Total Commission Investments	<u>155,137,397</u>
Fiduciary Fund Investments (all category 1) :	
Commercial Paper	367,836
Fixed Income securities	
Not on securities loan	137,426,611
On securities loan for securities collateral	7,304,546
Common Stocks	
Not on securities loan	190,088,463
On securities loan for securities collateral	1,475,089
Total Fiduciary Funds Investments	<u>336,662,545</u>
Total Investments Subject To Categorization	<u>491,799,942</u>
Investments Not Subject to Categorization	
Fiduciary Funds:	
Stock Mutual Fund	26,295,417
Fixed Income Mutual Fund	4,036,165
Commingled Stock Trust	46,394,541
Securities Lending Short Term	
Collateral Investment Pool	43,782,139
Investments Held by Broker Dealers	
Under Securities Loans with Cash	
Collateral:	
Corporate Bonds	22,325,708
Common Stock	20,366,981
Total investments not subject to categorization	<u>163,200,951</u>
Commission Total	<u>\$ 655,000,893</u>

Cash and investment balances are shown in the financial statements as follows:

Statement of Net Assets

Equity in Pooled Cash and Investments	\$ 118,579,200
Restricted Cash, Cash Equivalents and Investments	
Revenue Bond Covenant Accounts	589,848
Unspent Bonds Proceeds	23,086,318

Statement of Net Assets - Fiduciary Funds

Equity in Pooled Cash and Investments - Private Purpose Trust Funds	13,032,277
Equity in Pooled Cash and Investments - Agency Funds	3,355,329
Restricted Cash Unspent Bond Proceeds - Private Purpose Trust Funds	843,866
Cash and Marketable Securities - Pension Trust Funds	457,537,063
Collateral for Securities Lending Transactions - Pension Trust Funds	43,782,139
Total	<u>\$ 660,806,040</u>

They are composed of:

Cash in Banks	\$ 1,503,457
Cash of Employees Retirement System Pension Trust Fund	(3,856)
Cash in Other Locations	250,538
Money Market Deposits	4,055,008
Investments	655,000,893
Total	<u>\$ 660,806,040</u>

(B) Capital Assets

A summary of governmental activities capital assets at June 30, 2003 is as follows:

	July 1, 2002	Increases	Decreases	Transfers	June 30, 2003
Capital assets not being depreciated:					
Land	\$ 230,157,544	\$ 13,308,027	\$ (4,920)	\$ -	\$ 243,460,651
Construction in progress	17,443,351	10,506,793	-	(8,329,138)	19,621,006
Total capital assets not being depreciated	<u>247,600,895</u>	<u>23,814,820</u>	<u>(4,920)</u>	<u>(8,329,138)</u>	<u>263,081,657</u>
Capital assets being depreciated:					
Buildings and improvements	150,088,202	220,989	-	7,138,036	157,447,227
Infrastructure	119,454,791	-	-	1,191,102	120,645,893
Machinery and equipment	53,345,251	3,889,463	(902,194)	-	56,332,520
Total capital assets being depreciated	<u>322,888,244</u>	<u>4,110,452</u>	<u>(902,194)</u>	<u>8,329,138</u>	<u>334,425,640</u>
Less accumulated depreciation for:					
Buildings and improvements	(75,862,361)	(4,801,943)	-	-	(80,664,304)
Infrastructure	(35,830,287)	(2,170,214)	-	-	(38,000,501)
Machinery and equipment	(34,934,245)	(4,692,843)	902,194	-	(38,724,894)
Total accumulated depreciation	<u>(146,626,893)</u>	<u>(11,665,000)</u>	<u>902,194</u>	<u>-</u>	<u>(157,389,699)</u>
Total capital assets being depreciated, net	<u>176,261,351</u>	<u>(7,554,548)</u>	<u>-</u>	<u>8,329,138</u>	<u>177,035,941</u>
Governmental activities capital assets, net	<u>\$ 423,862,245</u>	<u>\$ 16,260,272</u>	<u>\$ (4,920)</u>	<u>\$ -</u>	<u>\$ 440,117,598</u>

Infrastructure assets relating to athletic fields constructed prior to July 1, 2001 have not been included above. GASB Statement No. 34 allows the Commission until June 30, 2006 to record these assets. Athletic fields completed after July 1, 2001 are included.

Summaries of business-type activities capital assets at June 30, 2003, made up of two major enterprise funds, is as follows:

	July 1, 2002	Increases	Decreases	Transfers	June 30, 2003
Montgomery County Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 11,584,468	\$ -	\$ -	\$ -	\$ 11,584,468
Construction in progress	1,773,131	635,748	-	(825,663)	1,583,216
Total capital assets not being depreciated	13,357,599	635,748	-	(825,663)	13,167,684
Capital assets being depreciated					
Buildings and improvements	25,306,606	-	-	825,663	26,132,269
Machinery and equipment	4,559,388	183,727	(22,837)	-	4,720,278
Total capital assets being depreciated	29,865,994	183,727	(22,837)	825,663	30,852,547
Less accumulated depreciation for:					
Buildings	(5,906,184)	(1,220,811)	-	-	(7,126,995)
Machinery and equipment	(2,717,974)	(371,269)	22,829	-	(3,066,414)
Total accumulated depreciation	(8,624,158)	(1,592,080)	22,829	-	(10,193,409)
Total capital assets being depreciated, net	21,241,836	(1,408,353)	(8)	825,663	20,659,138
Capital assets, net	\$ 34,599,435	\$ (772,605)	\$ (8)	\$ -	\$ 33,826,822
Prince George's County Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 7,779,131	\$ -	\$ -	\$ -	\$ 7,779,131
Capital assets being depreciated:					
Buildings and improvements	65,055,716	-	-	-	65,055,716
Machinery and equipment	4,129,137	178,117	(11,800)	-	4,295,454
Total capital assets being depreciated	69,184,853	178,117	(11,800)	-	69,351,170
Less accumulated depreciation for:					
Buildings and improvements	(11,518,361)	(1,977,036)	-	-	(13,495,397)
Machinery and equipment	(2,240,681)	(204,203)	11,800	-	(2,433,084)
Total accumulated depreciation	(13,759,042)	(2,181,239)	11,800	-	(15,928,481)
Total capital assets being depreciated, net	55,425,811	(2,003,122)	-	-	53,422,689
Capital assets, net	\$ 63,204,942	\$ (2,003,122)	\$ -	\$ -	\$ 61,201,820

Depreciation expense was charged to functions/programs of the Commission as follows:

	Montgomery County	Prince George's County	Total
Governmental activities:			
General Government	\$ 131,734	\$ 161,998	\$ 293,732
County Planning and Zoning	532,517	296,771	829,288
Park Operations and Maintenance	4,605,981	4,240,296	8,846,277
Recreation Programs	-	1,695,703	1,695,703
Total depreciation expense - governmental activities	\$ 5,270,232	\$ 6,394,768	\$ 11,665,000
Total depreciation expense - business-type activities:			
Recreational and Cultural Facilities	\$ 1,592,080	\$ 2,181,239	\$ 3,773,319

Construction Commitments - The Commission is committed to \$14,043,063 for construction contracts for work to be performed in subsequent years.

(C) Interfund Receivables, Payables, and Transfers

The Commission's only interfund receivable and payable balance at June 30, 2003 is \$932,702 payable by the Employees' Post Employment Benefit Pension Trust fund to the Group Insurance Internal Service Fund.

The Commission had the following interfund transfers during fiscal year 2003:

Interfund Transfers:	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Prince George's Park Debt Service	Non-major Governmental Funds	Proprietary Funds	Total
Transfers In							
General Fund - Administration Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund - Park Account	-	10,000	2,247,000	12,947,033	3,691,157	4,248,200	23,143,390
General Fund - Recreation Account	-	-	-	-	-	388,600	388,600
Internal Service Fund - Group Insurance	2,656,514	-	-	-	-	188,749	2,845,263
Special Revenue Fund	-	-	222,936	-	-	-	222,936
Capital Projects - Interest	641,377	-	-	-	-	-	641,377
Enterprise Fund	-	175,000	-	-	-	-	175,000
Total Transfers In	\$ 3,297,891	\$ 185,000	\$ 2,469,936	\$ 12,947,033	\$ 3,691,157	\$ 4,825,549	\$ 27,416,566
Transfers Out							
General Fund - Administration Account	\$ -	\$ -	\$ -	\$ -	\$ -	768,708	768,708
General Fund - Park Account	-	59,750	581,627	-	-	1,540,444	2,181,821
General Fund - Recreation	-	-	-	-	-	347,362	347,362
Internal Service Fund - Risk Management	-	-	-	-	-	11,137	11,137
Internal Service Fund - Executive Office Building	-	-	-	-	-	2,225	2,225
Debt Service Fund	16,588,190	-	-	-	-	-	16,588,190
Capital Projects	2,257,000	-	-	-	222,936	175,000	2,654,936
Special Revenue Fund	50,000	-	-	-	-	-	50,000
Enterprise Fund	4,635,800	-	-	-	-	175,387	4,812,187
Total Transfers Out	\$ 23,531,990	\$ 59,750	\$ 581,627	\$ -	\$ 222,936	\$ 3,020,263	\$ 27,416,566

A majority of the transfers (\$16,588,190) was to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds.

Proprietary fund transfers are made up of the following:

Interfund Transfers:	Montgomery County Enterprise Fund	Prince George's County Enterprise Fund	Internal Service Funds	Total Proprietary Funds
Transfers In				
General Fund - Park Account -	\$ 86,000	\$ 4,162,200	\$ -	\$ 4,248,200
General Fund - Recreation Account	-	388,600	-	388,600
Internal Service Fund - Group Insurance	78,173	97,214	13,362	188,749
Total Transfers In	\$ 164,173	\$ 4,648,014	\$ 13,362	\$ 4,825,549
Transfers Out				
General Fund - Administration Account	\$ -	\$ -	\$ 768,708	\$ 768,708
General Fund - Park Account	-	-	1,540,444	1,540,444
General Fund - Recreation	-	-	347,362	347,362
Internal Service Fund - Risk Management	-	-	11,137	11,137
Internal Service Fund - EOB	-	-	2,225	2,225
Capital Projects	175,000	-	-	175,000
Enterprise	-	-	175,387	175,387
Total Transfers Out	\$ 175,000	\$ -	\$ 2,845,263	\$ 3,020,263

The Commission's policy is to account for the construction of Prince George's County Enterprise Fund assets in the Capital Projects Fund until completed. Once completed, the assets are transferred and capitalized in the Prince George's County Enterprise Fund.

In addition to the above transfers, tax revenues of \$493,058 not needed to pay current debt service were transferred from the Advanced Land Acquisition Debt Service Funds to the Advanced Land Acquisition Private Purpose Trust Funds.

(D) Operating Leases

The Commission is committed under several operating leases for office space expiring at various dates through 2013. Each agreement provides for termination in the event of nonappropriation of funds.

Future minimum commitments under operating leases at June 30, 2003 are as follows (\$000's).

Year Ending June 30	Operating Leases		
	Total	Montgomery County	Prince George's County
2004	\$ 1,951	\$ 363	\$ 1,588
2005	1,881	368	1,513
2006	1,621	217	1,404
2007	1,438	91	1,347
2008	405	-	405
2009 to 2013	535	-	535
Total minimum lease payments	<u>\$ 7,831</u>	<u>\$ 1,039</u>	<u>\$ 6,792</u>

In fiscal year 2003, expenditures in the General Fund included \$932,872 (Montgomery - \$105,025, Prince George's - \$827,847) relating to the rental of office space.

(E) Long-Term Obligations

Notes Payable - Notes payable are only reported in enterprise funds and at the Government-wide level. Payments required to maturity on notes payable at June 30, 2003 are as follows (\$000's).

Year Ending June 30	Total	Montgomery County				Prince George's County	
		Governmental		Enterprise Fund		Governmental	
		Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 2,140	\$ 1,685	\$ 131	\$ 87	\$ 9	\$ 145	\$ 83
2005	1,665	1,270	80	90	5	145	75
2006	1,241	922	36	59	2	155	67
2007	817	547	18	27	1	165	59
2008	805	552	5	27	1	170	50
2009-2013	994	-	-	-	-	895	99
Total payments	<u>\$ 7,662</u>	<u>\$ 4,976</u>	<u>\$ 270</u>	<u>\$ 290</u>	<u>\$ 18</u>	<u>\$ 1,675</u>	<u>\$ 433</u>

General Obligation Bonds - The Commission is authorized to issue general obligation bonds for the acquisition of park land and the development of parks, designated as Park Acquisition and Development Bonds ("Park Bonds"); to provide resources for advance land acquisition for highways, schools and other public purposes, designated as Advance Land Acquisition Bonds ("Advance Land Bonds"); and to refund both Park and Advance Land Bonds. The general obligation bonds are issued on the full faith and credit of the Commission and the county for which the bonds are issued.

Mandatory taxes of 3.6 cents per \$100 of real property assessed valuation (9 cents for personal property) in Montgomery County and at least 4 cents per \$100 of real property assessed valuation (10 cents for personal property) in Prince George's County are required by Article 28 of the Annotated Code of Maryland to be levied in the Metropolitan District in the respective counties for the payment of Park Bond debt service. In 2003, debt service payments approximated 0.46 cents per \$100 of real property and 1.15 cents per \$100 of personal property for Montgomery County and 2.88 cents for real property and 7.20 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for operating and maintaining the park system of the respective counties.

The Advance Land Bonds are payable from limited annual ad valorem property taxes which are levied by the respective county on all property assessed for the purpose of county taxation.

The debt service requirements to maturity for general obligation bonds, for each of the subsequent five years and in five-year increments thereafter is as follows (000's):

Montgomery County General Obligation Bonds						
Fiscal Year	Governmental Activities					
	Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	TOTAL ALA Payments
2004	\$ 2,295	\$ 1,341	3,636	\$ 420	\$ 175	\$ 595
2005	2,070	1,246	3,316	415	154	569
2006	2,140	1,168	3,308	465	134	599
2007	2,180	1,086	3,266	475	115	590
2008	2,150	1,000	3,150	465	95	560
2009 - 2013	10,740	3,603	14,343	1,680	204	1,884
2014 - 2018	7,005	1,586	8,591	305	12	317
2019 - 2023	3,545	317	3,862	-	-	-
Totals	\$ 32,125	\$ 11,347	\$ 43,472	\$ 4,225	\$ 889	\$ 5,114

Prince George's County General Obligation Bonds							
Fiscal Year	Governmental Activities						Total Commission General Obligation Bonds
	Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	Total ALA Payments	
2004	\$ 7,715	\$ 4,517	\$ 12,232	\$ 325	\$ 116	\$ 441	\$ 16,904
2005	7,895	4,136	12,031	320	100	420	16,336
2006	8,065	3,805	11,870	320	84	404	16,181
2007	8,145	3,470	11,615	315	68	383	15,854
2008	8,235	3,137	11,372	305	53	358	15,440
2009 - 2013	39,710	10,485	50,195	885	67	952	67,374
2014 - 2018	24,160	3,641	27,801	-	-	-	36,709
2019 - 2023	9,730	545	10,275	-	-	-	14,137
Totals	\$ 113,655	\$ 33,736	\$ 147,391	\$ 2,470	\$ 488	\$ 2,958	\$ 198,935

Note: Series AA Bonds are auction rate notes, with short-term interest rates reset every 35 days. For purposes of the above calculations, a rate of 1.05%, the rate in effect at June 30, 2003, was used.

Outstanding General Obligation Bonds - General obligation bonds outstanding at June 30, 2003, consist of the following individual issues (000's):

<u>Series</u>	<u>Effective Interest Rate at Date of Sale</u>	<u>Dated</u>	<u>Final Maturity Date</u>	<u>FY2004 Serial Payment</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2003</u>
Montgomery County						
Park Acquisition and Development Bonds						
1990 Advance Refunding	6.7983 %	06/01/90	07/01/03	\$ 555	\$ 6,675	\$ 555
Series N-2	4.7561	12/01/93	07/01/03	275	5,500	275
Series Q-2	6.3609	11/15/94	11/01/04	200	5,000	400
Series R-2 Advance Refunding	4.8972	12/01/95	07/01/14	530	8,700	7,220
Series U-2	4.5346	08/01/98	08/01/18	210	7,000	6,160
Series Y-2	5.0232	11/01/00	11/01/20	170	5,700	5,360
Series CC-2 (Note 1)	3.7819	12/01/02	12/01/22	355	12,155	12,155
				<u>2,295</u>	<u>50,730</u>	<u>32,125</u>
Advance Land Acquisition Bonds						
Bonds of 1994	6.3609	11/15/94	07/01/04	90	2,200	180
Bonds of 1995 Advance Refunding	4.7707	12/01/95	07/01/10	330	3,345	2,495
DD-2 ALA Gen Oblig. Refunding	3.4748	12/01/02	12/01/14	-	1,550	1,550
				<u>420</u>	<u>7,095</u>	<u>4,225</u>
Total Montgomery County General Obligation Bonds				<u>\$ 2,715</u>	<u>\$ 57,825</u>	<u>\$ 36,350</u>
Prince George's County						
Park Acquisition and Development Bonds						
Series M-2	5.1483 %	05/01/93	07/01/03	\$ 700	\$ 15,250	\$ 700
Series P-2	4.8382	12/01/93	07/01/03	700	14,500	700
Series S-2 Advance Refunding	4.9787	12/01/95	07/01/12	2,410	30,025	20,645
Series T-2	5.3913	01/15/97	01/15/17	1,300	33,000	26,700
Series W-2	6.4000	06/25/98	07/01/12	600	7,325	5,620
Series Z-2	4.5481	07/15/01	05/01/21	560	18,700	17,580
Series AA-2	Note 2	07/25/02	05/01/22	600	21,200	20,600
Series BB-2 Advance Refunding	3.3944	12/01/02	07/01/14	845	21,110	21,110
				<u>7,715</u>	<u>161,110</u>	<u>113,655</u>
Advance Land Acquisition Bonds						
Bonds of 1995 Advance Refunding	4.8991	12/01/95	07/01/10	325	3,300	2,470
Total Prince George's County General Obligation Bonds				<u>\$ 8,040</u>	<u>\$ 164,410</u>	<u>\$ 116,125</u>

Notes: (1) The CC-2 Bonds include Advance Refunding and Park Development Bonds
(2) Series AA Bonds are auction rate notes, with short-term interest rates reset every 35 days. At June 30, 2003 a rate of 1.05% was in effect.

