

# The Maryland-National Capital Park and Planning Commission



Comprehensive Annual Financial Report  
For the Fiscal Year ended June 30, 2005

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

**THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION**

**For the Fiscal Year Ended June 30, 2005**

**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  
Wendy C. Perdue  
John M. Robinson  
John H. Squire  
Sylvester J. Vaughns  
Meredith K. Wellington

**Officers**

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

**Department Directors**

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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***

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Robert J. Hickey, Internal Audit  
Keith R. Phillip, Cash Management  
John W. Waddell, Information Technology

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◆ PART I ◆  
INTRODUCTORY SECTION

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Located in Montgomery County's prized agricultural reserve, Little Bennett Golf Course offers sweeping views of historic barns set in the foothills.



# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

September 9, 2005

## Commissioners:

The Comprehensive Annual Financial Report of The Maryland-National Capital Park and Planning Commission ("the Commission") for the fiscal year ended June 30, 2005 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 and 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 Clifton Gunderson 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, 2005 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, 2005 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 also 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 issued separately. 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 solid growth, and collections, including interest and penalties as a percent of the levy, are consistently above 98%. 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. At June 30, 2005 the Commission's General Fund budget basis ending fund balance was approximately of \$62.8 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 2005. 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 Commission's investment policy, all of which are also allowed by the Annotated Code of Maryland.

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 \$3,841,000 during fiscal year 2005. The average rate of return on the Commission's cash and investments during fiscal year 2005 was 2.19%.

### **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 \$250,000), 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 as they come due. 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, 2004 in funding 108.1% 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, 616 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 set up a trust fund to begin accumulating funds for payment of future post employment benefits. Amounts placed in the trust were not based on any actuarial studies. Over the past few years, no contributions have been made to the trust; however benefits were paid from the trust including \$2,745,000 in fiscal year 2005. The fund has net assets of \$129,000 at June 30, 2005.

### **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, 2004. 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 2005. 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 black ink that reads "Patricia Colihan Barney". The signature is written in a cursive, flowing style.

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, 2004

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.



*Nancy L. Zielke*

President

*Jeffrey R. Emer*

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.

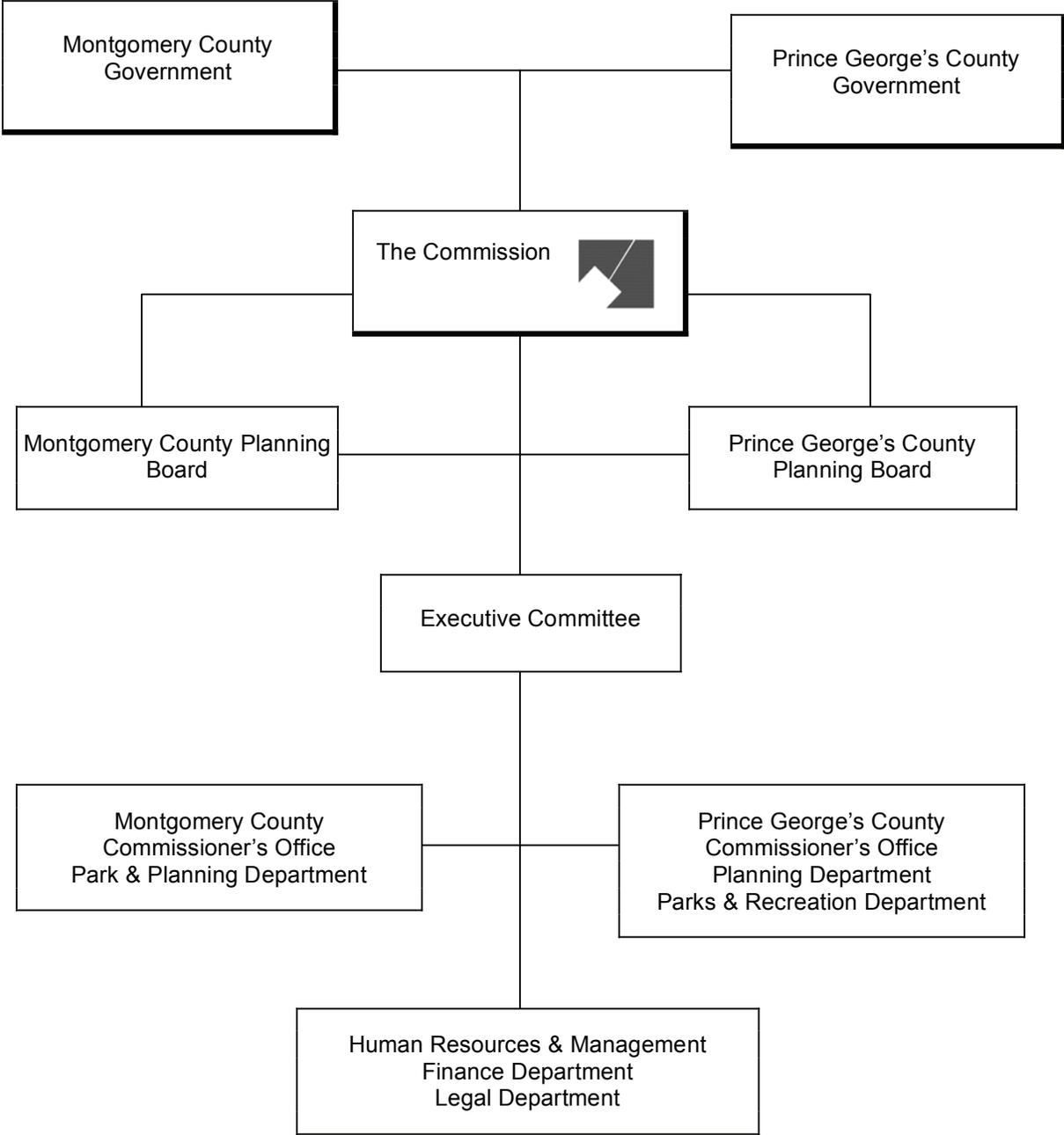
The Commission consists of ten members, five appointed by Montgomery County and five by Prince George's County. In Montgomery County, all five of the Commissioners are appointed by the County Council and confirmed by the County Executive. Montgomery County Commissioners may not be appointed for more 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 57,600 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its staff consists of over 1,960 career employees - planners, park and recreation administrators, park police and administrative staff. In addition, it employs approximately 5,060 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 2005 Program Highlights