Revenue Bonds and Revenue Notes Payable - The Commission is authorized to issue revenue bonds and notes to finance the cost of revenue producing facilities and to refund outstanding bonds. The revenue bonds and notes are not general obligations of the Commission or county for which they are issued and are payable solely from revenues generated from revenue producing facilities. The Commission's revenue bonds and revenue notes payable, which totaled \$10,851,668 at June 30, 2003, are accounted for in the Montgomery County Enterprise Funds. Debt service expenditures for the revenue bonds and notes totaled \$1,592,998 for the fiscal year. There were no revenue bonds or revenue notes payable for Prince George's County.

The outstanding proprietary fund debt as of June 30, 2003, and the related debt service requirements for Montgomery County are as follows (000's):

Fiscal Year	Business-type Activities Revenue Bonds and Notes		
	Total Principal	Total Interest	Total Payments
2004	\$ 984	\$ 587	\$ 1,571
2005	1,019	532	1,551
2006	1,054	475	1,529
2007	2,800	416	3,216
2008	2,550	203	2,753
2009 - 2013	2,223	372	2,595
2014 - 2018	222	6	228
Total	\$ 10,852	\$ 2,591	\$ 13,443

Restricted investments related to the Commission's Montgomery County revenue notes and bonds are a restricted Debt Service Reserve Fund of \$589,848 for Little Bennett Golf Course.

The Commission is in compliance with all significant restrictive covenants related to revenue bonds and notes.

Outstanding Revenue Bonds and Revenue Notes Payable - Revenue bonds, net of a \$288,567 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2003, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY2004 Serial Payment	Original Issue	Outstanding at June 30, 2003
Montgomery County						
Revenue Bonds and Notes						
Little Bennett Golf Course (net of deferred amount)	5.6350%	11/20/97	10/01/07	\$ 300	\$ 4,291	\$ 3,131
Wheaton Ice Rink	6.0600%	09/18/97	05/01/07	240	3,600	2,765
Cabin John Ice Rink	5.1600%	04/24/99	11/01/13	444	6,000	4,667
				\$ 984	\$ 13,891	\$ 10,563

New Debt Issue - On July 25, 2002, the Commission sold \$21,200,000 Prince George's County Park Acquisition and Development Bonds, Series AA-2, which have maturities through May 1, 2022. The bonds are variable rate auction notes, currently in a 35-day mode. The rates on the notes during FY 2003 ranged from 1.05% to 1.45%.

On December 19, 2002, the Commission issued \$21,110,000 of Prince George's County Park Acquisition and Development Refunding Bonds, Series BB-2, \$12,155,000 of Montgomery County Park Acquisition and Development Refunding and Project Bonds, Series CC-2, and \$1,550,000 Montgomery County Advanced Land Acquisition General Obligation Refunding Bonds, Series DD-2. Except for \$5,222,900 of CC-2 proceeds used for capital project financing, the bonds provided the resources to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on general obligation bonds summarized below. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price in excess of the net carrying value of the old debt is being netted against the new debt and amortized over the remaining life of the refunded bonds, which equals the life of the new debt issued.

Information related to the refunding bond issue follows.

	Montgomery County		Prince George's County
	CC - 2	DD - 2	BB - 2
Bond issue title			
Amount of refunding bonds issued	\$ 6,932,100	\$ 1,550,000	\$ 21,110,000
Amount of bonds defeased	6,525,000	1,400,000	19,900,000
Acquisition price in excess of carrying value of old debt	502,743	152,004	1,355,326
Remaining life of old bonds	12 years	12 years	12 years
Total reduction in debt service payments	344,878	126,279	1,102,695
Economic gain	548,519 *		1,085,052

* Montgomery County economic gain was only computed in total for both bond issues.

On May 12, 2003, the Commission issued a Note Payable of \$2,800,000 to finance capital equipment purchases. This note is recorded in the Montgomery County Enterprise Fund (\$131,593) and the Montgomery County Internal Service Fund (\$2,668,407). Semiannual payments are due until April 1, 2008 at an interest rate of 2.46%.

Changes in Long-Term Liabilities – Changes in long-term liabilities for the year ended June 30, 2003, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
<u>Montgomery County</u>					
General Obligation Park Bonds Payable	\$ 28,700,000	\$ 12,155,000	\$ 8,730,000	\$ 32,125,000	\$ 2,295,000
General Obligation ALA Bonds Payable	4,500,000	1,550,000	1,825,000	4,225,000	420,000
Deferred charges, net of premiums, on General Obligation Bonds	-	(545,214)	(45,435)	(499,779)	(45,435)
Revenue Bonds and Notes Payable	11,811,112	-	959,444	10,851,668	984,444
Unamortized Discount on Revenue Bonds and Notes	(320,630)	-	(32,063)	(288,567)	(32,063)
Notes Payable - Governmental	3,576,688	2,668,407	1,268,904	4,976,191	1,685,556
Notes Payable - Enterprise	217,284	131,593	58,477	290,400	86,711
Estimated Liability for Landfill Closure and Postclosure Costs	1,737,000	16,150	1,635,115	118,035	26,230
Accrued Compensated Absences:					
Governmental	5,732,887	3,560,379	3,361,701	5,931,565	3,692,000
Enterprise Fund	438,713	221,452	210,568	449,597	211,000
 Long-term Liabilities	 <u>56,393,054</u>	 <u>19,757,767</u>	 <u>17,971,711</u>	 <u>58,179,110</u>	 <u>9,323,443</u>
 <u>Prince George's County</u>					
General Obligation Park Bonds Payable	119,620,000	42,310,000	48,275,000	113,655,000	7,715,000
General Obligation ALA Bonds Payable	2,800,000	-	330,000	2,470,000	325,000
Deferred charges, net of premiums, on General Obligation Bonds	-	(1,383,053)	(108,588)	(1,274,465)	(108,588)
Notes Payable - Governmental	1,765,000	-	90,000	1,675,000	145,000
Advances from Other Funds	3,829,363	-	-	3,829,363	-
Accrued Compensated Absences:					
Governmental	6,598,360	4,300,859	3,866,755	7,032,464	4,194,900
Enterprise Fund	469,770	217,409	166,364	520,815	166,000
 Long-term Liabilities	 <u>135,082,493</u>	 <u>45,445,215</u>	 <u>52,619,531</u>	 <u>127,908,177</u>	 <u>12,437,312</u>
 Total Long Term Liabilities	 <u>\$ 191,475,547</u>	 <u>\$ 65,202,982</u>	 <u>\$ 70,591,242</u>	 <u>\$ 186,087,287</u>	 <u>\$ 21,760,755</u>

Long-term obligations are shown in the Statement of Net Assets as follows:

Payable to Advance Land Acquisition Trust Fund	\$ 3,829,363
Compensated Absences	
Due within One Year	8,263,165
Due in more than One Year	5,671,290
Bonds and Notes Payable:	
Due within One Year	13,656,711
Due in more than One Year	154,548,737
Estimated Liability for Closure and Postclosure Costs	
Due within One Year	26,230
Due in more than One Year	91,805
Total Long-Term Liabilities	<u>\$ 186,087,301</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

(F) Defeased Debt

In fiscal years 1996, 1998 and 2003, the Commission defeased the callable portion of certain series of general obligation bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The refunded bonds and their amortization dates are detailed as follows:

<u>Series</u>	<u>Redemption Date</u>	<u>Montgomery County</u>	<u>Prince George's County</u>
Series M-2	July 1, 2003		8,750,000
Series N-2	July 1, 2003	3,025,000	
Series P-2	July 1, 2003		8,000,000
Series Q-2	November 1, 2005	3,250,000	
Series S-2	July 1, 2003		570,000
	July 1, 2004		560,000
	July 1, 2005		3,745,000
ALA Refunding 1994	November 1, 2004	1,400,000	

Trust account assets and liabilities for the defeased bonds are not included in the Commission's basic financial statements.

(5) - OTHER INFORMATION

(A) Self Insurance

The Commission 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 Commission is a participant in the Montgomery County Self-Insurance Program (the "Program") for the purpose of economic pooling of risks and resources. The Program provides the Commission with self-insurance administration for workers' compensation (Maryland state mandatory limits), comprehensive general liability, automobile liability, police professional liability, public officials liability, property and fire damage, boiler and machinery damage, data processing system breakdown and excess liability (up to \$10,000,000 combined single limit). The Commission does not participate in risk sharing with the other participants and is required to reimburse the full amount of any claims paid by the Program. The Commission also carries honesty bond coverage for its public officials and employees. The Commission did not pay any claims settlements in excess of insurance coverage for fiscal years 2002, and 2003, nor were any insurance coverages reduced in fiscal year 2003.

The Commission's employees have various options in their selection of health insurance benefits. The Commission offers an administrative services only (ASO) plan for the prescription drug program and a point of service (POS) medical plan. All other group health insurance plans, which include three health maintenance organizations (HMO's), a dental plan, and a vision plan, are fully insured. The Commission expended \$18,282,340 for all group health benefits in fiscal year 2003. The basis for estimating incurred but not reported (IBNR) claims at year-end is an annual analysis performed by the plans' administrators.

Premiums are paid into the Risk Management Internal Service Fund by the General Fund and Enterprise Funds and are available to pay claims, claim reserves and administrative costs of the program. Claims paid during fiscal year 2003 totaled \$2,450,898. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for

IBNR claims which is determined annually based on an actuarial evaluation. In addition, individual claim liabilities are established for each case based on the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Medical</u>	Risk <u>Management</u>
Unpaid Claims, June 30, 2001	\$ 824,926	\$ 6,177,809
Incurred Claims, Fiscal year 2002	7,462,799	2,042,867
Claims Paid, Fiscal Year 2002	<u>(7,285,315)</u>	<u>(1,732,352)</u>
Unpaid Claims, June 30, 2002	1,002,410	6,488,324
Incurred Claims, Fiscal year 2003	8,301,388	1,119,533
Claims Paid, Fiscal Year 2003	<u>(7,657,362)</u>	<u>(2,450,898)</u>
Unpaid Claims, June 30, 2003	<u>\$ 1,646,436</u>	<u>\$ 5,156,959</u>

The medical column excludes expenses that are fully insured.

(B) Related Party Transactions

The Commission was involved in the following related party transactions during fiscal year 2003:

Payments and Obligations to Prince George’s County -The Commission paid or is obligated to pay Prince George’s County for the following: \$738,100 Zoning Enforcement Unit, \$416,500 property tax collection fees, \$588,600 annual rental charges for office space in the County Administration Building, \$550,000 planning and zoning functions, \$208,500 Cooperative Extension Service, \$200,000 Community College pool operation and maintenance, \$340,500 Geographic Information System, \$218,600 for people’s Zoning Legal counsel, and \$348,900 of other mandates. In addition, the County has directed payments of \$846,326 to other parties for legislative mandates.

Employees’ Retirement System - The Maryland-National Capital Park and Planning Commission Employees’ Retirement System paid the Commission \$71,626 in fiscal year 2003 for annual rental of space in the Executive Office Building, and \$30,000 for computer services.

(C) Contingencies

Grant Program - The Commission, as grantee or subgrantee, participates in several Federal and State grant programs, which are subject to financial and compliance audits. The Commission believes it has complied, in all material respects, with applicable grant requirements and the amount of expenditures that may be disallowed by the granting agencies, if any, would be immaterial.

Litigation – The Commission is a defendant in various legal actions that fall into three major categories – those arising from the Commission’s planning and zoning powers, those arising from incidents occurring on the Commission property and those arising from personnel actions. The Commission’s management and its General Counsel estimate that the resolution of claims resulting from all litigation against the Commission not covered by insurance will not materially affect the financial position or operations of the Commission.

(D) Employees’ Retirement System and Pension Plans

Defined Benefit Pension Plan

Plan Description - The Commission contributes to The Maryland-National Capital Park and Planning Commission Employees’ Retirement System (the "System"), a single-employer defined benefit public employee retirement plan. Benefit provisions and obligations to contribute to the plans and all other requirements are established by a Trust Agreement between the Commission and the Board of Trustees

of the System which has been periodically amended since the System was established July 1, 1972. Accounting and financial reporting for the system is performed by non-Commission employees who are employed directly by the System. The System's financial records are not maintained on a separate county basis. The assets of the System are invested with the objective of ensuring sufficient funds will be available for meeting benefit payments. As the System's investment asset pool provides collectively for benefit payments of all four plans the System is considered a single "pension plan" for purposes of financial reporting in accordance with GAAP. Publicly available Financial Statements that includes management's discussion and analysis, financial statements and required supplementary information for the System can be obtained at the administrative offices of The Maryland-National Capital Park and Planning Commission Employees' Retirement System, 6611 Kenilworth Avenue, Suite 100, Riverdale, Maryland 20737.

Active plan members in Plan A are required to contribute 6% of their base pay. Plan B members contribute 3% of their base pay up to the maximum Social Security Wage Base and 6% in excess of the maximum Social Security Wage Base for the calendar year. Plan C members contribute 8% of their base pay and Plan D members contribute 7% of their base pay.

Method Used to Value Investments for Defined Benefit Pension Plan - Marketable securities are carried at fair value based on quotes from the active market.

Actuarial Methods for Defined Benefit Pension Plan

The actuarial value of assets calculates gains or losses on the basis of the actuarially assumed interest rate and recognizes one-third of the cumulative gains or losses not yet recognized. This year's asset value is based on the July 1, 2002 actuarial valuation.

The Entry Age Normal Cost method is used, with level dollar amortization of the unfunded actuarial liabilities over a closed 14 year amortization period.

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2002. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.25% a year, (c) cost of living increases in benefits after retirement based on the Plan's provision for annual increases of 100% of the first 3% of change in the CPI-Urban Index for major U.S. cities plus half of the change in excess of 3%, but no more than 5% in total. The assumed post-retirement cost of living adjustment is 3%.

The net assets in excess of the total actuarial accrued liability are \$75,014,637 as of July 1, 2002. The net assets available for benefits at June 30, 2003, totaled \$451,579,126.

The Commission's contributions to the System, made in accordance with actuarially determined requirements presented as a percentage of annual covered payroll for the year ending June 30, 2003 was 0.5%

The Commission's annual pension cost (APC) and net pension obligation (NPO) to the System for fiscal years 2001, 2002, and 2003 are presented below:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Annual Pension Cost (APC)	\$ 1,102	\$ 480	\$ 540
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation (NPO)	0	0	0

The Commission contributes 100% of the adjusted annual required contribution and has no NPO at year-end.

Investment Concentration – The System has invested in one commingled trust with Putnam Institutional Management, which has more than 100 international securities. This investment, along with a value index commingled trust with the Barclays Global Investors, which has approximately 500 domestic securities and a small cap value Mutual Fund with Artisan Partners, which has more than 80 domestic securities, exceeded five percent of net plan assets of the System at June 30, 2003.

Deferred Compensation Plans - The Commission offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan, available to all career Commission employees, permits them to defer a portion of their salary to future years. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death or unforeseeable emergency. The Commission also offers a separate deferred compensation plan to its officers and to the staff of the Employees' Retirement System.

(E) Other Postemployment Benefits

In addition to the pension benefits provided by the System, the Commission itself provides postretirement health care benefits, in accordance with Commission approval, to all full-time and part-time career employees, directors appointed by Montgomery County and Prince George's County Planning Boards, Merit System Board Members, Commissioners and appointed officials who retire under a Commission Retirement Plan or the State of Maryland Retirement Plan and who have been insured under any Commission-sponsored group medical plan during the three years immediately preceding the date of retirement. Currently, 569 retirees meet those eligibility requirements. Continuance of medical, dental, and vision benefits requires a minimum of three years' participation in a Commission-sponsored plan or ability to prove similar coverage in another plan immediately prior to retirement. The Commission contributes 85 percent of the amount of medical, prescription drug, and dental insurance rates and 80 percent of vision benefit rates. The System contributes the same percentages for its full-time and part-time employees.

Expenditures for postretirement health care benefits are recognized on the accrual basis as retirees' insurance costs are incurred. The Commission's net expense was \$2,757,165 for the year ended June 30, 2003 for the retirees' benefits.

On July 1, 1999, the Commission transferred \$7,056,000 to a newly established 115 Trust account for the purpose of pre-funding a portion of retiree insurance costs in the future. The Commission executed a Discretionary Investment Management Agreement with Legg Mason Mutual Solutions as the Financial Advisor (Custodial Trustee) of the account. Per the Post-Retirement Insurance Benefits Program Trust Agreement I - Contributions, the Commission may elect to contribute additional amounts as deemed necessary to meet its benefit obligations. The Commission is not required to make additional contributions unless obligated to do so by resolution, and the Trust account is not funded based on actuarial information. In June 2001, the Commission transferred \$1,489,910 to the internal trust fund. In September 2001, the Commission approved transferring this amount to the custodial trustee. In fiscal year 2003, the net cost of postretirement health care benefits, net of the retiree contributions, was transferred from the from the custodial trustee. A similar transfer is expected again in fiscal year 2004.

The 115 Trust is reported by the Commission as a pension trust fund, the Employees' Postemployment Benefits Fund.

(F) Maryland State Retirement System (MSRS)

Pension costs for certain employees/retirees who elected to remain in the MSRS was \$94,183 for the year ended June 30, 2003. A total of 39 employees/retirees and beneficiaries are covered in the MSRS. This amount includes the current service costs plus an amount sufficient to amortize the prior service cost over a 40-year period ending June 30, 2020.

(6) - COUNTY FINANCIAL DATA

The following financial data pertains to both Montgomery and Prince George's Counties.

MONTGOMERY COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2003

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
ASSETS						
Equity in Pooled Cash and Investments	\$ 4,244,902	\$ 9,492,289	\$ 13,737,191	\$ 3,000,241	\$ 849,354	\$ 17,586,786
Receivables - Taxes (net of allowance for uncollectibles)	254,504	593,510	848,014	-	-	848,014
Receivables - Other	3,921	25,098	29,019	-	420	29,439
Due from County Government	190,550	529,321	719,871	2,328,951	374,323	3,423,145
Due from Other Governments	-	113,556	113,556	393,044	-	506,600
Restricted Cash - Unspent Debt Proceeds	-	-	-	4,624,373	-	4,624,373
Other	2,198	-	2,198	-	-	2,198
Total Assets	\$ 4,696,075	\$ 10,753,774	\$ 15,449,849	\$ 10,346,609	\$ 1,224,097	\$ 27,020,555
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 485,929	\$ 1,482,387	\$ 1,968,316	\$ 610,140	\$ 180	\$ 2,578,616
Accrued Liabilities	394,611	896,329	1,290,940	-	24,042	1,314,982
Retainage Payable	-	-	-	903,031	-	903,031
Due to County Government	-	-	-	-	5,002	5,002
Deposits and Deferred Revenue	259,516	733,730	993,246	-	376,909	1,370,155
Total Liabilities	1,140,056	3,112,446	4,252,502	1,513,171	406,113	6,171,786
Fund Balances:						
Reserved for Encumbrances	1,262,687	2,152,000	3,404,687	7,574,722	200,023	11,179,432
Reserved for Debt Service	-	-	-	-	29,259	29,259
Unreserved, Designated for Subsequent Years	1,673,900	4,013,400	5,687,300	-	-	5,687,300
Unreserved, Undesignated, Reported in:						
General Fund	629,432	1,475,928	2,105,360	-	-	2,105,360
Special Revenue Fund	-	-	-	-	588,702	588,702
Capital Projects	-	-	-	1,258,716	-	1,258,716
Total Fund Balances	3,556,019	7,641,328	11,197,347	8,833,438	817,984	20,848,769
Total Liabilities and Fund Balances	\$ 4,696,075	\$ 10,753,774	\$ 15,449,849	\$ 10,346,609	\$ 1,224,097	\$ 27,020,555

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2003

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
REVENUES						
Property Taxes	\$ 18,514,351	\$ 50,733,921	\$ 69,248,272	\$ -	\$ 952,256	\$ 70,200,528
Intergovernmental:						
Federal	4,181	98,037	102,218	-	-	102,218
State	-	28,981	28,981	1,415,781	-	1,444,762
County	101,311	-	101,311	5,037,401	479,793	5,618,505
Local	-	26,483	26,483	-	33,360	59,843
Charges for Services	1,150,406	464,821	1,615,227	-	95,818	1,711,045
Rentals and Concessions	4,631	1,385,332	1,389,963	-	-	1,389,963
Interest	77,924	97,821	175,745	59,750	11,920	247,415
Miscellaneous	5,230	298,185	303,415	-	70,405	373,820
Total Revenues	<u>19,858,034</u>	<u>53,133,581</u>	<u>72,991,615</u>	<u>6,512,932</u>	<u>1,643,552</u>	<u>81,148,099</u>
EXPENDITURES						
Current:						
General Government	5,983,250	-	5,983,250	-	-	5,983,250
Planning and Zoning	14,045,730	-	14,045,730	-	198,097	14,243,827
Park Operations and Maintenance	-	47,663,821	47,663,821	-	541,740	48,205,561
Debt Service:						
Principal	-	-	-	-	2,630,000	2,630,000
Interest	-	-	-	-	1,640,666	1,640,666
Bond Issuance Costs	-	-	-	-	145,734	145,734
Capital Outlay:						
Park Acquisition	-	-	-	763,419	-	763,419
Park Development	-	-	-	6,275,577	-	6,275,577
Total Expenditures	<u>20,028,980</u>	<u>47,663,821</u>	<u>67,692,801</u>	<u>7,038,996</u>	<u>5,156,237</u>	<u>79,888,034</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(170,946)</u>	<u>5,469,760</u>	<u>5,298,814</u>	<u>(526,064)</u>	<u>(3,512,685)</u>	<u>1,260,065</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from General Obligation Bonds	-	-	-	5,222,900	-	5,222,900
Refunding Bonds Issued	-	-	-	-	8,482,100	8,482,100
Premiums on Bonds Issued	-	-	-	-	109,534	109,534
Payment to Refunding Bond Escrow Account	-	-	-	-	(8,442,494)	(8,442,494)
Transfers in from Private Purpose Trust Funds	-	-	-	-	7,296	7,296
Transfers out to Private Purpose Trust Funds	-	-	-	-	(332,333)	(332,333)
Transfers In	389,331	874,955	1,264,286	185,000	3,691,157	5,140,443
Transfer Out	-	(3,787,157)	(3,787,157)	(59,750)	-	(3,846,907)
Total Other Financing Sources (Uses)	<u>389,331</u>	<u>(2,912,202)</u>	<u>(2,522,871)</u>	<u>5,348,150</u>	<u>3,515,260</u>	<u>6,340,539</u>
Net Change in Fund Balances	218,385	2,557,558	2,775,943	4,822,086	2,575	7,600,604
Fund Balances - Beginning	<u>3,337,634</u>	<u>5,083,770</u>	<u>8,421,404</u>	<u>4,011,352</u>	<u>815,409</u>	<u>13,248,165</u>
Fund Balances - Ending	<u>\$ 3,556,019</u>	<u>\$ 7,641,328</u>	<u>\$ 11,197,347</u>	<u>\$ 8,833,438</u>	<u>\$ 817,984</u>	<u>\$ 20,848,769</u>

MONTGOMERY COUNTY
ADMINISTRATION ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 18,268,360	\$ 18,268,360	\$ 18,514,351	\$ 245,991
Intergovernmental -				
Federal	-	-	4,181	4,181
State	150,000	84,056	-	(84,056)
County	-	65,944	101,311	35,367
Charges for Services	1,025,000	1,025,000	1,155,037	130,037
Interest	140,000	140,000	77,924	(62,076)
Miscellaneous	-	-	5,230	5,230
Total Revenues	<u>19,583,360</u>	<u>19,583,360</u>	<u>19,858,034</u>	<u>274,674</u>
Expenditures/Encumbrances:				
Commissioners' Office	1,035,400	1,035,400	999,423	35,977
Central Administrative Services -				
Department of Human Resources and Management	1,688,800	1,688,800	1,635,016	53,784
Department of Finance	2,121,600	2,121,600	2,043,360	78,240
Legal Department	701,900	701,900	681,533	20,367
Support Services	485,300	485,300	496,878	(11,578)
Merit System Board	41,800	41,800	28,755	13,045
Total Central Administrative Services	<u>5,039,400</u>	<u>5,039,400</u>	<u>4,885,542</u>	<u>153,858</u>
Planning Department -				
Park and Planning Director's Office	245,427	245,427	258,599	(13,172)
Management Services	1,026,530	1,026,530	876,764	149,766
Strategic Planning	412,496	412,496	408,015	4,481
Community-Based Planning	3,467,020	3,467,020	3,269,756	197,264
County-wide Planning	3,162,841	3,162,841	3,066,831	96,010
Development Review	1,790,683	1,790,683	1,494,605	296,078
Research and Technology	3,312,620	3,312,620	3,361,594	(48,974)
Support Services	1,272,283	1,272,283	1,239,531	32,752
Grants	150,000	150,000	105,492	44,508
Total Planning Department	<u>14,839,900</u>	<u>14,839,900</u>	<u>14,081,187</u>	<u>758,713</u>
Non-Departmental	-	-	(6,533)	6,533
Total Expenditures/Encumbrances	<u>20,914,700</u>	<u>20,914,700</u>	<u>19,959,619</u>	<u>955,081</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(1,331,340)</u>	<u>(1,331,340)</u>	<u>(101,585)</u>	<u>1,229,755</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out) -				
Internal Service Fund - Group Insurance	379,800	379,800	389,331	9,531
Total Other Financing Sources (Uses)	<u>379,800</u>	<u>379,800</u>	<u>389,331</u>	<u>9,531</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (951,540)</u>	<u>\$ (951,540)</u>	287,746	<u>\$ 1,239,286</u>
Fund Balance - Budget Basis, July 1			<u>2,015,586</u>	
Fund Balance - Budget Basis, June 30			<u>\$ 2,303,332</u>	

**MONTGOMERY COUNTY
PARK ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 50,011,450	\$ 50,011,450	\$ 50,733,921	\$ 722,471
Intergovernmental -				
Federal	-	120,627	98,037	(22,590)
State	425,000	277,912	28,981	(248,931)
Other	-	26,461	26,483	22
County	116,330	116,330	-	(116,330)
Charges for Services	505,620	505,620	464,821	(40,799)
Rentals and Concessions	1,146,650	1,146,650	1,385,332	238,682
Interest	190,000	190,000	97,821	(92,179)
Miscellaneous	211,000	211,000	298,185	87,185
Total Revenues	<u>52,606,050</u>	<u>52,606,050</u>	<u>53,133,581</u>	<u>527,531</u>
Expenditures/Encumbrances:				
Director of Montgomery Parks	2,577,230	2,577,230	2,483,061	94,169
County-wide Planning	1,322,104	1,322,104	1,318,837	3,267
Research and Technology	1,213,251	1,213,251	1,274,140	(60,889)
Park Development	1,966,494	1,966,494	1,857,413	109,081
Park Police	8,659,592	8,989,592	8,843,332	146,260
Natural Resources	4,238,241	4,238,241	4,204,062	34,179
Central Maintenance	8,246,462	8,246,462	7,257,344	989,118
Northern Region	6,909,232	6,909,232	6,578,066	331,166
Southern Region	9,210,066	9,210,066	9,015,268	194,798
Support Services	5,671,228	5,341,228	5,183,400	157,828
Grants	425,000	425,000	153,501	271,499
Property Management	810,000	810,000	748,894	61,106
Non-Departmental	-	-	(61,597)	61,597
Total Expenditures/Encumbrances	<u>51,248,900</u>	<u>51,248,900</u>	<u>48,855,721</u>	<u>2,393,179</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>1,357,150</u>	<u>1,357,150</u>	<u>4,277,860</u>	<u>2,920,710</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out) -				
Capital Projects Funds - Interest	110,000	110,000	59,750	(50,250)
Debt Service Fund	(3,823,000)	(3,823,000)	(3,641,157)	181,843
Capital Projects Funds - Development	(10,000)	(10,000)	(10,000)	-
Internal Service Fund - Group Insurance	920,200	920,200	815,205	(104,995)
Special Revenue-Historic Preservation	-	-	(50,000)	(50,000)
Enterprise Fund	(86,000)	(86,000)	(86,000)	-
Total Other Financing Sources (Uses)	<u>(2,888,800)</u>	<u>(2,888,800)</u>	<u>(2,912,202)</u>	<u>(23,402)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (1,531,650)</u>	<u>\$ (1,531,650)</u>	1,365,658	<u>\$ 2,897,308</u>
Fund Balance - Budget Basis, July 1			4,123,670	
Fund Balance - Budget Basis, June 30			<u>\$ 5,489,328</u>	

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2003

	General Fund Accounts				Capital Projects	Park Debt Service	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total				
ASSETS								
Equity in Pooled Cash and Investments	\$ 10,155,214	\$ 22,031,866	\$ 13,553,222	\$ 45,740,302	\$ 9,660,967	\$ 706,396	\$ 5,733,165	\$ 61,840,830
Receivables - Taxes (net of allowance for uncollectibles)	570,000	799,696	682,000	2,051,696	-	-	-	2,051,696
Receivables - Other	10,301	140,911	13,528	164,740	194,396	-	36,813	395,949
Due from County Government	138,062	230,477	-	369,539	-	-	(26)	369,513
Due from Other Governments	-	-	5,806	5,806	502,448	-	-	508,254
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	17,360,874	-	-	17,360,874
Other	-	-	-	-	-	-	5,130	5,130
Total Assets	\$ 10,873,577	\$ 23,202,950	\$ 14,254,556	\$ 48,331,083	\$ 27,718,685	\$ 706,396	\$ 5,775,082	\$ 82,531,246
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 1,262,214	\$ 1,088,598	\$ 693,157	\$ 3,243,959	\$ 560,539	\$ -	\$ 140,668	\$ 3,945,168
Accrued Liabilities	393,872	955,862	896,568	2,246,302	-	33,523	84,351	2,364,178
Retainage Payable	-	-	-	-	827,099	-	-	827,099
Deposits and Deferred Revenue	594,507	1,061,928	2,725,847	4,382,282	-	-	29,130	4,411,412
Total Liabilities	2,250,593	3,106,378	4,515,572	9,872,543	1,387,638	33,523	264,149	11,547,853
Fund Balances:								
Reserved for Encumbrances	2,843,984	2,515,337	1,064,308	6,423,629	6,468,341	-	218,615	13,110,585
Reserved for Debt Service	-	-	-	-	-	672,873	2,753	675,626
Unreserved, Designated for Subsequent Years	685,300	8,270,200	3,101,700	12,057,200	-	-	-	12,057,200
Unreserved, Undesignated, Reported in:								
General Fund	5,093,700	9,311,035	5,572,976	19,977,711	-	-	-	19,977,711
Special Revenue Fund	-	-	-	-	-	-	5,299,565	5,299,565
Capital Projects	-	-	-	-	19,862,706	-	-	19,862,706
Total Fund Balances	8,622,984	20,096,572	9,738,984	38,458,540	26,331,047	672,873	5,520,933	70,983,393
Total Liabilities and Fund Balances	\$ 10,873,577	\$ 23,202,950	\$ 14,254,556	\$ 48,331,083	\$ 27,718,685	\$ 706,396	\$ 5,775,082	\$ 82,531,246

PRINCE GEORGE'S COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2003

	General Fund Accounts				Capital Projects	Park Debt Service	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total				
REVENUES								
Property Taxes	\$ 21,808,858	\$ 63,490,272	\$ 26,057,303	\$ 111,356,433	\$ -	\$ -	\$ 623,893	\$ 111,980,326
Intergovernmental:								
Federal	2,131	51,715	10,000	63,846	2,709	-	-	66,555
State	32,124	44,500	251,671	328,295	5,882,530	-	-	6,210,825
County	345,139	-	56,602	401,741	-	-	358,250	759,991
Local	8,984	-	-	8,984	19,912	-	-	28,896
Charges for Services	923,943	357,811	4,598,422	5,980,176	10,972	-	583,040	6,574,188
Rentals and Concessions	-	1,524,393	306,929	1,831,322	-	-	3,341,611	5,172,933
Interest	156,775	316,493	191,127	664,395	366,058	-	83,495	1,113,948
Contributions	-	-	-	-	20,000	-	9,121	29,121
Miscellaneous	1,656	176,950	100,626	279,232	98,851	-	348,452	726,535
Total Revenues	<u>23,279,610</u>	<u>65,962,134</u>	<u>31,672,680</u>	<u>120,914,424</u>	<u>6,401,032</u>	<u>-</u>	<u>5,347,862</u>	<u>132,663,318</u>
EXPENDITURES								
Current:								
General Government	6,715,060	-	-	6,715,060	-	-	-	6,715,060
Planning and Zoning	15,143,747	-	-	15,143,747	-	-	-	15,143,747
Park Operations and Maintenance	-	50,955,159	-	50,955,159	-	-	305,439	51,260,598
Recreation	-	-	32,602,831	32,602,831	-	-	4,864,677	37,467,508
Debt Service:								
Principal	-	-	-	-	-	28,375,000	330,000	28,705,000
Interest	-	-	-	-	-	4,865,785	132,482	4,998,267
Bond Issuance Costs	-	-	-	-	-	406,056	1,840	407,896
Capital Outlay:								
Park Acquisition	-	-	-	-	4,033,598	-	-	4,033,598
Park Development	-	-	-	-	5,314,929	-	-	5,314,929
Total Expenditures	<u>21,858,807</u>	<u>50,955,159</u>	<u>32,602,831</u>	<u>105,416,797</u>	<u>9,348,527</u>	<u>33,646,841</u>	<u>5,634,438</u>	<u>154,046,503</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>1,420,803</u>	<u>15,006,975</u>	<u>(930,151)</u>	<u>15,497,627</u>	<u>(2,947,495)</u>	<u>(33,646,841)</u>	<u>(286,576)</u>	<u>(21,383,285)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from General Obligation Bonds	-	-	-	-	-	21,200,000	-	21,200,000
Refunding Bonds Issued	-	-	-	-	-	21,110,000	-	21,110,000
Premiums on Bonds Issued	-	-	-	-	-	172,273	-	172,273
Payment to Refunding Bond Escrow Account	-	-	-	-	-	(21,109,592)	-	(21,109,592)
Transfers in from Private Purpose Trust Funds	-	-	-	-	-	-	2,578	2,578
Transfers out to Private Purpose Trust Funds	-	-	-	-	-	-	(160,725)	(160,725)
Transfers In	379,377	1,306,866	347,362	2,033,605	2,469,936	12,947,033	-	17,460,574
Transfer Out	-	(19,356,233)	(398,600)	(19,744,833)	(581,627)	-	(222,936)	(20,549,396)
Total Other Financing Sources (Uses)	<u>379,377</u>	<u>(18,049,367)</u>	<u>(41,238)</u>	<u>(17,711,228)</u>	<u>1,888,309</u>	<u>34,319,714</u>	<u>(381,083)</u>	<u>18,115,712</u>
Net Change in Fund Balances	1,800,180	(3,042,392)	(971,389)	(2,213,601)	(1,059,186)	672,873	(667,659)	(3,267,573)
Fund Balances - Beginning	<u>6,822,804</u>	<u>23,138,964</u>	<u>10,710,373</u>	<u>40,672,141</u>	<u>27,390,233</u>	<u>-</u>	<u>6,188,592</u>	<u>74,250,966</u>
Fund Balances - Ending	\$ <u>8,622,984</u>	\$ <u>20,096,572</u>	\$ <u>9,738,984</u>	\$ <u>38,458,540</u>	\$ <u>26,331,047</u>	\$ <u>672,873</u>	\$ <u>5,520,933</u>	\$ <u>70,983,393</u>