After earning an unprecedented five national gold medals for excellence in recreation and parks management, the Commission set its sights on achieving national accreditation. With nearly two years of preparation, The Maryland-National Capital Park and Planning Commission in fiscal year 2005 met or exceeded all 155 national standards in 10 categories and passed a week of on-site scrutiny from a distinguished international panel of judges to earn official accreditation from the Commission on Accreditation of Park and Recreation Agencies. After their thorough evaluation, the team of judges praised the strength, depth, and breadth of the agency and its impact on Montgomery and Prince George's Counties and its residents.

Another major national honor came from the Rudy Bruner Foundation that awarded the Commission its bi-annual Silver Award for planning and urban design in downtown Silver Spring. PlanningDotCom won two national awards for the Prince George's Planning Department's community education workshops. Additional grants and public/private partnerships included the Chesapeake Bay Trust and REI's national marketing grant for the Patuxent River renewal. In addition, both nationally accredited Park Police divisions celebrated their 50<sup>th</sup> anniversary of service to their communities. Together with other agencies, the Commission reconfirmed its commitment to the preservation of agricultural land and farming with a number of new initiatives. The Department of Parks and Recreation earned the 2004 Excellence in Inclusion Award from the National Institute for Recreation Inclusion and the National Recreation and Parks Association. In honor of Disability Awareness Month, the Commission instituted its first annual internal Spirit Awards program to recognize staff for outstanding commitment to inclusion services. More than 23,000 trained volunteers contributed over 250,000 hours of service to Commission programs and facilities throughout both counties. Corporate volunteer groups included Marriott International, AARP and University of Maryland College Park Scholars.

The Commission opened a universally accessible playground at Norwood Local Park and newly renovated facilities: the adventure playground at Cabin John, the historic Huntington Community Center and the Mount Calvert Historical and Archaeological Park. During the year, more than 20 million patrons visited the Commission's impressive variety of outstanding parks and recreation facilities on more than 55,000 acres of parkland. During the year, the Commission embarked on a coordinated "One Commission" marketing campaign to promote this organization and build even broader constituencies.

### Prince George's County Department of Parks and Recreation

**Meeting Customer Needs Through Innovative Service:** The Department of Parks and Recreation continued its tradition of providing the best innovative year-round programs and quality facilities to meet the needs of an ever-changing and diverse customer base of more than 840,000 residents. In 2004, the Department received the Excellence in Inclusion Award sponsored by the National Recreation and Parks Association and the National Institute on Recreation Inclusion for offering exceptional programs and services to individuals with disabilities. The automated registration system, SMARTlink, continued to grow with 206,686 clients served. Enhancements to the system improve efficiency, reliability and connection speed for customers and staff. The Department's web site ([www.pgparcs.com](http://www.pgparcs.com)) continued to offer a vast amount of information to the public.

**Enhancing the Park System:** Completed projects included: Oakcrest Community Park School Center; Huntington, Prince George's Plaza and Baden Community Center renovations; Bladensburg Waterfront Park pedestrian bridge; playground projects at Arbor Park, Auth Village, Northampton, Huntington South, and Cherry Hill Neighborhood Parks, Hillcrest Heights Community Center Park, Mellwood Park, Muirkirk South and Pheasant Run Community Parks, and Fort Foote Neighborhood Recreation Center. Construction projects underway include: Oxon Hill Manor renovation; College Park Community Center soccer complex; renovations at Birchwood City Community Recreation Center, Cherryvale Neighborhood Park, Douglas Patterson Community Park/School, and Marietta Manor historic site; and parking and landscaping at Darnall's Chance. Projects under design include: community center renovations at Bowie, Langley Park, Marlow Heights, Palmer Park and Upper Marlboro; and improvements to Allentown Aquatics and Fitness Center, Anacostia River Trail, Beltsville/Laurel Senior Recreation Center, Concord Mansion, Fairland Aquatics Center, Paint Branch Golf Course, Prince George's Sports & Learning Complex, Riversdale historic site, and Theresa Banks Aquatic Center. Maryland Program Open Space and Maryland Department of Natural Resources funding supported some of these projects.

**Staging Successful Community Events:** Tens of thousands participated in popular annual events such as the 24th annual Kinderfest, the Montpelier Spring Festival, Marlboro Day, the Harlem Renaissance Festival, Festival Hispano, Suitlandfest, the Positive Teen Talent Search, and the 8<sup>th</sup> annual Teen Cotillion. The Festival of Lights at Watkins Regional Park dazzled more than 100,000 visitors with holiday light displays throughout the park, and a multitude of community days were held throughout the county.

**Planning and Providing Recreational Opportunities for All:** The first Comprehensive Recreation Programming Plan increased emphasis on programs addressing community health and wellness and the risk factors facing teens and youth. The Department is part of the national “Hearts ‘n Parks” program, aimed at combating obesity, and was named a national Step Up to Health Community. Thousands of recreation programs, activities, events and fitness opportunities were offered for all ages and ability levels. Sports leagues attracted 29,000 participants, and more than 19,000 youth enrolled in summer camps, playgrounds, and teen centers. A cooperative agreement between the Commission and a group of apartment communities provided transportation, registration and trip fees for the summer playground program for 150 children who otherwise would not have been able to participate.

**Serving the County’s Youth:** A new Youth Coordinator position was established to spearhead the expansion of youth activities, and initiate development of a comprehensive Youth Development Plan to guide future programming decisions. The Prince George’s Employees’ Child Care Center in Upper Marlboro and the child care facility at Glenridge Elementary School were accredited by the Maryland State Department of Education for excellence in early childhood education. Lunches were served to needy children at summer program sites; and pre-school, before-and after-care and Kids Day Out programs continued. An ever-increasing variety of programs and activities were well attended by teens.

**Supporting the Arts and Cultural Heritage:** Historic rental properties continued to be in high demand as top regional sites for events – the Newton White Mansion was recognized as a top 100 Washington area reception site by Washingtonian Magazine, and Show Place Arena received a 2004 Prime Site Award from Facilities and Event Magazine. Historic Oxon Hill Manor renovations continued following a devastating fire. Critically acclaimed, sold-out performances were hosted by the Department’s outstanding arts facilities, and Show Place Arena hosted the Capital Challenge Horse Show, the largest equestrian event east of the Mississippi. As a result of on-going and technical support that M-NCPPC has provided to the Gateway Arts District project, the very first County live-work space, home to 42 artists and their families, opened in Mt. Rainier. The first residential long-term curatorship lease was implemented for historic Hazelwood.

**Preserving and Protecting Natural and Historical Resources:** Natural and historical resources public education programs continued at the Department’s historic museums, nature centers, and natural area parks, with staff partnering with volunteers and the Schools to provide programs for tens of thousands of students. Mt. Calvert Historical and Archeological Park and Manor House Visitor Center opened, providing visitors a glimpse into the area’s past through exhibits and archeological digs. The Anacostia, Potomac, and Patuxent River clean ups promoted commitment to the environment, and, in partnership with the County’s Livable Communities Initiative, volunteers planted 2,000 trees and shrubs in parks.

**Keeping our Parks Secure:** The nationally accredited Park Police maintained around-the-clock watch at all parks and facilities, using sophisticated technology such as Mobile Data Terminals in police vehicles. Officers continued to assist with mentoring programs, the Drug Awareness Resistance Education (D.A.R.E.) program, the N.F.L. Punt Pass and Kick Competition, the COPS Camp for Kids, and many other community events and safety initiatives, such as the “Click It or Ticket” seat belt program, and the Donate a Phone to Victims of Domestic Violence program. A gang awareness training module was developed to assist Commission staff and the community with concerns related to gang activity. Graduates of the Park Police Community Volunteer Academy assisted with a variety of tasks.

**Maintaining Parks and Facilities:** Maintenance and development staff admirably handled the construction and repair of facilities, and the maintenance of the 24,400-acre park system. In cooperation with the Metropolitan Washington Air Quality Committee and the Council of Governments, the Department instituted operational changes to improve air quality throughout the area, including equipment and refueling restrictions on declared Code Purple and Code Red days, conversion of gasoline cans to reduce harmful emissions, and the purchase of hybrid vehicles to conserve natural resources. The maintenance garage mechanics earned the Blue Seal from the National Institute for Automotive Service for having at least 75% of technicians ASE certified.