PRINCE GEORGE'S COUNTY
ADMINISTRATION ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 21,350,900	\$ 21,350,900	\$ 21,808,858	\$ 457,958
Intergovernmental -				
Federal	-	2,131	2,131	-
State	-	32,124	32,124	-
County	377,600	377,600	345,139	(32,461)
Local	-	8,984	8,984	-
Charges for Services	450,000	450,000	923,943	473,943
Interest	280,000	280,000	156,775	(123,225)
Miscellaneous	-	-	1,656	1,656
Total Revenues	<u>22,458,500</u>	<u>22,501,739</u>	<u>23,279,610</u>	<u>777,871</u>
Expenditures/Encumbrances:				
Commissioners' Office	1,777,900	1,777,900	1,777,702	198
Central Administrative Services -				
Department of Human Resources and Management	1,688,800	1,688,800	1,635,016	53,784
Department of Finance	2,121,600	2,121,600	2,043,361	78,239
Legal Department	701,900	701,900	681,534	20,366
Support Services	485,300	485,300	496,878	(11,578)
Merit System Board	41,800	41,800	28,754	13,046
Total Central Administrative Services	<u>5,039,400</u>	<u>5,039,400</u>	<u>4,885,543</u>	<u>153,857</u>
Planning Department	16,066,800	16,110,039	15,703,936	406,103
Non-Departmental	-	-	(48,178)	48,178
Total Expenditures/Encumbrances	<u>22,884,100</u>	<u>22,927,339</u>	<u>22,319,003</u>	<u>608,336</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(425,600)</u>	<u>(425,600)</u>	<u>960,607</u>	<u>1,386,207</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out) -				
Internal Service Fund - Group Insurance	-	-	379,377	379,377
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>379,377</u>	<u>379,377</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (425,600)</u>	<u>\$ (425,600)</u>	<u>1,339,984</u>	<u>\$ 1,765,584</u>
Fund Balance - Budget Basis, July 1			<u>4,439,016</u>	
Fund Balance - Budget Basis, June 30			<u>\$ 5,779,000</u>	

PRINCE GEORGE'S COUNTY
PARK ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 62,249,500	\$ 62,249,500	\$ 63,490,272	\$ 1,240,772
Intergovernmental -				
Federal	-	17,600	51,715	34,115
State	-	44,500	44,500	-
Charges for Services	467,700	467,700	357,811	(109,889)
Rentals and Concessions	1,310,000	1,310,000	1,524,393	214,393
Interest	1,020,000	1,020,000	316,493	(703,507)
Miscellaneous	111,800	111,800	176,950	65,150
Total Revenues	<u>65,159,000</u>	<u>65,221,100</u>	<u>65,962,134</u>	<u>741,034</u>
Expenditures/Encumbrances:				
Director's Office	2,920,411	2,920,411	2,720,935	199,476
Park Police	8,460,961	8,460,961	8,571,355	(110,394)
Support Services	8,965,600	8,515,600	8,509,899	5,701
Park Planning and Development	3,307,356	3,227,356	3,166,511	60,845
Facility Operations -				
Associate Director	368,272	368,272	311,623	56,649
Maintenance and Development	13,125,685	13,475,685	13,732,754	(257,069)
Natural and Historical Resources	1,729,674	1,709,674	1,613,060	96,614
Arts and Cultural Heritage	1,132,340	1,132,340	1,155,008	(22,668)
Park Permits	181,204	181,204	180,794	410
Total Facility Operations	<u>16,537,175</u>	<u>16,867,175</u>	<u>16,993,239</u>	<u>(126,064)</u>
Area Operations -				
Northern Area	4,202,982	4,107,982	4,067,276	40,706
Central Area	3,431,578	3,311,578	3,227,623	83,955
Southern Area	3,014,237	2,979,237	2,870,995	108,242
Child Care/Special Projects	37,750	37,750	37,197	553
Total Area Operations	<u>10,686,547</u>	<u>10,436,547</u>	<u>10,203,091</u>	<u>233,456</u>
Grants	-	62,100	62,100	-
Non-Departmental	588,550	588,550	279,942	308,608
Total Expenditures/Encumbrances	<u>51,466,600</u>	<u>51,078,700</u>	<u>50,507,072</u>	<u>571,628</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>13,692,400</u>	<u>14,142,400</u>	<u>15,455,062</u>	<u>1,312,662</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out) -				
Capital Projects Funds - Interest	380,000	380,000	581,627	201,627
Internal Service Fund - Group Insurance	-	-	725,239	725,239
Debt Service - Park Fund	(13,687,000)	(13,687,000)	(12,947,033)	739,967
Special Revenue Fund	-	-	-	-
Internal Service Fund - Risk Management	-	-	-	-
Enterprise Fund	(3,712,200)	(4,162,200)	(4,162,200)	-
Capital Projects Funds - Interest	(150,000)	(150,000)	(150,000)	-
Capital Projects Funds - Development	(2,097,000)	(2,097,000)	(2,097,000)	-
Total Other Financing Sources (Uses)	<u>(19,266,200)</u>	<u>(19,716,200)</u>	<u>(18,049,367)</u>	<u>1,666,833</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (5,573,800)</u>	<u>\$ (5,573,800)</u>	<u>(2,594,305)</u>	<u>\$ 2,979,495</u>
Fund Balance - Budget Basis, July 1			<u>20,175,540</u>	
Fund Balance - Budget Basis, June 30			<u>\$ 17,581,235</u>	

PRINCE GEORGE'S COUNTY
RECREATION ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 25,517,600	\$ 25,517,600	\$ 26,057,303	\$ 539,703
Intergovernmental -				
Federal	-	10,000	10,000	-
State	-	251,671	251,671	-
County	50,000	56,602	56,602	-
Charges for Services	5,975,600	5,975,600	4,698,422	(1,277,178)
Rentals and Concessions	364,500	364,500	306,929	(57,571)
Interest	400,000	400,000	191,127	(208,873)
Miscellaneous	184,400	184,400	100,626	(83,774)
Total Revenues	<u>32,492,100</u>	<u>32,760,373</u>	<u>31,672,680</u>	<u>(1,087,693)</u>
Expenditures/Encumbrances:				
Director's Office	213,279	213,279	199,972	13,307
Support Services	4,139,946	4,264,946	4,063,423	201,523
Total Director's Office	<u>4,353,225</u>	<u>4,478,225</u>	<u>4,263,395</u>	<u>214,830</u>
Facility Operations:				
Sports/Athletic/Outreach Program	3,578,947	3,578,947	3,664,202	(85,255)
Natural and Historical Resources	3,005,828	3,005,828	2,800,494	205,334
Arts and Cultural Heritage	2,537,469	2,537,469	2,344,067	193,402
Grants	50,000	318,273	318,273	-
Total Facility Operations	<u>9,172,244</u>	<u>9,440,517</u>	<u>9,127,036</u>	<u>313,481</u>
Area Operations:				
Deputy Director	306,082	306,082	228,411	77,671
Northern Area	5,604,817	5,604,817	5,569,307	35,510
Central Area	5,019,065	5,019,065	4,853,461	165,604
Southern Area	5,033,160	4,908,160	4,491,630	416,530
Child Care and Special Projects	3,580,096	3,580,096	3,173,349	406,747
Special Populations	-	-	-	-
Total Area Operations	<u>19,543,220</u>	<u>19,418,220</u>	<u>18,316,158</u>	<u>1,102,062</u>
Non-Departmental	1,082,311	1,082,311	869,640	212,671
Total Operating Expenditures/Encumbrances	<u>34,151,000</u>	<u>34,419,273</u>	<u>32,576,229</u>	<u>1,843,044</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(1,658,900)</u>	<u>(1,658,900)</u>	<u>(903,549)</u>	<u>755,351</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out) -				
Internal Service Fund - Group Insurance	-	-	347,362	347,362
Enterprise	(388,600)	(388,600)	(388,600)	-
Total Other Financing Sources (Uses)	<u>(388,600)</u>	<u>(388,600)</u>	<u>(41,238)</u>	<u>347,362</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (2,047,500)</u>	<u>\$ (2,047,500)</u>	<u>(944,787)</u>	<u>\$ 1,102,713</u>
Fund Balance - Budget Basis, July 1			<u>9,619,463</u>	
Fund Balance - Budget Basis, June 30			<u>\$ 8,674,676</u>	

Required Supplementary Information (Unaudited) for Defined Benefit Pension Plan

Schedule of Funding Progress for Defined Benefit Pension Plan (the System)- The actuarial accrued liability at the valuation date shown on the Schedule of Funding Progress is a measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers.

Funding activity for the last six years is summarized as follows:

	July 1 <u>1997</u>	July 1 <u>1998</u>	July 1 <u>1999</u>	July 1 <u>2000</u>	July 1 <u>2001</u>	July 1 <u>2002</u>
Actuarial Valuation of Plan Assets	\$ 311,854	\$ 363,632	\$ 407,073	\$ 446,125	\$ 468,728	\$ 475,870
Actuarial Accrued Liability	285,536	307,360	328,072	348,512	360,865	400,855
Funded Ratio	109.2%	118.3%	124.1%	128.0%	129.9%	118.7%
Actuarial Value of Assets in Excess of (Unfunded) Actuarial Accrued Liability	26,318	56,272	79,001	97,613	107,863	75,015
Annual Covered Payroll	71,102	75,368	78,849	82,540	88,338	94,183
Actuarial Value of Assets in Excess of (Unfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll	37.0%	74.7%	100.2%	118.3%	122.1%	79.6%

Schedule of Commission Contributions to the Defined Benefit Pension Plan - Information related to the Commission's funding of the System for the last six years follows:

	TREND INFORMATION (000's)					
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Annual Pension Cost (APC)	\$ 5,337	\$ 2,972	\$ 2,547	\$ 1,102	\$ 480	\$ 540
Percentage of APC Contributed	100%	100%	100%	100%	100%	100%
Net Pension Obligation (NPO)	0	0	0	0	0	0

◆ PART IIB ◆

FINANCIAL SECTION

Combining Statements and Schedules

Nonmajor Governmental Funds

These funds have smaller total dollar activity than those shown separately in the Basic Financial Statements



Wheaton Station welcomes thousands of visitors to the popular miniature train and antique carousel

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for certain revenues which are dedicated by the Commission to certain purposes other than debt service, and are used in general operations comprised of park operation and maintenance, recreation (Prince George's County only), and planning and administration.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources and the payment of general obligation bond principal, interest, and related costs. The Commission maintains Park Debt Service and Advance Land Acquisition Debt Service Funds for each County.

THE MARYLAND-NATIONAL PARK AND PLANNING COMMISSION

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	MONTGOMERY COUNTY						PRINCE GEORGE'S COUNTY					
	Special Revenue Funds			Advance Land Acquisition Debt Service			Special Revenue Funds			Advance Land Acquisition Debt Service		
	Planning	Parks	Total Special Revenue	Park Debt Service		Total	Planning	Parks and Recreation	Total Special Revenue		Total	Total Nonmajor Governmental Funds
ASSETS												
Equity in Pooled Cash and Investments	\$ 750,130	\$ 57,059	\$ 807,189	\$ 21,081	\$ 21,081	\$ 849,354	\$ 440,606	\$ 5,269,780	\$ 5,730,388	\$ 2,779	\$ 5,733,155	\$ 6,582,519
Accounts Receivable	-	420	420	-	-	420	-	36,813	36,813	(26)	36,813	37,233
Due from County Government	-	363,497	363,497	-	-	374,323	-	-	-	-	(26)	374,297
Other	-	-	-	-	-	-	-	5,130	5,130	-	5,130	5,130
Total Assets	\$ 750,130	\$ 420,976	\$ 1,171,106	\$ 21,081	\$ 21,081	\$ 1,224,097	\$ 440,606	\$ 5,331,723	\$ 5,772,329	\$ 2,753	\$ 5,775,082	\$ 6,999,179
LIABILITIES												
Accounts Payable	\$ 160	\$ -	\$ 160	\$ -	\$ -	\$ 160	\$ -	\$ 140,668	\$ 140,668	\$ -	\$ 140,668	\$ 140,828
Accrued Liabilities	310	-	310	21,081	2,651	24,042	-	84,351	84,351	-	84,351	108,393
Due to County Government	5,002	-	5,002	-	-	5,002	-	-	-	-	-	5,002
Deposits and Deferred Revenue	346,909	30,000	376,909	-	-	376,909	-	29,130	29,130	-	29,130	406,939
Total Liabilities	\$ 352,381	\$ 30,000	\$ 382,381	\$ 21,081	\$ 2,651	\$ 406,113	\$ -	\$ 254,149	\$ 254,149	\$ -	\$ 254,149	\$ 660,262
FUND BALANCES												
Reserved for Encumbrances	113,086	86,925	200,023	-	-	200,023	2,850	215,765	218,615	-	218,615	418,638
Reserved for Debt Service	-	-	-	-	29,259	29,259	-	-	-	2,753	2,753	32,012
Unreserved, Undesignated	284,651	304,051	588,702	-	-	588,702	437,756	4,861,809	5,299,565	-	5,299,565	5,886,267
Total Fund Balances	\$ 397,749	\$ 390,976	\$ 788,725	\$ -	\$ 29,259	\$ 817,984	\$ 440,606	\$ 5,077,574	\$ 5,518,180	\$ 2,753	\$ 5,520,933	\$ 6,338,917
Total Liabilities and Fund Balances	\$ 750,130	\$ 420,976	\$ 1,171,106	\$ 21,081	\$ 31,910	\$ 1,224,097	\$ 440,606	\$ 5,331,723	\$ 5,772,329	\$ 2,753	\$ 5,775,082	\$ 6,999,179

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 2a

Combining Statement of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - Special Revenue Funds
For the Year Ended June 30, 2003

	Montgomery County				Prince George's County				Variance Positive (Negative)
	Budgeted Amounts		Actual	Variance Positive (Negative)	Budgeted Amounts		Actual	Variance Positive (Negative)	
	Original	Final			Original	Final			
Revenues:									
Intergovernmental	\$ 847,203	\$ 847,203	\$ 513,153	\$ (334,050)	\$ -	\$ 358,250	\$ 358,250	\$ -	
Charges for Services	142,800	142,800	95,818	(46,982)	756,360	756,360	583,040	(173,320)	
Recreation Activities	-	-	-	-	3,750,000	3,750,000	3,341,611	(408,389)	
Interest	-	-	11,920	11,920	226,240	226,240	83,495	(142,745)	
Contributions	-	-	-	-	-	-	9,121	9,121	
Miscellaneous	17,597	17,597	70,405	52,808	220,500	220,500	348,452	127,952	
Total Revenues	<u>1,007,600</u>	<u>1,007,600</u>	<u>691,296</u>	<u>(316,304)</u>	<u>4,953,100</u>	<u>5,311,350</u>	<u>4,723,969</u>	<u>(587,381)</u>	
Expenditures/Encumbrances:									
Current -									
County Planning and Zoning	163,321	163,321	44,977	118,344	131,925	490,175	490,175	490,175	
Park Operations and Maintenance	902,779	902,779	617,015	285,764	1,107,100	1,107,100	326,541	780,559	
Recreation	-	-	-	-	4,836,975	4,836,975	4,633,959	203,016	
Total Expenditures/Encumbrances	<u>1,066,100</u>	<u>1,066,100</u>	<u>661,992</u>	<u>404,108</u>	<u>6,076,000</u>	<u>6,434,250</u>	<u>4,960,500</u>	<u>1,473,750</u>	
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(58,500)</u>	<u>(58,500)</u>	<u>29,304</u>	<u>87,804</u>	<u>(1,122,900)</u>	<u>(1,122,900)</u>	<u>(236,531)</u>	<u>886,369</u>	
Other Financing (Uses):									
Operating Transfers In	-	-	50,000	50,000	-	-	-	-	
Operating Transfers Out	-	-	-	-	-	-	(222,936)	(222,936)	
Total Other Financing (Uses)	-	-	<u>50,000</u>	<u>50,000</u>	-	-	<u>(222,936)</u>	<u>(222,936)</u>	
Excess of Revenues and Other Financing Sources over (under) Expenditures/Encumbrances and Other Financing Uses - Budget Basis	<u>\$(58,500)</u>	<u>\$(58,500)</u>	<u>79,304</u>	<u>137,804</u>	<u>\$(1,122,900)</u>	<u>\$(1,122,900)</u>	<u>\$(459,467)</u>	<u>663,433</u>	
Fund Balances - Budget Basis, July 1			<u>509,398</u>				<u>5,759,032</u>		
Fund Balances - Budget Basis, June 30			<u>\$ 588,702</u>				<u>\$ 5,299,565</u>		

The funds budgets are approved by the respective County Council only for the total of both funds



Horse and rider compete at the Prince George's Equestrian Center and Showplace Arena

ENTERPRISE FUNDS

Enterprise Funds are used to account for recreational and cultural facilities that are operated in a manner similar to private business enterprises, where the Commission's intent is that the costs of providing goods or services to the general public will be recovered primarily through user charges.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 3