## Prince George's County Planning Department

**Communicating with the Public:** The department's web site, [www.mncppc.org/pgco](http://www.mncppc.org/pgco), provided the public with 24-hour access to land-use planning, zoning, and development information; property maps; demographic and economic data and reports; and a host of publications. Over 13 million visitor hits were received during the year. The Planning Information Services office in the County Administration Building serviced more than 20,000 customers during the same period. The department partnered with Prince George's County's Livable Communities Initiative to sponsor workshops for the public, community and municipal representatives on building codes, permits, and licensing. The Planning Department is now featured in the quarterly Department of Parks and Recreation publication, Your Guide, distributed to all SMARTlink households; information is provided to assist the public in understanding, monitoring, and being more involved in the planning, zoning and development processes.

**Contributing to Policy, Planning, and Development Decisions:** Research Center staff regularly prepared economic and fiscal impact analyses on major development proposals in the county. Staff completed the Round 7 Cooperative Forecast used by the Metropolitan Washington Council of Governments as input to regional and local needs and federal funding decisions. *Emerging Trends--The Many Faces of Prince George's County*, which provides a portrayal of changes in county demographic makeup over time, was produced and distributed widely. A market study for the City of District Heights' commercial corridor was prepared at city request.

**Planning for Quality Communities:** Work continued on master plans, sectional map amendments (SMAs), zoning map amendments (ZMAs), specialized planning studies, and Planning Assistance to Municipalities and Communities (PAMC) projects. The Gateway Arts District Master Plan/SMA, Tuxedo Road/Arbor Street Sector Plan/SMA, and Morgan Boulevard-Largo Town Center Metro Sector Plan/SMA were approved. Draft preliminary plans/SMAs were completed for Bowie and Vicinity, Henson Creek – South Potomac, East Glenn Dale, and the West Hyattsville Metro Area. A draft preliminary development plan/ZMA was completed for the Suitland Mixed Use Town Center. A New Carrollton Metro Transit Oriented Development Study and a District Heights Market Study were completed. A Capitol Heights Metro Transit District Development Plan, a Subregion I Master Plan, a Biennial Growth Policy Update, a Central Avenue Corridor Study, and a Duvall Field Renovation Design Study were initiated.

**Planning for Public Facilities:** The Public Safety Master Plan process, including a public forum and seven community meetings, was initiated, with Goals, Concepts, and Guidelines approved by the District Council. Staff wrote the Public Facility elements for three Sector Plans, and provided support to the School Construction Management Team, the Department of Environmental Resources on Water and Sewer Plan Amendment cycles, and the Police Department on an updated Police Accreditation Report.

**Developing Efficient Transportation Systems:** Transportation planners supported updates of the Bowie and Henson Creek/South Potomac Master Plans, and the Westphalia Planning Study. Major planning studies for US 1 in College Park, I-95/Arena Drive Full-Time Access and MD 210 were completed, while studies for the Bi-County Transitway, Capital Beltway Corridor and the Intercounty Connector continued. Work continued on the update of the Countywide Master Plan of Transportation and the development of a new transportation model. Support was provided to the County's Bicycle and Trail Advisory Group, the Transit Services and Operations Plan, and the Transportation Planning Board Technical Committee. In addition, 33 traffic impact studies for development activities were processed.

**Preserving and Protecting the Environment and Historic Properties:** Development of a Countywide Green Infrastructure Plan was completed, with focus group meetings attracting a wide variety of citizens and stakeholders; this first-ever countywide functional master plan for the environment was approved by the District Council in June 2005. An archeological review process was established, and proposed legislation and guidelines for archeological review were drafted. An update of the *Illustrated Inventory of Historic Sites* was initiated. Properties were designated as Historic Sites through the Morlar and Gateway Sector Plans; others were documented and evaluated for proposed designation through the Bowie and Henson Creek Plans. A consultant project produced a National Register Multiple Property Documentation for Mid 20<sup>th</sup> Century Garden Apartments in Prince George's County. Staff also provided reports and recommendations to the Historic Preservation Commission on Historic Site and Historic District proposals, as well as Historic Area Work Permits and Preservation Tax Credit applications.

**Instituting State-of-the-Art Mapping Systems:** GIS staff continued to work with the Maryland Department of Planning to create a model for estimating residential development capacity, a statewide initiative created by the Governor in 2004 and supported by local government, and environmental and building industry representatives. Several upgrades to the Department's GIS website, PGAtlas.com, were implemented, including adding several new layers, an assessment data extract tool, new printing functions that include the ability to add text and symbols to the map extent, and an E-Mail Address sign-up list for customers who want notification of problems or upgrades. The Internet application was also replicated on the Department's Intranet with additional functions and layers. This internal application will eventually replace client/server desktop software with several thousand dollars in potential annual software maintenance savings.

**Promoting Responsible Development:** Several hundred applications for zoning map amendments, special exceptions, conceptual and detailed site plans, and preliminary and final plats of subdivision, along with over 24,000 permits of all types, were reviewed and analyzed, and expert professional advice provided to decision makers. Staff supported a major initiative to overhaul the County Zoning Ordinance, with progress made on revisions to the use tables; new standards for the Developed Tier; and zoning tools to preserve the Rural Tier. An innovative planning study for Westphalia, combining three major development proposals, is underway.

## Montgomery County Department of Park and Planning

**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 with the second annual congestion monitoring report. Staff reviewed the Bi-County Transitway, Corridor Cities Transitway, Capital Beltway and Intercounty Connector; published a new Master Plan of Highways map; and validated a new transportation model providing peak hour and average daily traffic forecasts and streamlining regional coordination on transportation network changes. Commitment to pedestrians and bikers was demonstrated through the adoption of the Countywide Bikeways Functional Master Plan.

**Promoting Development Patterns Concurrent with Environmental Protection:** The Olney Master Plan and the Draft Damascus Master Plan incorporate low density clustering to protect environmentally sensitive areas and guidelines to sustain and improve ecological systems and environmental quality. The Draft Shady Grove Master Plan focuses intense residential development near Metro to significantly reduce increases in auto travel and sprawl. As the regulatory agency and administrator for the County's Forest Conservation Law, the Department planted native trees grown in park nurseries on 600 additional acres each year. A new "Going Green" program began with an outdoor fair to promote the use of recycled, energy conserving materials to make homes more comfortable and less expensive to heat and cool.

**Planning for Metro Station Areas:** The Rudy Bruner Foundation honored the Department with its prestigious Silver Award for planning and urban design in downtown Silver Spring. This project includes Discovery Communications, the American Film Institute, the Silver Theatre, and new retail, residential and office space. This national award identified community outreach, historic preservation, incentive zoning, and the review process that helped create urban amenity spaces as outstanding examples of planning and urban design. New sector plans for Twinbrook, Wheaton and Woodmont Triangle continue the tradition of community outreach, and creative planning and urban design for Metro station areas. The Draft Sector Plan for Shady Grove proposes to transform an existing industrial area into a new mixed-use community.

**Supporting Employment Center Development in the I-270 Corridor:** Master plans and sector plans for Germantown and Gaithersburg are underway in the I-270 Corridor. These plans are part of a coordinated program to improve opportunities for advanced technology and biotechnology employment, provide housing for a range of income levels, link cultural facilities, preserve open space, improve the transportation system, and increase opportunities for higher education including the University of Maryland, Johns Hopkins University and Montgomery College.

**Protecting Rural Communities:** The Damascus Master Plan was transmitted to the County Council for final review. Strategies include expanding the Legacy Open Space Program, increasing the receiving areas to provide opportunities to transfer development rights, creating a new rural village zone, and improving the existing rural neighborhood zone. To preserve the water resources of the Patuxent River, planners concentrate on increasing forest areas, reducing impervious areas, increasing setbacks from sensitive streams, and directing development

to existing town centers. Protecting agricultural and rural open space including portions of the Damascus and Olney areas is a focus of planning in the county.

**Conserving our Past:** Recent projects include a comprehensive Strategic Plan for M-NCPPC-owned cultural resources; work on park-owned historic sites, including major stabilization of the Woodlawn stone barn, rehabilitation of the Bussard farmhouse, and stabilization of the Darby Store roof; and continuing review of sites for local historic designation. Staff is coordinating closely with the county's Heritage Tourism Alliance to reinforce conservation and interpretation of significant historic resources. The GIS layer developed for historic sites serves as a model for others and links archival data with resource mapping.

**Housing Montgomery:** The Department completed several key housing tasks assigned in the County Council's Action Plan to increase the supply, mix, and affordability of housing, and improve tracking of housing data and information. To help build an informed civic and business constituency, the Department published and distributed 6,000 housing information packets. In an innovative partnership with Fannie Mae, Housing Opportunities Commission, Public Schools, County Police, and the Fire Department, the Department helped expand employer-assisted housing opportunities.

**Planning Framework in Maturing County:** In transitioning to a mostly urban county, the Department is developing a new framework to guide planning. The strategy seeks to reshape the plan-making process and focus opportunities for redevelopment and continued economic growth in existing centers, while protecting the Agricultural Reserve. This framework will help maximize the use of available land through redevelopment of existing aging centers, and transportation arteries into a lively mix of higher density uses, to realize the vision of livable communities where jobs, housing, and public spaces are easily accessible.

**National Park Seminary:** Development Review performed an expedited review of the rezoning, preliminary and site plans for this historically significant project. Built as an inn, the National Park Seminary later served as a private girls school before the Army acquired it for use as a convalescent center for WWII soldiers. Well-known buildings include the Japanese pagoda, the Swiss chalet, the windmill, and the grand ballroom. Existing buildings will be converted to condominiums, while retaining the historic setting and unique architecture. New development will include a variety of housing types, and 20% of the units will be moderately priced. An existing building will continue to offer transitional housing run by a charity.