Schedule of Net Assets
Enterprise Funds
June 30, 2003 and 2002

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Totals	
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2003	2002	2003	2002	2003	2002
ASSETS						
Current Assets:						
Equity in Pooled Cash and Investments	\$ 1,455,113	\$ 3,312,016	\$ 1,760,871	\$ 1,709,476	\$ 3,215,984	\$ 5,021,492
Restricted Cash, Cash Equivalents and Investments:						
Revenue Bond Covenant Accounts	589,848	583,266	-	-	589,848	583,266
Unspent Equipment Financing Proceeds	51,717	-	-	-	51,717	-
Accounts Receivable	3,647	372	2,388	2,327	6,035	2,699
Inventories	854,621	842,706	537,251	546,079	1,391,872	1,388,785
Total Current Assets	2,954,946	4,738,360	2,300,510	2,257,882	5,255,456	6,996,242
Capital Assets:						
Land	11,584,468	11,584,468	7,779,131	7,779,131	19,363,599	19,363,599
Buildings and Improvements	26,132,269	25,306,606	65,055,716	65,055,716	91,187,985	90,362,322
Machinery and Equipment	4,720,278	4,559,388	4,295,454	4,129,137	9,015,732	8,688,525
Construction in Progress	1,583,216	1,773,131	-	-	1,583,216	1,773,131
	44,020,231	43,223,593	77,130,301	76,963,984	121,150,532	120,187,577
Less - Accumulated Depreciation	(10,193,409)	(8,624,158)	(15,928,481)	(13,759,042)	(26,121,890)	(22,383,200)
Total Capital Assets (net of depreciation)	33,826,822	34,599,435	61,201,820	63,204,942	95,028,642	97,804,377
Total Assets	36,781,768	39,337,795	63,502,330	65,462,824	100,284,098	104,800,619
LIABILITIES						
Current Liabilities:						
Accounts Payable	299,065	388,098	243,713	288,538	542,778	676,636
Accrued Salaries and Benefits	154,631	136,261	231,304	202,536	385,935	338,797
Compensated Absences	210,050	200,096	166,364	158,223	376,414	358,319
Interest Payable	116,240	126,400	-	-	116,240	126,400
Revenue Collected in Advance	548,900	435,705	138,697	154,766	687,597	590,471
Current Portion of Revenue Bonds Payable	300,000	285,000	-	-	300,000	285,000
Current Portion of Revenue Notes Payable	684,444	674,444	-	-	684,444	674,444
Current Portion of Notes Payable	86,711	58,477	-	-	86,711	58,477
Total Current Liabilities	2,400,041	2,304,481	780,078	804,063	3,180,119	3,108,544
Noncurrent Liabilities:						
Revenue Bonds Payable	2,831,433	3,099,370	-	-	2,831,433	3,099,370
Revenue Notes Payable	6,747,224	7,431,668	-	-	6,747,224	7,431,668
Notes Payable	203,688	158,807	-	-	203,688	158,807
Compensated Absences	239,547	238,617	354,451	311,547	593,998	550,164
Payable to Advance Land Acquisition Trust Fund	-	-	3,829,363	3,829,363	3,829,363	3,829,363
Total Noncurrent Liabilities	10,021,892	10,928,462	4,183,814	4,140,910	14,205,706	15,069,372
Total Liabilities	12,421,933	13,232,943	4,963,892	4,944,973	17,385,825	18,177,916
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	23,025,039	22,891,669	57,372,457	59,375,579	80,397,496	82,267,248
Restricted for Debt Service	589,848	583,266	-	-	589,848	583,266
Unrestricted	744,948	2,829,917	1,165,981	1,142,272	1,910,929	3,772,189
Total Net Assets	\$ 24,359,835	\$ 26,104,852	\$ 58,538,438	\$ 60,517,851	\$ 82,898,273	\$ 86,622,703

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 4

Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Years Ended June 30, 2003 and 2002

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Totals	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2003	2002	2003	2002	2003	2002
Operating Revenues:						
Sales	\$ 1,343,769	\$ 1,632,353	\$ 1,268,004	\$ 1,485,366	\$ 2,611,773	\$ 3,117,719
Charges for Services	8,730,839	10,017,145	3,789,223	4,426,115	12,519,862	14,443,260
Rentals and Concessions	2,611,242	2,588,223	1,996,982	2,271,056	4,608,224	4,859,279
Total Operating Revenues	<u>12,685,650</u>	<u>14,237,721</u>	<u>7,054,209</u>	<u>8,182,537</u>	<u>19,739,859</u>	<u>22,420,258</u>
Operating Expenses:						
Cost of Goods Sold	815,033	991,372	998,229	1,075,355	1,813,262	2,066,727
Personal Services	5,637,641	5,669,364	7,464,442	6,893,854	13,102,083	12,563,218
Supplies and Materials	1,678,246	1,817,310	1,230,011	1,214,659	2,908,257	3,031,969
Communications	131,142	116,996	205,794	245,438	336,936	362,434
Utilities	737,127	645,292	4,835	-	741,962	645,292
Maintenance	307,010	353,140	434,166	692,876	741,176	1,046,016
Contractual Services	1,501,624	1,263,108	813,649	586,236	2,315,273	1,849,344
Other Services and Charges	259,463	321,034	381,489	671,813	640,952	992,847
Administrative Services	1,195,419	1,190,389	-	-	1,195,419	1,190,389
Depreciation	1,592,080	1,471,882	2,181,239	2,238,205	3,773,319	3,710,087
Total Operating Expenses	<u>13,854,785</u>	<u>13,839,887</u>	<u>13,713,854</u>	<u>13,618,436</u>	<u>27,568,639</u>	<u>27,458,323</u>
Operating Income (Loss)	<u>(1,169,135)</u>	<u>397,834</u>	<u>(6,659,645)</u>	<u>(5,435,899)</u>	<u>(7,828,780)</u>	<u>(5,038,065)</u>
Nonoperating Revenues (Expenses):						
Investment Earnings	91,593	231,041	32,218	30,771	123,811	261,812
Interest Expense, net of Amortization	(674,407)	(730,809)	-	-	(674,407)	(730,809)
Loss on Sale of Asset	-	(13,938)	-	-	-	(13,938)
Total Nonoperating Revenue (Expense)	<u>(582,814)</u>	<u>(513,706)</u>	<u>32,218</u>	<u>30,771</u>	<u>(550,596)</u>	<u>(482,935)</u>
Income (Loss) before Transfers	<u>(1,751,949)</u>	<u>(115,872)</u>	<u>(6,627,427)</u>	<u>(5,405,128)</u>	<u>(8,379,376)</u>	<u>(5,521,000)</u>
Transfers of General Government Land	-	3,793,139	-	-	-	3,793,139
Transfers In - Park Account	86,000	86,000	4,162,200	3,854,107	4,248,200	3,940,107
Transfer In - Recreation Account	-	-	388,600	388,566	388,600	388,566
Transfer In - Internal Service Fund - Group Insurance	78,173	-	97,214	-	175,387	-
Transfer In - Private Purpose Trust	17,759	-	-	-	17,759	-
Transfer Out- CIP Fund	(175,000)	-	-	-	(175,000)	-
Change in Net Assets	<u>(1,745,017)</u>	<u>3,763,267</u>	<u>(1,979,413)</u>	<u>(1,162,455)</u>	<u>(3,724,430)</u>	<u>2,600,812</u>
Total Net Assets - Beginning	<u>26,104,852</u>	<u>22,341,585</u>	<u>60,517,851</u>	<u>61,680,306</u>	<u>86,622,703</u>	<u>84,021,891</u>
Total Net Assets - Ending	<u>\$ 24,359,835</u>	<u>\$ 26,104,852</u>	<u>\$ 58,538,438</u>	<u>\$ 60,517,851</u>	<u>\$ 82,898,273</u>	<u>\$ 86,622,703</u>

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 5

Schedule of Cash Flows - Enterprise Funds
For the Years Ended June 30, 2003 and 2002

Recreational and Cultural Facilities

	Montgomery County		Prince George's County		Year Ended June 30,	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2003	2002	2003	2002	2003	2002
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 12,795,570	\$ 14,168,936	\$ 7,038,079	\$ 8,230,688	\$ 19,833,649	\$ 22,399,624
Payments to Suppliers	(4,880,753)	(4,431,749)	(3,861,070)	(4,239,990)	(8,541,823)	(8,671,736)
Payments to Employees	(5,608,387)	(5,733,422)	(7,384,629)	(6,841,755)	(12,993,016)	(12,575,177)
Payments for Interfund Services Used	(860,000)	(860,200)	(243,100)	(233,800)	(1,103,100)	(1,094,000)
Payments for Administrative Charges	(1,195,419)	(1,190,389)	-	-	(1,195,419)	(1,190,389)
Net Cash Provided (Used) by Operating Activities	451,011	1,953,176	(4,450,720)	(3,084,857)	(3,999,709)	(1,131,681)
Cash Flows from Noncapital Financing Activities:						
Operating Transfers In from Other Funds	181,931	86,000	4,648,014	4,242,673	4,829,945	4,328,673
Operating Transfers Out to Other Funds	(175,000)	-	-	-	(175,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	6,931	86,000	4,648,014	4,242,673	4,654,945	4,328,673
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(819,468)	(2,459,831)	(178,117)	(350,177)	(997,585)	(2,810,006)
Principal Paid on Notes Payable	(732,920)	(715,235)	-	-	(732,920)	(715,235)
Principal Paid on Revenue Bonds	(285,000)	(270,000)	-	-	(285,000)	(270,000)
Interest Paid	(642,344)	(698,746)	-	-	(642,344)	(698,746)
Proceeds from Financing - Notes Payable	131,593	-	-	-	131,593	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,348,139)	(4,143,812)	(178,117)	(350,177)	(2,526,256)	(4,493,987)
Cash Flows from Investing Activities:						
Interest on Restricted Investments	104,895	191,501	-	-	104,895	191,501
Interest on Investments	(13,302)	39,540	32,218	30,771	18,916	70,311
Net Cash Provided (Used) by Investing Activities	91,593	231,041	32,218	30,771	123,811	261,812
Net Increase (Decrease) in Cash and Cash Equivalents	(1,798,604)	(1,873,595)	51,395	838,410	(1,747,209)	(1,035,186)
Cash, Cash Equivalents and Restricted Cash, July 1	3,895,282	5,768,877	1,709,476	871,066	5,604,758	6,639,943
Cash, Cash Equivalents and Restricted Cash, June 30	\$ 2,096,678	\$ 3,895,282	\$ 1,760,871	\$ 1,709,476	\$ 3,857,549	\$ 5,604,757
Displayed as:						
Equity in Pooled Cash and Investments	\$ 1,455,113	\$ 3,312,016	\$ 1,760,871	\$ 1,709,476	\$ 3,215,984	\$ 5,021,497
Restricted for Revenue Bond Covenants	589,848	583,266	-	-	589,848	583,266
Restricted Revenue and Equipment Financing Proceeds	51,717	-	-	-	51,717	-
	\$ 2,096,678	\$ 3,895,282	\$ 1,760,871	\$ 1,709,476	\$ 3,857,549	\$ 5,604,757
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (1,169,135)	\$ 397,834	\$ (6,659,645)	\$ (5,435,899)	(7,828,780)	\$ (5,038,066)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	1,592,080	1,471,882	2,181,239	2,238,205	3,773,319	3,710,087
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	(3,275)	1,335	(61)	3,501	(3,336)	4,836
(Increase) Decrease in Inventories, at Cost	(11,915)	(55,085)	8,828	32,587	(3,087)	(22,496)
Increase (Decrease) in Accounts Payable	(89,033)	184,752	(44,825)	(20,000)	(133,858)	164,752
Increase (Decrease) in Accrued Salaries and Benefits	18,370	14,641	28,768	10,549	47,138	25,190
Increase (Decrease) in Compensated Absences	10,884	17,734	51,045	41,550	61,929	59,284
Increase (Decrease) in Interest Payable	(10,160)	(9,797)	-	-	(10,160)	(9,797)
Increase (Decrease) in Revenue Collected in Advance	113,185	(70,120)	(18,089)	44,650	97,128	(25,470)
Total Adjustments	1,620,146	1,555,342	2,208,925	2,351,042	3,829,071	3,906,384
Net Cash Provided (Used) by Operating Activities	\$ 451,011	\$ 1,953,176	\$ (4,450,720)	\$ (3,084,857)	\$ (3,999,709)	\$ (1,131,681)

Noncash investing, capital and financing activities:

In fiscal year 2002, land with a historical cost of \$3,793,139 was transferred from the General Government to the Montgomery Enterprise Fund



Commission workers at Pope Farm Nursery grow hundreds of trees for planting in the park system

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the consolidated financing of certain goods or services provided to other Commission funds on a cost-reimbursement basis.

Capital Equipment Funds

The Montgomery County Capital Equipment Fund is used to account for the acquisition of equipment through the use of tax exempt financing and the leasing of the equipment to other Commission funds.

Executive Office Building Fund

The Prince George's County Executive Office Building Fund is used to account for the cost of operating the Executive Office Building and was used to account for the renovation costs of that building which was acquired in February of 1992.

Employee Benefits Funds

The Employee Benefits Funds are used to account for the costs related to employees' life and health insurance coverage, and the flexible spending program. The Fund is also used to charge various programs and projects in the governmental funds for annual leave earned and estimates of sick leave that will be taken in order to better measure their costs. The Fund includes the total compensated absences liability and the assets available to pre-fund compensated absences.

Risk Management Funds

The Risk Management Funds are used to account for the activity related to general liability, property damage, and workers compensation.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Internal Service Funds
Combining Statement of Net Assets
June 30, 2003

	MONTGOMERY COUNTY					PRINCE GEORGES COUNTY					TOTALS	
	Capital Equipment	Employee Benefits	Risk Management	TOTALS		Executive Office Building	Employee Benefits	Risk Management	TOTALS		June 30, 2003	June 30, 2002
				June 30, 2003	June 30, 2002				June 30, 2003	June 30, 2002		
ASSETS												
Current Assets:												
Equity in Pooled Cash and Investments:												
Restricted Cash, Cash Equivalents and Investments:												
Unspent Revenue Bond and Equipment Financing Proceeds	2,045,371	9,316,242	4,628,248	15,989,861	15,591,944	366,450	9,550,905	10,038,384	19,945,739	19,156,728	35,935,600	35,143,672
Accounts Receivable	1,049,354	-	-	1,049,354	-	-	-	-	-	-	1,049,354	-
Due from County Government	-	-	250	250	-	-	-	-	-	250	250	500
Due from Other Funds - 115 Trust	-	-	93,543	93,543	82,432	-	465,351	93,543	33,543	82,432	187,068	164,464
Deposits and Other	-	466,351	-	466,351	28,559	-	-	19,831	21,561	28,559	932,702	57,116
Total Current Assets	3,094,725	9,784,273	4,741,922	17,620,920	16,132,934	366,450	10,019,535	10,151,808	20,527,154	19,267,768	38,148,174	35,370,752
Noncurrent Assets:												
Capital Assets:												
Land	-	-	-	-	-	748,497	-	-	748,497	748,497	748,497	748,497
Buildings and Improvements	102,469	-	-	102,469	102,469	2,849,865	-	-	2,849,865	2,849,865	2,762,334	2,752,334
Machinery and Equipment	17,465,064	-	154,204	17,619,268	16,143,065	26,326	-	199,763	226,093	17,846,377	16,238,805	16,238,805
Less-Accumulated Depreciation	(12,222,377)	-	(63,484)	(12,285,861)	(10,860,725)	(1,021,414)	-	(57,053)	(1,078,467)	(849,900)	(13,363,338)	(11,810,715)
Total Capital Assets (net of accumulated depreciation)	5,335,195	-	90,720	5,425,915	5,364,810	2,403,274	-	142,730	2,546,004	2,544,111	7,382,870	7,928,971
Total Assets	8,429,881	9,784,273	4,843,652	23,051,786	21,497,794	2,769,724	10,019,535	10,294,538	23,073,198	21,811,879	45,133,984	43,299,673
LIABILITIES												
Current Liabilities:												
Accounts Payable	107,849	120,914	5,597	234,460	134,894	9,925	120,914	58,398	189,237	44,009	423,697	178,503
Current Portion of Claims Payable	-	332,419	642,783	975,152	784,416	3,111	332,419	646,476	978,695	1,355,116	1,355,077	2,120,532
Accrued Salaries and Benefits	-	113,876	7,585	121,461	82,355	7,585	112,564	7,585	123,600	104,887	245,121	181,462
Current Portion of Notes Payable	1,685,456	-	-	1,685,456	1,266,905	145,000	-	-	145,000	90,000	1,330,596	1,386,969
Current Portion of Compensated Absences	-	3,887,500	4,547	3,892,047	3,652,250	2,757	4,187,400	4,547	4,194,704	3,955,663	7,895,751	7,607,953
Due to County Government	-	-	5,032	5,032	-	-	-	5,032	5,032	-	10,054	-
Interest Payable	27,932	-	-	27,932	44,304	-	-	-	44,304	18,674	72,236	18,674
Total Current Liabilities	1,821,437	4,254,709	655,524	6,741,670	5,903,060	205,097	4,753,697	722,028	5,680,332	5,569,349	12,422,502	11,472,409
Noncurrent Liabilities:												
Claims Payable - Net of Current Portion	-	490,799	1,928,287	2,419,086	2,200,628	-	490,799	1,939,433	2,430,232	3,371,974	4,849,318	5,371,702
Notes Payable - Net of Current Portion	3,290,635	-	-	3,290,635	2,307,783	1,530,000	-	-	1,530,000	1,675,000	4,820,635	3,982,783
Compensated Absences - Net of Current Portion	-	-	20,432	20,432	2,080,597	10,227	2,807,100	20,432	2,837,760	2,642,987	5,077,232	4,723,234
Total Noncurrent Liabilities	3,290,635	2,709,899	1,948,719	7,949,253	6,589,008	1,540,227	3,297,899	1,959,865	6,797,992	7,695,171	14,741,245	14,377,779
Total Liabilities	5,112,072	6,964,608	2,614,243	14,690,923	12,492,068	1,745,324	8,051,596	2,681,904	12,478,324	13,264,520	27,163,747	25,150,188
NET ASSETS												
Invested in Capital Assets, Net of Related Debt	1,408,319	-	101,710	1,510,029	1,268,122	728,274	-	142,730	871,004	779,111	2,381,033	2,587,233
Unrestricted	1,909,490	2,819,665	2,127,679	6,856,834	7,187,554	286,126	1,957,340	7,469,904	9,733,370	7,774,646	16,586,204	14,552,252
Total Net Assets	3,317,809	2,819,665	2,229,389	8,366,863	8,455,676	1,014,400	1,967,340	7,612,634	10,584,374	8,553,759	18,967,237	17,549,485

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Internal Service Funds
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 For the Year Ended June 30, 2003