**Focusing on Geographic Information Systems and Research:** Staff continues to expand use of the GIS among Department and County agency staffs, while improving the quality and availability of the Department's development information databases. Research work included the annual economy study, the 2005 Census Update Survey, demographic and market studies supporting master plans, several housing studies, and staff support for housing and growth-related policy issues. FY05 also saw substantial reinvestment in the Department's IT equipment, with replacement of many older PCs. Staff manages the website, [www.mc-mncppc.org](http://www.mc-mncppc.org) and has continued to expand the Department's e-commerce offerings.

**Encouraging Public Private Partnerships:** Staff continues to pursue partnerships with non-profit groups to expand recreational opportunities. Projects under consideration would expand park facilities including a baseball complex, indoor tennis, and the operation of a miniature train. The Department is seeing an increase in the number of groups who want to partner to make improvements in local parks and playgrounds. In the immediate future, staff will seek partners to benefit golf courses and golf operations.

**Serving the Community:** Parks obtained funding for additional staff to increase customer service, renovate local park athletic fields, test artificial turf, and develop and implement a countywide volunteer trail inspection and maintenance program. Park users enjoy online reservation of ballfields, picnic shelters, and recreation centers. The County Council directed parks to restore trash cans to most parks, thus ending the program that removed trash cans from parks for budgetary reasons. Park staff continues to manage trash, recycling, conservation, and cost savings programs. During the year, the Department sponsored several health-related walks and dedicated a new universally-accessible playground at Norwood Local Park.

**Managing Park Regions:** Park regions were instrumental in the Commission's obtaining accreditation from the Commission for the Accreditation of Park and Recreation Agencies (CAPRA). Through the work of countless individuals, all 155 standards were met. Park naturalists began a strategic plan to coordinate programming and provide resources for natural, cultural, and historical issues. Major renovations were undertaken at Cabin John

Regional Park adventure playground. Black Hill Visitor Center and Meadowside Nature Center held a “Celebrate Nature Festival” for residents to enjoy the county’s natural resources.

**Conserving Natural Resources:** The Planning Board approved the Brookside Gardens Master Plan, opening the way for major improvements, and they dedicated Reflection Terrace, a memorial to the sniper victims. Brookside Gardens’ School of Botanical Art and Illustration opened at McCrillis Gardens, attracting students nationwide. Natural Resources Management (NRM) staff expanded deer management and forest preservation and habitat restoration programs to address the threats of deer and non-native invasive plants to parkland ecosystems. Staff trained 64 additional Weed Warriors who contributed over 3,000 volunteer hours to control non-native invasive plants. NRM completed reviews, field work, and recommendations on the Intercounty Connector and dozens of projects to minimize impacts to natural resources. Pope Farm Nursery grew over 20,000 plants, including new plant introductions of the National Arboretum.

**Promoting Park Safety:** Park Police celebrated 50 years of providing quality police services to ensure a safe and enjoyable recreational environment. Using Crime Prevention through Environmental Design, specially trained officers work with park planners to ensure park designs facilitate safety and effective patrol. Park Police won their category in the Maryland Chiefs’ Challenge for seat belt and child safety seat enforcement. Park Police used speed monitoring trailers and a variable message signboard to educate park users as part of an enhanced traffic management plan. Implementing an 800 MHz radio system is under way to increase interagency response to emergencies. After complying with 446 standards, Park Police were re-accredited through the Commission on Accreditation for Law Enforcement Agencies.

**Protecting Open Space:** Acquisitions of parkland totaled more than 385 acres, bringing the total acreage to 32,800 acres. Properties acquired as additions to existing parks include land in: five stream valley parks; two neighborhood parks; Serpentine Barrens Conservation Park; Agricultural History Farm Park; Laytonia Recreational Park and several others. New parks acquired include Darby Historical House and Store, Capitol View Open Space, and Traville Local Park. Acquisitions came through fee simple purchases from private property owners and dedications from developers. The Board approved contracts to acquire additions to two additional parks. Through the Legacy Open Space program, the Commission protected an additional 147 acres of sensitive natural and heritage resources, resulting in a total of 2,880 acres protected.

**Managing the Parks’ Capital Improvements Program (CIP):** Accomplishments include: Black Hill maintenance facility; water and sewer work at Woodlawn Park; lights at Olney Manor Recreational Park; Little Falls Parkway bridge replacement; Woodlawn barn restoration; Sligo Creek Parkway repaving; Rickman Horse Farm arena renovation; Woodstock Equestrian Park parking lot; play equipment replaced at 12 parks; and tennis/basketball court renovations at 10 parks. Construction is underway at three local parks and at the National Capital Trolley Museum car barn. Staff is replacing play equipment at five parks. In the FY06 operating budget, the Park Development Division received \$150,000 to assess maintenance, renovation, and lifecycle replacement costs for parks infrastructure. The County Council added \$2.06 million to the CIP to improve safety and increase playing time at athletic fields by renovating infields and turf. Over the past fiscal year, the division issued construction permits for many non-Commission projects on park property.

**Implementing SmartParks Technology:** SmartParks, a computerized maintenance management system, centralizes easily-accessible inventories of park facilities and property. Included are land records, built infrastructure, natural, historic and archaeological resources and equipment. It is also a work order management system that enables accurate tracking of maintenance costs and facilitates the streamlining of service delivery. This program uses sophisticated GIS and distributive data collection and retrieval.