	MONTGOMERY COUNTY				PRINCE GEORGES COUNTY				TOTALS			
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
Operating Revenues:												
Charges for Services	1,483,360	15,001,781	1,070,000	17,735,045	758,500	16,070,858	2,178,000	18,083,358	19,007,358	18,009,309	36,562,489	35,829,404
Claim Recoveries	-	-	110,152	101,247	100	-	180,203	129,010	190,309	129,010	250,501	236,257
Total Operating Revenues	1,483,360	15,001,781	1,180,152	17,836,292	758,600	16,070,858	2,358,203	18,212,368	19,197,667	18,222,368	36,853,000	36,065,661
Operating Expenses:												
Personal Services	155,468	5,397,886	261,848	5,122,320	123,781	6,510,257	261,852	6,189,156	6,886,900	5,189,156	12,565,836	11,311,476
Supplies and Materials	-	-	28,710	69,668	82,645	-	21,139	90,212	103,784	90,212	268,962	143,860
Contractual Services -												
Montgomery County Self Insurance Program, Net	-	-	1,536,583	1,501,590	-	-	399,547	1,259,492	4,227,761	4,530,595	1,836,140	2,761,062
Claims Incurred	-	4,227,761	4,039,085	4,587,201	-	4,227,761	-	4,530,595	4,227,761	4,530,595	8,455,522	8,619,690
Insurance	-	5,066,262	3,664	4,587,201	-	5,065,262	(45,766)	4,637,069	5,010,476	4,637,069	10,070,402	9,294,270
Other Services and Charges	25,900	59,741	214,710	385,863	449,076	59,740	45,303	676,393	555,119	676,393	855,470	1,072,255
Depreciation	1,502,232	-	16,167	1,516,399	107,750	-	20,725	112,902	128,475	112,902	1,646,874	1,569,286
Total Operating Expenses	1,683,600	14,741,652	1,982,692	17,196,131	753,252	15,851,020	703,750	17,535,619	17,321,052	17,535,619	35,709,006	34,731,950
Operating Income (Loss)	(200,240)	260,129	(782,500)	647,162	(4,652)	216,838	1,654,419	626,549	1,866,605	626,549	1,143,994	1,273,711
Nonoperating Revenues (Expenses):												
Interest Income	73,853	119,425	76,554	332,154	5,564	132,185	162,843	475,167	300,592	475,167	570,424	807,321
Interest Expense	(137,603)	-	(137,603)	(223,192)	(90,327)	-	-	(224,545)	(90,327)	(224,545)	(227,830)	(437,737)
Total Nonoperating Revenues (Expenses)	(63,750)	119,425	38,951	108,962	(84,763)	132,185	162,843	250,622	210,265	250,622	342,594	359,584
Income (Loss) Before Contributions and Transfers	(263,990)	379,554	(705,946)	756,124	(89,415)	349,023	1,817,262	877,171	2,076,870	877,171	1,486,488	1,633,295
Operating Transfers In (Out):												
Interfund Transfers In - Trust Funds	-	1,376,583	-	400,000	-	1,376,582	-	400,000	1,378,582	400,000	2,757,165	600,000
Interfund Transfers In	-	-	5,568	-	2,225	7,784	5,569	-	(1,422,631)	7,784	13,362	-
Interfund Transfers (Out)	-	(1,422,632)	-	(1,422,632)	-	(1,422,631)	-	-	(1,422,631)	-	(2,845,263)	-
Net Operating Transfers	-	(44,049)	5,568	(35,481)	2,225	(44,049)	5,569	(420,030)	(55,255)	(420,030)	(74,736)	600,000
Change in Net Assets	(263,990)	335,505	(700,378)	1,156,124	(87,190)	304,974	1,822,031	1,277,171	2,040,615	1,277,171	1,411,752	2,433,295
Total Net Assets, July 1	3,541,799	2,464,160	2,523,767	7,639,602	1,101,590	1,652,366	5,789,803	7,276,553	8,553,759	7,276,553	17,549,485	15,116,190
Total Net Assets, June 30	3,317,809	2,619,665	2,229,389	8,555,726	1,014,400	1,657,340	7,612,634	8,553,759	10,594,374	8,553,759	18,961,237	17,549,485

Combining Statement of Cash Flows - INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2003

	MONTGOMERY COUNTY				PRINCE GEORGE'S COUNTY				
	Capital Equipment	Employee Benefits	Risk Management	TOTAL	Executive Office Building	Employee Benefits	Risk Management	TOTAL	TOTAL
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 1,483,360	\$ 14,538,218	\$ 1,173,090	\$ 17,194,668	\$ 758,600	\$ 15,607,295	\$ 2,351,357	\$ 18,717,252	\$ 35,911,920
Payments to Suppliers	(150,408)	(8,864,737)	(1,468,610)	(10,483,755)	(533,839)	(8,864,736)	(1,900,784)	(11,299,359)	(21,783,114)
Payments to Employees	-	(5,153,977)	(268,161)	(5,422,138)	(118,563)	(6,056,285)	(268,175)	(6,443,023)	(11,866,161)
Payments for Interfund Services Used	(25,900)	(36,100)	(102,300)	(164,300)	(1,100)	(38,100)	(102,300)	(139,500)	(303,800)
Net Cash Provided by Operating Activities	1,307,052	483,404	(665,981)	1,124,475	105,098	850,174	80,098	835,370	1,959,845
Cash Flows from Noncapital Financing Activities:									
Operating Transfers in From Other Funds	-	(44,049)	5,568	(38,481)	2,225	(44,049)	5,569	(36,255)	(74,736)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(44,049)	5,568	(38,481)	2,225	(44,049)	5,569	(36,255)	(74,736)
Cash Flows from Capital and Related Financing Activities:									
Acquisition of Capital Assets	(1,485,664)	-	(84,791)	(1,570,455)	-	-	(130,370)	(130,370)	(1,700,825)
Principal Paid on Notes Payable	(1,268,904)	-	-	(1,268,904)	(90,000)	-	-	(90,000)	(1,358,904)
Interest Paid on Notes Payable	(137,603)	-	-	(137,603)	(90,326)	-	-	(90,326)	(227,929)
Proceeds from Financing - Notes Payable - Net	2,668,407	-	-	2,668,407	-	-	-	-	2,668,407
Net Cash Provided (Used) by Capital and Related Financing Activities	(223,764)	-	(84,791)	(308,555)	(180,326)	-	(130,370)	(310,696)	(619,251)
Cash Flows from Investing Activities:									
Interest on Investments	73,853	119,425	76,554	269,832	5,564	132,185	162,843	300,592	570,424
Net Cash Provided (Used) by Investing Activities	73,853	119,425	76,554	269,832	5,564	132,185	162,843	300,592	570,424
Net Increase (Decrease) in Cash and Cash Equivalents	1,157,141	558,780	(668,650)	1,047,271	(67,439)	738,310	118,140	789,011	1,836,282
Cash and Cash Equivalents, July 1	1,937,584	8,757,462	5,296,898	15,991,944	423,889	8,812,595	9,920,244	19,156,728	35,148,672
Cash and Cash Equivalents, June 30	\$ 3,094,725	\$ 9,316,242	\$ 4,628,248	\$ 17,039,215	\$ 356,450	\$ 9,550,905	\$ 10,038,384	\$ 19,945,739	\$ 36,984,954
Operating Income (Loss)	\$ (200,240)	\$ 260,129	\$ (782,500)	\$ (722,611)	\$ (4,652)	\$ 216,838	\$ 1,654,419	\$ 1,866,605	\$ 1,143,994
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:									
Depreciation	1,502,232	-	16,167	1,518,399	107,750	-	20,725	128,475	1,646,874
Changes in Assets and Liabilities:									
(Increase) Decrease in Accounts Receivable	-	-	-	-	-	-	250	250	250
(Increase) Decrease in Due from County Government	-	-	(11,311)	(11,311)	-	-	(11,311)	(11,311)	(22,622)
(Increase) Decrease in Deposits and Other	-	2,788	4,209	6,997	-	2,788	4,209	6,997	13,994
(Increase) Decrease in Due from Other Funds	-	(466,351)	-	(466,351)	-	(466,351)	-	(466,351)	(932,702)
Increase (Decrease) in Accounts Payable	(22,872)	120,914	1,524	99,566	(28,848)	120,914	53,163	145,229	244,795
Increase (Decrease) in Claims Payable	-	137,803	(49,858)	87,945	1,707	137,803	(859,182)	(721,379)	(633,434)
Increase (Decrease) in Accrued Salaries and Benefits	-	36,811	2,095	38,906	14,972	14,972	2,094	18,773	57,679
Increase (Decrease) in Compensated Absences	-	207,100	(8,408)	198,692	3,511	439,000	(8,407)	434,104	632,798
Increase (Decrease) in Incurred But Unreported Claims	27,932	-	-	27,932	25,630	-	-	25,630	53,562
Increase (Decrease) in Incurred But Unreported Claims	-	184,210	157,069	341,279	-	184,210	(579,394)	(395,184)	(53,905)
Increase (Decrease) in Other Accrued Liabilities	-	-	-	-	-	-	(201,500)	(201,500)	(201,500)
Increase (Decrease) in Due to County Government	-	-	5,032	5,032	-	-	5,032	5,032	10,064
Net Cash Provided (Used) by Operating Activities	\$ 1,307,052	\$ 483,404	\$ (665,981)	\$ 1,124,475	\$ 105,098	\$ 850,174	\$ 80,098	\$ 835,370	\$ 1,959,845



Avid bird watchers take in the sights on the Chesapeake walking/driving tour at Jug Bay natural area

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Commission in a trustee capacity or as an agent for employees, individuals, private organizations, other governmental units, and/or other funds.

Pension Trust Funds

The Pension Trust Funds are used to account for activities related to benefits for retired employees. This includes all activities of the Employees' Retirement System including accumulation of resources for, and payment of, retirement annuities and/or other benefits and the administrative costs of operating the system. This also includes resources set aside to pay the Commission's portion of medical costs for retirees.

Private Purpose Trust Funds

The Private Purpose Trust Funds are used to account for funds whose principal and interest must be expended in accordance with their designated purposes.

Agency Funds

The Agency Funds are used to account for funds where the Commission is merely acting in an agent capacity for another organization.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Combining Statement of Net Assets
Fiduciary funds
June 30, 2003

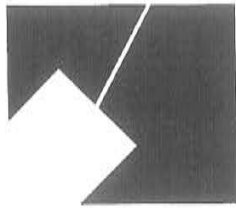
	PENSION TRUST FUNDS				PRIVATE PURPOSE TRUST FUNDS				AGENCY FUNDS			
	Employees' Retirement Fund	Employees' Post Employment Benefits Fund	Total Pension Trust Funds	Montgomery County	Prince George's County	Private Purpose Trust Funds	State Retirement	Montgomery	Total Agency Funds	Total Fiduciary Funds		
ASSETS												
Equity in Pooled Cash and Investments	\$ -	\$ -	\$ -	\$ 4,284,331	\$ 8,747,946	\$ 13,032,277	\$ 2,817,612	\$ 537,717	\$ 3,355,329	\$ 16,387,606		
Cash and Marketable Securities	450,511,965	7,025,098	457,537,063	-	-	-	-	-	-	457,537,063		
Restricted Cash: Unspent Bond Proceeds	-	-	-	584,278	259,588	843,866	-	-	-	843,866		
Collateral for Securities Lending	-	-	-	-	-	-	-	-	-	-		
Transactions	43,782,139	-	43,782,139	-	-	-	-	-	-	43,782,139		
Accounts Receivable	1,829,141	-	1,829,141	-	2,000	2,000	-	-	-	1,831,141		
Due from Other Governments	-	27,627	27,627	-	-	-	-	-	-	27,627		
Deposits and Other	109,444	-	109,444	-	-	-	-	-	-	109,444		
Receivable From Enterprise Fund	-	-	-	-	3,829,363	3,829,363	-	-	-	3,829,363		
Land Held for Transfer	-	-	-	25,311,110	11,913,244	37,224,354	-	-	-	37,224,354		
Other	-	-	-	-	481,665	481,665	-	-	-	481,665		
Total Assets	498,232,869	7,052,725	503,285,414	30,179,719	25,233,806	55,413,525	2,817,612	537,717	3,355,329	562,054,268		
LIABILITIES												
Accounts Payable	871,424	-	871,424	-	1,497	1,497	-	-	-	3,692,433		
Due to Group Insurance Internal Service Fund	-	932,702	932,702	-	-	-	-	-	-	932,702		
Obligation for Collateral Received under Securities Lending transactions	43,782,139	-	43,782,139	-	-	-	-	-	-	43,782,139		
Deposits	-	-	-	-	-	-	-	-	-	-		
Total Liabilities	44,653,563	932,702	45,586,265	-	1,497	1,497	2,817,612	535,817	3,355,329	48,943,091		
NET ASSETS												
Assets Held in Trust for:												
Land Held for Transfer	-	-	-	25,311,110	15,742,607	41,053,717	-	-	-	41,053,717		
Pension Benefits	451,579,126	-	451,579,126	-	-	-	-	-	-	451,579,126		
Other Postemployment Benefits	-	6,120,023	6,120,023	-	-	-	-	-	-	6,120,023		
Other Purposes	-	-	-	4,858,609	9,489,702	14,358,311	-	-	-	14,358,311		
Total Net Assets	\$ 451,579,126	\$ 6,120,023	\$ 457,699,149	\$ 30,179,719	\$ 25,232,309	\$ 55,412,028	\$ -	\$ -	\$ -	\$ 513,111,177		

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 10

Combining Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2003

	PENSION TRUST FUNDS			PRIVATE PURPOSE TRUST FUNDS		
	Employees' Retirement Fund	Employees' Post Employment Benefits Fund	Totals	Montgomery County	Prince George's County	Totals
ADDITIONS:						
Contributions:						
Employer	\$ 540,369	\$ -	\$ 540,369	\$ -	\$ -	\$ -
Plan Members	3,583,083	-	3,583,083	-	-	-
Private Donations	-	-	-	16,829	38,831	55,660
Total Contributions	4,123,452	-	4,123,452	16,829	38,831	55,660
Receipts from Commission Debt Service Funds	-	-	-	332,333	160,725	493,058
Investment Earnings:						
Interest	9,575,757	1,777	9,577,534	55,446	157,997	213,443
Dividends	1,820,082	286,677	2,106,769	-	-	-
Net increase (decrease) in the Fair Value of Investments	16,381,166	(223,652)	16,137,514	-	-	-
Total Investment Earnings	27,757,015	64,802	27,821,817	55,446	157,997	213,443
Less: Investment Expense	(1,609,970)	(31,970)	(1,641,940)	-	-	-
Investment Advisory and Management Fees	26,147,045	32,832	26,179,877	55,446	157,997	213,443
Net Income from Investing Activities	-	-	-	-	-	-
Securities Lending Activity						
Securities Lending Income	714,806	-	714,806	-	-	-
Securities Lending Fees	(642,489)	-	(642,489)	-	-	-
Net Income from Securities Lending Activity	72,317	-	72,317	-	-	-
Total Net Investment Income	26,219,362	32,832	26,252,194	55,446	157,997	213,443
Total Additions	30,342,814	32,832	30,375,646	404,609	357,553	762,161
DEDUCTIONS						
Benefits	13,734,100	-	13,734,100	-	-	-
Refunds of Contributions	349,645	-	349,645	-	-	-
Administrative expenses	1,047,466	-	1,047,466	-	-	-
Transfers to Group Insurance Internal Service Fund	-	2,757,165	2,757,165	-	-	-
Transfers to Commission Debt Service Funds	-	-	-	7,296	2,578	9,874
Transfers to Enterprise Fund	-	-	-	17,759	-	17,759
Other	-	-	-	8,218	65,197	73,415
Total Deductions	15,131,211	2,757,165	17,888,376	33,273	67,775	101,048
Change in Net Assets	15,211,603	(2,724,333)	12,487,270	371,335	289,778	661,113
Net Assets - Beginning	436,367,523	8,844,356	445,211,879	29,806,384	24,842,531	54,790,915
Net Assets - Ending	451,579,126	6,120,023	457,699,149	30,178,719	25,232,309	55,412,028



◆ PART III ◆
STATISTICAL SECTION



Visitors in Silver Spring get acquainted with a Park Police officer and his well-trained steed

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-1

Net Assets by Category (1)
Entity-wide Basis
Last Two Fiscal Years (2)

	Fiscal Year	
	2002	2003
Governmental Activities		
Invested in Capital Assets, net of related debt	\$ 282,595,478	\$ 305,800,251
Unrestricted	82,792,312	86,192,777
Subtotal Governmental Activities Net Assets	<u>365,387,790</u>	<u>391,993,028</u>
Business- type Activities		
Invested in Capital Assets, net of related debt	82,267,248	80,397,496
Restricted for Debt Service	583,266	589,848
Unrestricted	3,772,189	1,910,929
Subtotal Business-type Actictivities Net Assets	<u>86,622,703</u>	<u>82,898,273</u>
Primary Government		
Invested in Capital Assets, net of related debt	364,862,726	386,197,747
Restricted for Debt Service	583,266	589,848
Unrestricted	86,564,501	88,103,706
Total Government Net Assets	<u>\$ 452,010,493</u>	<u>\$ 474,891,301</u>

(1) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party places a restriction on how the resources may be used.

(2) The entity-wide net assets figures are only available for two years.

Source: The Maryland-National Capital Park and Planning Commission, Finance Department

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-2

Change in Net Assets
Entity-wide Basis
Last Two Fiscal Years (1)

	Fiscal Year	
	2002	2003
<u>Expenses</u>		
<u>Governmental Activities:</u>		
General Government	\$ 11,614,891	\$ 12,678,079
County Planning and Zoning	29,739,984	29,119,749
Park Operations and Maintenance	102,355,291	104,484,551
Recreation Programs	37,992,630	38,057,899
Interest on Long-term Debt	8,460,869	6,994,245
Subtotal Governmental Activities	<u>190,163,665</u>	<u>191,334,523</u>
<u>Business-type Activities:</u>		
Recreational and Cultural Facilities	28,203,070	28,243,046
Total Government Expenses	<u>218,366,735</u>	<u>219,577,569</u>
 <u>Program Revenues</u>		
<u>Governmental Activities:</u>		
County Planning and Zoning	2,771,580	3,058,135
Park Operations and Maintenance	31,666,712	26,321,407
Recreation Programs	10,330,965	9,410,542
Subtotal Governmental Activities	<u>44,769,257</u>	<u>38,790,084</u>
<u>Business-type Activities:</u>		
Recreational and Cultural Facilities	22,420,258	19,757,618
Total Government Program Revenues	<u>67,189,515</u>	<u>58,547,702</u>
Net Government Expenses	<u>(151,177,220)</u>	<u>(161,029,867)</u>
 <u>General Revenues and Other Changes in Net Assets</u>		
<u>General Revenues:</u>		
Property Taxes	174,735,630	181,859,997
Unrestricted Investment Earnings	3,334,954	2,055,598
Loss on Disposal of Land	(3,170,165)	(4,920)
Total Government General Revenues	<u>174,900,419</u>	<u>183,910,675</u>
Change in Net Assets	\$ <u>23,723,199</u>	\$ <u>22,880,808</u>

(1) The entity-wide change in net assets figures are only available for two years.

Source: The Maryland-National Capital Park and Planning Commission, Finance Department

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-3

General Governmental Expenditures by Function
Last Ten Fiscal Years

MONTGOMERY COUNTY

Fiscal Year	General Government	Planning And Zoning	Park Operations	Recreation	Acquisition And Development	Debt Service	Total
1994	\$ 4,753,717	\$ 11,379,693	\$ 32,231,027	\$ 6,669,068	\$ 7,668,748	\$ 4,077,257	\$ 66,779,510
1995	4,663,950	12,029,701	35,561,927	7,947,953	7,381,419	3,905,317	71,490,267
1996	4,493,900	11,726,301	37,112,446	8,707,367	6,040,622	4,329,544	72,410,180
1997	4,949,621	13,067,495	38,060,834	9,347,189	12,319,049	4,180,980	81,925,168
1998	4,985,152	12,503,437	39,019,404	10,913,409	9,261,163	3,595,621	80,278,186
1999	4,984,274	13,109,778	42,033,957	9,360,590	7,639,025	3,618,820	80,746,444
2000	5,068,159	13,000,742	41,604,208	11,829,696	15,863,948	3,933,623	91,300,376
2001	5,552,110	14,069,191	46,797,675	12,825,172	21,436,376	4,039,110	104,719,634
2002	5,670,023	14,414,637	46,465,552	13,839,887	13,155,356	4,424,915	97,970,370
2003	5,983,250	14,243,827	48,205,561	13,854,785	7,038,996	4,416,400	93,742,819

PRINCE GEORGE'S COUNTY

Fiscal Year	General Government	Planning And Zoning	Park Operations	Recreation	Acquisition And Development	Debt Service	Total
1994	\$ 5,316,425	\$ 12,047,360	\$ 35,388,157	\$ 30,814,415	\$ 19,643,068	\$ 9,856,836	\$ 113,066,261
1995	4,973,592	13,245,607	38,742,712	35,215,012	21,344,005	9,861,953	123,382,881
1996	5,217,449	12,881,808	38,032,695	35,196,607	12,590,746	10,133,399	114,052,704
1997	5,611,371	13,928,468	41,269,238	34,819,087	14,151,322	9,027,160	118,806,646
1998	5,609,422	14,024,336	41,782,331	36,293,297	17,643,444	11,852,306	127,205,136
1999	5,946,352	14,243,529	45,907,274	37,825,764	36,728,321	11,554,197	152,205,437
2000	5,719,483	13,770,821	45,069,874	42,522,884	17,622,626	11,985,924	136,691,612
2001	6,199,217	14,791,655	48,282,211	45,205,092	15,986,523	11,662,299	142,126,997
2002	6,418,906	15,292,636	49,084,592	49,860,473	12,459,966	13,062,513	146,179,086
2003	6,715,060	15,143,747	51,260,598	51,181,362	9,348,527	34,111,163	167,760,457

Note: Includes General, Special Revenue, Capital Projects, Debt Service and Enterprise Funds. Debt Service in Prince George's County in 2003 includes payment at maturity of a short-term Prince George's County Park Bond of \$21.0 million which was refinanced. Enterprise Funds which are primarily recreational facilities and activities are included in Recreation

Source: The Maryland-National Capital Park and Planning Commission, Finance Department

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-4

General Revenues by Source
Last Ten Fiscal Years

MONTGOMERY COUNTY

Fiscal Year	Property Taxes	Inter-Governmental	Charges for Services	Interest Earnings	Other	Total	General Obligation Bonds Sold
1994	\$ 52,734,344	\$ 3,199,677	\$ 6,182,389	\$ 971,811	\$ 3,461,964	\$ 66,550,185	\$ 5,500,000 (1)
1995	55,233,140	6,974,552	7,358,834	1,528,618	3,945,300	75,040,444	5,000,000
1996	53,880,270	5,424,794	7,614,645	1,527,593	3,969,092	72,416,394	8,700,000 (2)
1997	57,612,812	6,654,626	7,827,378	1,231,641	4,227,264	77,553,721	-
1998	60,270,773	6,797,726	9,120,287	1,586,354	4,361,403	82,136,543	-
1999	60,270,408	5,921,195	9,134,201	1,670,534	4,410,413	81,406,751	7,000,000
2000	62,448,568	12,324,577	9,446,610	1,747,465	4,432,045	90,399,265	-
2001	64,611,473	17,714,828	10,357,245	1,374,924	5,164,768	99,223,238	5,700,000
2002	69,212,845	12,640,323	11,327,470	581,151	5,897,530	99,659,319	-
2003	70,200,528	7,225,328	10,441,684	339,008	5,718,794	93,925,342	13,705,000 (4)

PRINCE GEORGE'S COUNTY

Fiscal Year	Property Taxes	Inter-Governmental	Charges for Services	Interest Earnings	Other	Total	General Obligation Bonds Sold
1994	\$ 91,143,535	\$ 4,331,934	\$ 6,622,486	\$ 2,376,165	\$ 4,426,002	\$ 106,900,122	\$ 14,500,000 (1)
1995	92,571,349	7,308,602	6,988,014	3,733,213	6,323,419	116,924,597	-
1996	94,857,674	1,933,128	6,731,893	3,653,354	5,189,727	112,365,776	30,025,000 (2)
1997	96,816,650	5,360,060	7,106,102	4,217,988	10,581,819	124,082,619	33,000,000
1998	98,538,298	2,125,267	7,402,645	5,875,336	5,231,154	119,172,700	28,325,000 (3)
1999	101,308,740	10,368,201	7,496,543	5,208,609	7,158,655	131,540,748	21,000,000 (2)
2000	103,640,212	8,130,897	7,414,320	4,891,099	6,559,164	130,635,692	-
2001	104,417,411	4,808,601	8,753,412	4,004,692	6,165,111	128,149,227	-
2002	107,930,218	5,920,707	11,193,063	1,946,482	11,031,588	138,022,058	18,700,000
2003	111,980,326	7,066,267	10,363,411	1,146,166	9,193,575	139,749,745	42,310,000 (5)

Note: Includes General, Special Revenue, Capital Projects, Debt Service and Enterprise Funds.

- (1) Issued to retire Bond Anticipation Notes
- (2) Refunding Bonds
- (3) Includes \$21,000,000 to refinance a short-term note
- (4) Includes Refunding and New Money issues
- (5) Includes Refunding and Refinancing Bond issues

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-5

Property Tax Levies and Collections
Last Ten Fiscal Years

MONTGOMERY COUNTY

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Prior Years Taxes Penalties and Interest Collections	Total Collections	Percent of Total Collections to Tax Levy
1994	\$ 52,767,491	\$ 51,997,064	99 %	\$ 737,280	\$ 52,734,344	100 %
1995	55,410,789	55,247,895	100	(14,755)	55,233,140	100
1996	54,476,197	54,062,888	99	(182,618)	53,880,270	99
1997	58,632,597	57,916,789	99	(303,977)	57,612,812	98
1998	59,150,686	58,603,216	99	1,667,557	60,270,773	102
1999	60,547,511	59,484,336	98	786,072	60,270,408	100
2000	61,998,281	60,973,987	98	1,474,581	62,448,568	101
2001	65,210,972	64,015,359	98	596,114	64,611,473	99
2002	69,302,154	68,605,694	99	607,152	69,212,846	100
2003	69,493,121	68,994,492	99	1,206,036	70,200,528	101

PRINCE GEORGE'S COUNTY

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Prior Years Taxes Penalties and Interest Collections	Total Collections	Percent of Total Collections to Tax Levy
1994	\$ 90,765,239	\$ 89,580,087	99 %	\$ 1,563,448	\$ 91,143,535	100 %
1995	92,551,211	91,879,635	99	691,714	92,571,349	100
1996	94,707,563	93,970,990	99	886,684	94,857,674	100
1997	97,533,798	96,689,551	99	127,099	96,816,650	99
1998	98,618,464	97,670,607	99	867,691	98,538,298	100
1999	101,339,962	100,037,283	99	1,271,457	101,308,740	100
2000	103,461,526	102,213,005	99	1,427,207	103,640,212	100
2001	105,035,614	103,544,928	99	872,483	104,417,411	99
2002	107,977,263	106,777,906	99	1,152,312	107,930,218	100
2003	112,003,391	110,517,257	99	1,463,069	111,980,326	100

Source: Total Tax Levy - Montgomery County and Prince George's County Governments.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-6

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

(Dollars in Thousands)

MONTGOMERY COUNTY

Fiscal Year	Real Property		Total (1)	Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value		
1994	\$ 25,462,671	\$ 66,171,182	\$ 28,823,025	41.45 %
1995	25,796,030	67,107,259	29,172,981	41.39
1996	26,057,529	66,677,402	29,575,004	42.13
1997	26,603,652	68,284,529	30,392,876	42.17
1998	27,274,641	69,295,328	30,929,092	42.40
1999	27,906,080	71,480,738	31,664,627	42.09
2000	28,674,554	74,907,403	32,553,857	41.32
2001	29,649,013	79,021,889	33,726,861	40.59
2002	77,574,948	84,229,042	81,776,292	92.46
2003	82,407,338	93,432,356	86,635,192	88.71

PRINCE GEORGE'S COUNTY

Fiscal Year	Real Property		Total (1)	Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value		
1994	\$ 13,501,439	\$ 34,929,206	\$ 15,829,304	42.49 %
1995	13,961,904	35,575,591	16,381,236	43.11
1996	14,188,944	35,404,010	16,678,956	44.01
1997	14,319,088	35,827,507	16,991,422	44.13
1998	14,393,723	36,104,232	17,159,141	44.15
1999	14,630,433	36,423,659	17,525,979	44.57
2000	14,869,426	37,244,023	17,891,768	44.43
2001	15,173,826	38,267,541	18,182,904	44.05
2002	39,091,456	39,326,338	42,190,779	99.45
2003	40,794,370	42,546,271	43,832,133	96.16

Note: (1) Total includes real property, business personal property, public utility operating property and domestic shares.

(2) Beginning in Fiscal Year 2002 all real property in the State of Maryland is assessed at 100 percent of actual value. Previously the valuation was assessment at 40% of actual value.

TABLE T-7

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

M-NCPPC TAXES

MONTGOMERY COUNTY

Fiscal Year	Park			Advance Land Acquisition	Total	County-wide Property Taxes	
	Administration	Operations	Maintenance			Within County	Total
1994	\$ 0.0620	\$ 0.1260	\$ 0.0200	\$ 0.0030	\$ 0.2110	\$ 2.2260	\$ 2.4370
1995	0.0650	0.1300	0.0200	0.0030	0.2180	2.2250	2.4730
1996	0.0610	0.1260	0.0200	0.0040	0.2110	2.2850	2.4960
1997	0.0630	0.1340	0.0200	0.0040	0.2210	2.2780	2.4990
1998	0.0610	0.1330	0.0200	0.0040	0.2180	2.2630	2.4810
1999	0.0610	0.1330	0.0200	0.0040	0.2180	2.2350	2.4530
2000	0.0620	0.1340	0.0200	0.0030	0.2190	2.1750	2.3940
2001	0.060	0.1400	0.0200	0.0030	0.2230	2.1670	2.3900
2002	(1) 0.024/0.059	0.0578/0.1444	0.0082/0.0206	0.0010/0.0020	0.0910/0.2260	1.001/1.977	1.0912/2.203
2003	0.023/0.058	0.0551/0.1383	0.0079/0.0197	0.0010/0.0030	0.0870/0.2190	1.125/1.988	1.2120/2.207

PRINCE GEORGE'S COUNTY

Fiscal Year	Park			Advance Land Acquisition	Total	County-wide Property Taxes	
	Administration	Operations	Recreation			Within County	Total
1994	\$ 0.1103	\$ 0.3587	\$ 0.1348	\$ 0.0062	\$ 0.6100	\$ 2.7520	\$ 3.3620
1995	0.1103	0.3587	0.1348	0.0062	0.6100	2.7580	3.3680
1996	0.1103	0.3587	0.1348	0.0062	0.6100	2.7630	3.3730
1997	0.1103	0.3534	0.1401	0.0062	0.6100	2.7360	3.3460
1998	0.1103	0.3534	0.1401	0.0062	0.6100	2.7410	3.3510
1999	0.1103	0.3534	0.1401	0.0062	0.6100	2.7360	3.3460
2000	0.1123	0.3534	0.1381	0.0062	0.6100	2.7340	3.3440
2001	0.1153	0.3534	0.1381	0.0032	0.6100	2.7330	3.3430
2002	(1) 0.0466/0.1165	0.1420/0.3550	0.0541/0.1353	0.0013/0.0032	0.2440/0.6100	1.0906/2.7277	1.3346/3.3377
2003	0.0466/0.1165	0.1420/0.3550	0.0541/0.1353	0.0013/0.0032	0.2440/0.6100	1.0901/2.7253	1.3341/3.3353

Note: Rates are per \$100 of assessed valuation.

(1) Rates shown are for Real/Personal.

Beginning in Fiscal Year 2002 all real property in the State of Maryland is assessed at 100 percent of actual value. Previously the valuation was assessment at 40% of actual value. Tax rates were adjusted so that change was revenue neutral.

Source: Montgomery County and Prince George's County Governments.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-8

Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

MONTGOMERY COUNTY

<u>Year</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994	804,000	\$ 24,918,829	\$ 24,220	0.10 %	\$ 30.12
1995	813,100	25,365,173	27,730	0.11	34.10
1996	822,800	25,640,317	26,970	0.11	32.78
1997	829,400	26,459,376	25,185	0.10	30.37
1998	842,900	27,052,214	23,585	0.09	27.98
1999	854,100	27,701,359	28,985	0.10	33.94
2000	869,500	28,408,647	27,125	0.10	31.20
2001	881,000	29,324,926	30,920	0.11	35.10
2002 (3)	892,000	71,060,080	28,700	0.04	32.17
2003	903,000	75,030,387	32,125	0.04	35.58

PRINCE GEORGE'S COUNTY

<u>Year</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994	744,066	\$ 14,250,000	\$ 84,700	0.59 %	\$ 113.83
1995	752,009	14,606,000	80,530	0.55	107.09
1996	758,510	14,978,000	78,460	0.52	103.44
1997	765,520	15,385,000	107,095	0.70	139.90
1998	770,786	15,839,475	122,815	0.78	159.34
1999	777,811	16,274,756	117,980	0.72	151.68
2000	804,021	16,634,701	112,635	0.68	140.09
2001	801,515	16,873,735	107,280	0.64	133.85
2002 (3)	819,796	39,068,577	119,620	0.31	145.91
2003	883,084	40,706,364	113,655	0.28	128.70

- Notes: (1) Metropolitan District only - 000's omitted.
 (2) Above figures for net bonded debt exclude indebtedness related to Advance Land Acquisition Acquisition, which is intended to be a revolving fund - 000's omitted.
 (3) Beginning in Fiscal Year 2002 all real property in the State of Maryland is assessed at 100% of actual value. Previously the valuation was assessment at 40% of actual value.

Source: Assessed Value and Population - Montgomery County and Prince George's County Governments.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-9

Computation of Legal Debt Margin
Park Acquisition and Development Bonds
As of June 30, 2003

Park Acquisition and Development Bonds
Guaranteed by Montgomery County

	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
Assessed Valuation - Metropolitan District for fiscal year ending June 30, 2003	\$ 71,653,677,756	\$ 3,376,709,429	\$ 75,030,387,185
Tax rate (cents) per each \$100 of assessed valuation.....	3.6	9.0	
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation	25,795,324	3,039,038	28,834,362
Legal Debt Margin -			
Revenue available from mandatory park tax over next thirty years	\$ 773,859,720	\$ 91,171,140	865,030,860
Debt service over next thirty years on \$32,125,000 bonds and notes issued and outstanding at June 30, 2003			43,472,000
Amount of tax available for debt service on future bonds			\$ 821,558,860

Park Acquisition and Development Bonds
Guaranteed by Prince George's County

Assessed Valuation - Metropolitan District for fiscal year ending June 30, 2003	\$ 37,840,312,000	\$ 2,866,052,000	\$ 40,706,364,000
Tax rate (cents) per each \$100 of assessed valuation.....	4.0	10.0	
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation	15,136,125	2,866,052	18,002,177
Legal Debt Margin -			
Revenue available from mandatory park tax over next thirty years	\$ 454,083,750	\$ 85,981,560	540,065,310
Debt service over next thirty years on \$113,655,000 bonds and notes issued and outstanding at June 30, 2003			147,391,000
Amount of tax available for debt service on future bonds			\$ 392,674,310

Source: Montgomery County and Prince George's County Governments and The Maryland-National Capital Park and Planning Commission, Finance Department

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-10

Computation of Direct and Overlapping Debt

June 30, 2003

	<u>Montgomery County</u>		<u>Prince George's County</u>		<u>Total Debt Outstanding</u>
Direct Debt Outstanding	\$ 52,468,258		\$ 117,800,000		\$ 170,268,258
Overlapping Debt					
Montgomery County Debt	1,493,314,260	(1)	-		1,493,314,260
Prince George's County Debt	-		765,881,553	(1)	765,881,553
Washington Suburban Sanitary Commission Debt	982,620,956		499,054,385		1,481,675,341
Montgomery County Revenue Authority Debt	57,248,845		-		57,248,845
Prince George's County Industrial Authority Lease Revenue Bonds	-		42,320,193		42,320,193
Montgomery County Housing Opportunities Commission	660,826,260		-		660,826,260
Prince George's County State of Maryland Participation Loans	-		836,181		836,181
Total Overlapping Debt	<u>3,194,010,321</u>		<u>1,308,092,312</u>		<u>4,502,102,633</u>
Total Direct and Overlapping Debt	<u>3,246,478,579</u>		<u>1,425,892,312</u>		<u>4,672,370,891</u>
Less Self-Supporting Debt					
M-NCPPC - Revenue Bonds	3,420,000		-		3,420,000
M-NCPPC - Revenue Notes	7,431,668		-		7,431,668
Montgomery County Debt	78,680,000		-		78,680,000
Prince George's County Debt	-		214,152,281		214,152,281
Washington Suburban Sanitary Commission Debt	982,620,956		499,054,385		1,481,675,341
Montgomery County Revenue Authority Debt	57,248,845		-		57,248,845
Prince George's County Industrial Authority Lease Revenue Bonds	-		5,905,000		5,905,000
Montgomery County Housing Opportunities Commission	660,826,260		-		660,826,260
Prince George's County State of Maryland Participation Loans	-		836,181		836,181
Total Self-Supporting Debt	<u>1,790,227,729</u>		<u>719,947,847</u>		<u>2,510,175,576</u>
Net Direct and Overlapping Debt	\$ <u>1,456,250,850</u>		\$ <u>705,944,465</u>		\$ <u>2,162,195,315</u>

Note: (1) Overlapping debt does not include the debt of towns, cities and villages aggregating \$58,482,990 in Montgomery County. Total is not available in Prince George's County.