## **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 cross-functional team structure supports the work program to enhance service quality and increase productivity.

**Organizational Development:** In FY05, the Department promoted the *One Commission: A Preferred Workplace* initiative through the coordination and guidance of organizational development activities and programs. Activities included completion of another successful mentoring program, development of a workforce (succession) planning process, expanded professional development training to a Commission-wide basis, and marketing efforts concentrating on development of a Commission brand. The Commission completed an outstanding Leadership Institute Supervisory training program for all existing supervisors. This was an intensive effort started three years ago to comprehensively increase supervisory competency. The Commission's Leadership Institute has graduated over 650 supervisors. The effort will now focus on training for new supervisors. Work continued on 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. Information/communication services also were improved through enhancement to the intranet services by greatly expanding the direct access to documents and resources helpful to employees and by creating on-line resources to support supervisors and managers. The Department provides leadership to the cross-functional Diversity Council, conducts Diversity Training, and supports a variety of monthly activities recognizing the richness of the diversity of the community we serve.

**Employee/Labor Relations:** In FY05, the Department led general negotiation efforts with the Fraternal Order of Police. In addition, the DHRM led the effort to negotiate a contractual re-opener on retirement issues with the exclusive representative (MCGEO) of the employees in the Service/Labor, Trades and Office/Clerical Bargaining Units. Work in labor relations included joint labor/management task force resolution of identified, specific workplace issues as agreed upon as a provision of the MCGEO contract.

**Continuous Improvement in Management and Employee Services:** The Department continued participation on a multi-agency committee to explore strategies and actions to curb escalating medical costs and best practices on cost containment, such as exploring opportunities for pharmaceutical cost reduction using Canadian companies. Employee benefits were expanded to include a supplemental life insurance option. DHRM conducted another successful employment program for persons with disabilities; and, the DHRM, in partnership with the Department of Finance, implemented the upgraded Personnel/Payroll System and implementation of the first phase of an updated and expanded system to automate time and attendance. In FY05, DHRM increased the quantity and diversity of applicant pools for job vacancies through web-based recruiting and outreach efforts including numerous job fairs and networking. Policy development initiatives included issuance of the following policies: Controlled Substance and Alcohol Abuse in the Workplace (along with training for all supervisors), Fraud, Waste and Abuse, and Use of Power Tools by Volunteers. During FY05, four classification series were revised containing 17 specifications and affecting over 26 employees and 64 reclassification actions were processed during two open windows.

**Recognized Efforts:** In FY05, the Commission received accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA). The Department provides leadership and coordination to assure accreditation criteria remain in compliance and continuous improvement. The Department received the *Distinguished Budget Presentation Award* from the Government Finance Officers' Association for the 18<sup>th</sup> consecutive year.

## Department of Finance

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

**Financing Capital Projects and Equipment:** In FY05, the Department coordinated the sale of \$4 million Montgomery County Park Acquisition and Development Bonds which provided funding of \$4 million for new projects and \$2 million of Montgomery County Advance Land Acquisition Bonds of 2004 to finance the cost of acquisition of land in Montgomery County, Maryland. The Department also coordinated a capital equipment financing of \$3.6 million and provided financial and contractual guidance on numerous public/private partnerships.

**Safeguarding Commission Assets:** The Internal Audit Division continued its efforts to monitor and improve internal controls and compliance with Commission policy through the completion of 119 audits of Commission activities and facilities. To further protect Commission assets, Commission Practice 3-31 for Fraud, Waste and

Abuse was approved by the Commission and implemented. To enhance compliance with the Practice, mandatory training sessions were conducted for all employees, which explained their responsibilities.

**Automating/Streamlining Efforts:** The department continued implementing recommendations from the Commission-wide procurement study. A new procurement manual incorporating streamlining initiatives was completed and distributed, along with training for those employees involved in procurement. Practice 4-10, which sets forth the Commission's purchasing policy, was updated to match the new administrative procedures in the Purchasing Manual and was approved by the Commission in public session. Phase III of the automated purchasing module, which allows for online processing and approval of purchase orders and invoices, continues to expand and now includes 86% of all purchase order activity. This automation is helping to move toward an e-procurement environment. The department continued to provide guidance for the planning and implementation of systems with financial components, including the first phase of an updated and expanded system to automate time and attendance, ParkPASS and the continued support of the golf course point of sale systems, SmartParks and SmartLink.

**Outreach to Minority, Female and Disabled Vendors:** The Department's Purchasing Division increased its outreach efforts in the last two years and attended nine trade and procurement events. The events reflect the increasing diversity of the two Counties and included events sponsored by the Hispanic Chamber of Commerce, Congressman Wynn, Council of Governments (Maxaccess), and Montgomery and Prince George's Counties. Increased outreach assisted the Commission in achieving an MFD utilization rate of 28.7%, one of the highest utilization rates thus far.