Source: Montgomery County and Prince George's County Governments and Washington Suburban Sanitary Commission.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-11

Demographic Statistics
Last Ten Fiscal Years

MONTGOMERY COUNTY

<u>Year</u>	<u>Population</u>	<u>Per Capita Income (2)</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Registered Pupils</u>
1994	804,000	\$ 37,304	462,202	2.9 %	113,429
1995	813,100	38,552	463,112	2.9	117,082
1996	822,800	39,705	474,872	2.6	120,291
1997	829,400	40,342	466,500	2.6	122,505
1998	842,900	43,303	467,741	2.3 (3)	125,035
1999	854,100	45,402	476,812	1.8 (3)	127,852
2000	869,500	49,107	481,950	1.9 (3)	130,689
2001	881,000	50,919	490,178	2.3 (3)	134,180
2002	892,000	52,363	503,584	2.6 (3)	138,891
2003	903,000	54,013	505,270	2.7 (3)	140,861

PRINCE GEORGE'S COUNTY

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Registered Pupils</u>
1994	744,066	\$ 21,772	449,047	4.9 %	111,823
1995	752,009	22,645	451,897	5.5	116,383
1996	758,510	25,554	459,235	5.1	119,951
1997	765,520	26,409	454,875	5.6	122,831
1998	770,786	27,518	443,686	4.8 (3)	125,637
1999	777,811	28,471	447,650	3.8 (3)	129,793
2000	801,515	30,340	452,598	4.5 (3)	128,501
2001	804,021	31,037	458,419	4.4 (3)	130,713
2002	816,796	n.a.	473,387	4.1 (3)	131,737
2003	883,084	n.a.	476,994	4.9 (3)	n.a.

Notes:

- (1) Population estimates are from the U. S. Census Bureau, State and County QuickFacts.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economics Measurement Division.
The calendar per capita income figures are based on the month of December for each fiscal year. Data for Fiscal Years 2002 and 2003 are not currently available, although estimated for Montgomery County
- (3) Maryland Department of Labor, Licensing and Regulations. Represents yearly average figures.

Source: Montgomery County and Prince George's County Governments.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-12

Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

MONTGOMERY COUNTY

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
1994	\$ 2,330,000	\$ 1,636,139	\$ 3,966,139	\$ 66,779,510	5.94 %
1995	1,970,000	1,926,774	3,896,774	71,490,267	5.45
1996	2,260,000	1,930,963	4,190,963	72,410,180	5.79
1997	2,370,000	1,787,569	4,157,569	81,925,168	5.07
1998	1,905,000	1,676,695	3,581,695	80,278,186	4.46
1999	1,905,000	1,704,211	3,609,211	80,746,444	4.47
2000	2,165,000	1,758,089	3,923,089	91,300,376	4.30
2001	2,235,000	1,744,583	3,979,583	104,719,634	3.80
2002	2,645,000	1,769,734	4,414,734	97,970,370	4.51
2003	2,630,000	1,640,666	4,270,666	93,742,819	4.56

PRINCE GEORGE'S COUNTY

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
1994	\$ 5,065,000	\$ 4,596,086	\$ 9,661,086	\$ 113,066,261	8.54 %
1995	4,615,000	5,206,174	9,821,174	123,382,881	7.96
1996	5,040,000	4,892,298	9,932,298	114,052,704	8.71
1997	4,685,000	4,303,838	8,988,838	118,806,646	7.57
1998	5,480,000	6,294,373	11,774,373	127,205,136	9.26
1999	5,070,000	6,281,752	11,351,752	152,205,437	7.46
2000	5,580,000	6,383,221	11,963,221	136,691,612	8.75
2001	5,590,000	6,050,074	11,640,074	142,126,997	8.19
2002	6,695,000	6,306,713	13,001,713	146,179,086	8.89
2003	28,705,000 (3)	4,998,267	33,703,267	167,760,457	20.09 (3)

Note: (1) Total general expenditures includes General, Special Revenue, Capital Projects, Debt Service and Enterprise Funds.

(2) Includes the refinancing of X-2 Series for \$21,000,000.

Source: The Maryland-National Capital Park and Planning Commission, Finance Department

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-13

Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years
(Dollars in Millions)

MONTGOMERY COUNTY

Fiscal Year	Total Number of Building Permits	Residential Construction Value (1)	Commercial Construction Value (1)	Bank Deposits	Total Estimated Real Property Value
1994	11,769	\$ 468	\$ 100	\$ 7,866	\$ 66,171
1995	13,500	583	70	7,710	67,107
1996	12,677	765	116	7,994	66,677
1997	13,837	726	183	7,973	68,285
1998	14,162	743	331	8,376	69,295
1999	15,130	787	287	8,967	71,481
2000	20,205	843	234	9,351	74,907
2001	14,599	879	276	10,646	79,022
2002	15,696	896	521	11,624	84,229
2003	15,969	1,024	427	na	93,432

PRINCE GEORGE'S COUNTY

Fiscal Year	Residential Building Permits Issued	Residential Construction Value (2)	Commercial Construction Value (2)	Bank Deposits	Total Estimated Real Property Value
1994	3,864	\$ 291	\$ 102	\$ 4,016	\$ 34,929
1995	3,604	299	98	3,941	35,576
1996	3,205	276	417	3,929	35,404
1997	2,815	257	168	3,854	35,828
1998	3,430	318	190	3,873	36,104
1999	2,582	291	286	4,260	36,424
2000	2,219	250	156	4,250	37,244
2001	1,584	166	424	4,442	38,268
2002	n.a	n.a.	n.a.	n.a	39,326
2003	n.a	n.a.	n.a.	n.a	42,546

- Notes:
- (1) Estimated market value of new construction added to the real property tax base.
 - (2) Estimated value of new construction on building permits.

Source: Montgomery County and Prince George's County Governments.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-14

Principal Taxpayers

June 30, 2003

MONTGOMERY COUNTY

<u>Taxpayer</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Real Property</u>	<u>Other Property</u>
Potomac Electric Power Company	\$ 831,750,280	0.96 %	\$ 6,282,220	\$ 825,468,060
Verizon/Bell Atlantic	704,318,184	0.81	27,221,510	677,096,674
Montgomery Mall	221,842,146	0.26	221,541,566	300,580
Mirant Mid-Atlantic LLC	210,666,756	0.24	69,671,466	140,995,290
Washington Gas Light Company	186,819,170	0.22	-	186,819,170
7501 Wisconsin Ave. LLC	155,000,000	0.18	155,000,000	-
Bryant F. Foulger, Trustee	150,827,832	0.17	150,827,832	-
Camaller, Anne D et al, Trustee	139,303,652	0.16	139,303,652	-
Democracy Associates	132,000,000	0.15	132,000,000	-
Marbeth Partnership	129,350,000	0.15	129,350,000	-
Total	\$ <u>2,861,878,020</u>	<u>3.30 %</u>	\$ <u>1,031,198,246</u>	\$ <u>1,830,679,774</u>
Total Assessable Base	\$ <u>86,635,192,231</u>	<u>100.00 %</u>		

PRINCE GEORGE'S COUNTY

<u>Taxpayer</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Real Property</u>	<u>Other Property</u>
Mirant Chalk Point LLC	\$ 471,882,953	1.08 %	\$ 145,332,233	\$ 326,550,720
Potomac Electric Power Company	470,354,510	1.07	3,216,930	467,137,580
Verizon Maryland	434,806,270	0.99	-	434,806,270
JKC Stadium	208,004,000	0.47	208,004,000	-
Washington Gas Light Company	161,666,738	0.37	2,917,568	158,749,170
Baltimore Gas & Electric Company	101,059,340	0.23	3,300	101,056,040
Safeway Stores	100,465,063	0.23	87,241,763	13,223,300
Summerfield Housing LTD Partnership	99,274,000	0.23	99,274,000	-
Greenbelt Homes, Incorporated	85,549,134	0.20	85,549,134	-
Digex Incorp	75,100,790	0.17	-	75,100,790
Total	\$ <u>2,208,162,798</u>	<u>5.04 %</u>	\$ <u>631,538,928</u>	\$ <u>1,576,623,870</u>
Total Assessable Base	\$ <u>43,832,133,344</u>	<u>100.00 %</u>		

Source: Montgomery County and Prince George's County Governments.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-15

SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2003

TYPE OF COVERAGE AND NAME OF COMPANY	POLICY/BOND NUMBER	POLICY/BOND PERIOD FROM TO		COVERAGE	ANNUAL PREMIUM
Self insured in Conjunction with Montgomery County Self Insurance Fund:					
o Workers' Compensation and Employer's Liability				Maryland State and \$100,000 Employer's Liability; Special Police Capital Centre; \$50,000 accident, \$500,000 disease	
o Comprehensive General and Auto Liability o Public Official Liability o Police Professional Liability o Automobile Physical Damage	N/A	7/1/1978			
o Excess Liability Commonwealth Ins. Co.	CEC-10007	10/15/01	10/15/02	\$5Million excess over \$3 Million	\$ 40,470
Insured in Conjunction with Montgomery County Self Insurance Fund:					
o Exhibition Floater Travelers Indemnity Co.	TJCM225T952893	07/01/02	07/01/03	\$250,000 all risk on display \$20,000, (blanket aggregate); \$10,000 any one item, \$250 deductible; \$25,000 any one conveyance	\$ 850
o All Risk Real and Personal Property Boiler and Machinery FM Global	LP 396	07/01/02	07/01/03	Actual cash value, broad form coverage per scheduled listing with \$5,000 S.I.R. per occurrence \$500,000,000 loss limit \$250,000 deductible per occurrence Includes Data, Programs and Software, Flood and Earthquake. The B&M has a \$50,000 deductible. Actual cash value, broad form coverage per scheduled listing.	\$ 101,430
Insurance purchased directly by the Commission:					
o Airport Liability including Products, Hangar Keeper's and Nonowned Aircraft Associated Aviation Underwriters	ALI 607100	01/18/03	01/18/04	\$10,000,000 per occurrence; \$10,000,000 per completed operations \$2,000,000 Personal & Advertising Injury Aggregate Limit; \$500,000 Hangarskeepers' each loss limit \$500,000 Hangarskeepers' each aircraft limit	\$ 75,175
o Public Employees Blanket Bond Old Republic Surety Fidelity Bond	EPE/EPX-1139338	07/01/02	07/01/03	\$100,000	\$ 4,910
o Public Official Bond (Secretary-Treasurer) Fidelity and Deposit Company	0596 14 77B	07/01/02	07/01/05	\$500,000	\$ 1,800
o Public Official Bond (Executive Director) Fidelity and Deposit Company	3066 59 35	08/14/02	08/14/03	\$50,000	\$ 175
o Depositors Forgery Bond Fidelity and Deposit Company	CCP 0001730 03	07/01/02	07/01/05	\$50,000	\$ 442
o CSLP Baysox Club, LLC (Bowie Stadium) Gulf Insurance Group	CLP0461880 BA5737062	04/01/03	04/01/04	\$500,000 Building Contents \$6,500,000 Building \$2,000,000 General Liability \$1,000,000 Automobile Liability Auto Physical Damage: \$500 Collision deductible \$100 Comprehensive deductible \$100,000 Garage Keepers Liability: \$250 deductible	\$ 44,239
o College Park Aviation Museum CGU Commercial Lines Policy	CPR651437	11/05/02	11/05/03	\$300,000 Berliner Helicopter \$310,000 1917 Curtis Jenny Plane	\$ 5,351
Miscellaneous Bonds purchased directly by the Commission					
o License and Permit Bond Peerless Insurance Company	18896677	03/31/03	03/31/04	\$5,000 Driveway Entrance 6724 Needwood Rd., Rockville	\$ 100
o Acceleration & Deceleration Bond Peerless Insurance Company	18896679	04/08/03	04/08/04	\$12,500 6724 Needwood Road	\$ 125
o Driveway Permit Bond	ELI1138391	02/28/03	02/26/04	\$3,500 6710 Needwood Road	\$ 100
					\$ 275,167

Source: The Maryland-National Capital Park and Planning Commission, Department of Human Resources and Management

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

SUPPLEMENTAL ENTERPRISE INFORMATION

Condensed Schedule of Revenues and Expenses
For the Fiscal Year Ended June 30, 2003

Recreational Facilities

MONTGOMERY COUNTY

	Conference Centers	Golf Courses	Ice Rinks	Indoor Tennis	Park Facilities	Totals
Operating Revenues	\$ 366,179	\$ 5,597,998	\$ 4,068,197	\$ 1,096,707	\$ 1,556,569	\$ 12,685,650
Operating Expenses Before Depreciation	484,660	8,159,226	3,587,393	757,368	1,274,058	12,262,705
Operating Income (Loss)	(118,481)	(561,228)	480,804	339,339	282,511	422,945
Depreciation	35,101	673,417	710,791	55,273	117,498	1,592,080
Operating Income (Loss)	(153,582)	(1,234,645)	(229,987)	284,066	165,013	(1,169,135)
Nonoperating Revenues (Expenses)	-	(220,236)	(454,376)	56,260	35,540	(582,814)
Transfer of General Government Land	-	-	-	-	-	-
Operating Transfers In (Out)	80,260	54,291	22,859	4,268	(154,746)	6,932
Net Income (Loss)	<u>\$ (73,322)</u>	<u>\$ (1,400,590)</u>	<u>\$ (661,506)</u>	<u>\$ 344,594</u>	<u>\$ 45,807</u>	<u>\$ (1,745,017)</u>

PRINCE GEORGE'S COUNTY

	Airport	Equestrian Center/ Multipurpose Arena	Golf Courses	Ice Rinks	Regional Parks	Trap and Skeet Center	Sports and Learning Complex	Bladensburg Marina	Totals
Operating Revenues	\$ 124,687	\$ 1,240,700	\$ 2,077,919	\$ 246,782	\$ 270,905	\$ 1,081,788	\$ 1,985,901	\$ 25,527	\$ 7,054,209
Operating Expenses Before Depreciation	187,644	2,598,118	2,393,940	441,826	257,012	1,170,951	4,244,074	239,050	11,532,615
Operating Income (Loss)	(62,957)	(1,357,418)	(316,021)	(195,044)	13,893	(89,163)	(2,258,173)	(213,523)	(4,478,406)
Depreciation	118,106	596,124	118,674	91,317	74,696	11,033	1,118,309	52,980	2,181,239
Operating Income (Loss)	(181,063)	(1,953,542)	(434,695)	(286,361)	(60,803)	(100,196)	(3,376,482)	(266,503)	(6,659,645)
Nonoperating Revenues (Expenses)	-	-	808	-	2,056	-	19,587	9,767	32,218
Operating Transfers In (Out)	166,761	1,413,547	340,604	73,998	85,793	35,219	2,220,037	312,055	4,648,014
Net Income (Loss)	<u>\$ (14,302)</u>	<u>\$ (539,995)</u>	<u>\$ (93,283)</u>	<u>\$ (212,363)</u>	<u>\$ 27,046</u>	<u>\$ (64,977)</u>	<u>\$ (1,136,858)</u>	<u>\$ 55,319</u>	<u>\$ (1,979,413)</u>

Source: The Maryland-National Capital Park and Planning Commission, Finance Department



2001 M Street NW
Washington, DC 20036

**Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

To The Maryland-National Capital Park and Planning Commission:

We have audited the financial statements of The Maryland-National Capital Park and Planning Commission (the Commission) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.





This report is intended solely for the information and use of the Commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 12, 2003

ACKNOWLEDGMENTS

The following individuals contributed to the preparation of this Comprehensive Annual Financial Report:

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Cover:

The Bladensburg Waterfront Park forms the centerpiece of community revitalization in the "Port Towns" of Bladensburg, Cottage City, and Colmar Manor, and highlights major efforts to restore the Anacostia River. Built with a combination of Commission, County, State and federal funds, the park features a visitors' center, playground, boat launching ramp, and canoe/kayak storage facility, as well as historic theme exhibits and fishing piers. Canoes and kayaks are available for rental, and canoe and pontoon boat tours are conducted by park naturalists. A variety of nature conservation and recreational activities and classes are offered for patrons of all ages.

Page 9:

The Rollingcrest-Chillum indoor splash pool is a unique attraction featuring water slides, four levels of swimming, a lap pool, and classes and instruction for patrons of all ages . . . Volunteers and staff provide excellent customer service at Brookside Gardens Visitors Center Information Desk . . . People of all abilities enjoy the tranquil settings and accessible paths at picturesque Brookside Gardens . . . Birds-I-View is a public art project that celebrates area artists, forges partnerships with businesses and the community, and benefits youth art programs by bringing 74 creatively designed bird sculptures to the people of Prince George's County . . . Historic Woodlawn Manor Park in Sandy Spring includes several cabins and outbuildings, landmarks on the Underground Railroad . . . The Prince George's Sports and Learning Complex has emerged as one of the top venues for indoor track meets on the East Coast . . . The Sports/Permits Division administers a diversified program of countywide sports through a Boys and Girls Club program . . . Some young visitors to Wheaton Regional Park play the water fountain game.

Photo Credits:

Steve Abramowitz (Prince George's County): Cover and pages 9, 20, 92, and 100.
Francine Bethea (Montgomery County): pages 1, 9, 88, 96, and 104.

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION



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