**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, major efforts included: hardware upgrades on all major finance applications; additional network and desktop security enhancements; migration of several systems to the Storage Area Network (SAN) to adapt to the increasing data storage needs of the Finance applications; and creation, setup, configuration and documentation of various reports, files and applications to respond to the needs of the Commission.

**Financial Reporting:** For the 32<sup>nd</sup> 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 FY04 Comprehensive Annual Financial Report (CAFR), prepared by the Finance Department.

## Office of General Counsel

The Office of the General Counsel (Legal Department) provides a comprehensive program of legal services to the Commission, supporting virtually every facet of the Commission's work program. This Department 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.

**Protecting the Public Interest in Litigation:** The Office of General Counsel represents the interests of the Commission in the majority of disputes that deserve action in the courts. During FY05, Commission staff attorneys either handled or managed approximately 50 existing cases and more than 40 new ones. A sampling of the important cases includes the following: Prevailed in an appeal to Maryland's highest court (the Court of Appeals) to overturn a circuit court decision that held former police officers were entitled to pursue LEOBR disciplinary proceedings before the Commission could institute debarment proceedings; Obtained favorable settlement in proceedings before the Federal Bankruptcy Court for the Eastern District of Virginia to resolve a civil claim asserted by the Commission against a technology contractor; Defended an appeal in the Maryland Court of Special Appeals from a circuit court decision in order to clear the way for construction of a cultural arts center and a footbridge in Jessup Blair Park by Montgomery College; and, Achieved a favorable settlement in the Commission's lawsuit to recover damages for certain design errors at Calverton Local Park.

**Enhancing the Stewardship of Public Funds Through More Effective Contracting:** Commission attorneys advise field staff, procurement staff, and executive officers in the resolution of several formal bid protests registered by disappointed bidders, and developed and implemented a training program to educate Department of Parks and Recreation employees on contract policies, structure, content, formation, spotting potential problems and resolving contract disputes.

**Building Our Quality of Life – One Transaction at a Time:** Commission attorneys represented staff in the negotiation and development of dozens of complex agreements and memoranda of understanding. By year-end, the Office of the General Counsel provided legal review and advice relating to more than 1,300 Commission contracts, change orders, agreements, amendments, legal memoranda and various other legal documents. Some of these transactions include: Negotiated definitive terms of a Recreational Facilities Agreement for the “National Harbor” project in Prince George’s County that funds development of the Commission’s new Potomac waterfront park, on-site trail system with connections to Virginia via the Wilson Bridge now under construction, an attractive amenity pond and interpretive features to highlight the natural habitat of bald eagles in the vicinity; Negotiated the terms of a parkland easement agreement with a private utility operator in Montgomery County to obtain compensation at approximately two-times the fair market value of the affected property; and, Developed the structure and terms in a novel transaction enabling area property owners to voluntarily fund a Commission planning study of the Westphalia Road area in Prince George’s County.

**Principal Legal Counsel to the Commission’s Employees’ Retirement System:** The Legal Department provides legal representation to the Employees’ Retirement System in a myriad of litigation and non-litigation matters including: negotiating complex agreements to govern the System’s relationships with investment managers and portfolio transition managers, pooled investment trust instruments and other procurement matters. The Office also provides advice with regard to class actions, as well as personnel and other legal issues relating to plan administration.

**Providing a Valuable Resource for the Maryland General Assembly:** The Office of the General Counsel continued its role as the Commission’s spearhead in the Maryland General Assembly. Working with appropriate staff assembled as the Commission’s “Legislative Management Team,” the Legal Department either played a central role or monitored more than fifty (50) local and statewide bills of potential interest to the Commission.

## **Merit System Board**

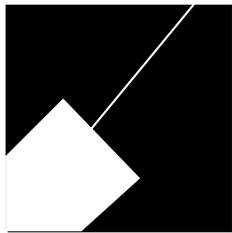
The Merit System Board is an impartial Board which provides recommendations and decisions regarding the Merit System of the Commission and is the highest level within the Commission for hearing appeals. During FY05, the Board continued to maintain its caseload on a current and timely basis.

## **Employees’ Retirement System**

The Employees’ Retirement System (ERS), administered by an 11-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.

The ERS obtained its latest determination letter on July 31, 2003, in which the Internal Revenue Service stated that the ERS is in compliance with the applicable requirements of the Internal Revenue Code and the related trust is tax exempt.

ERS Trust Fund assets closed the year with a fair market value in excess of \$529 million. The FY05 annualized rate of return on investments was an overall gain of approximately 7.2%. The Board of Trustees actions for the year included selection of a new auditor; selection of two transition managers; continuous monitoring of the investment program; and 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.



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◆ PART II A ◆  
FINANCIAL SECTION

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Basic Financial Statements



The renovated and restored historic Huntington Community Center features state-of-the-art recreational equipment and activities, including an art gallery and cyber-café.

## Independent Auditor's Report

The Maryland-National Capital Park and Planning Commission  
Riverdale, Maryland

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, 2005, 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, 2005, 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.

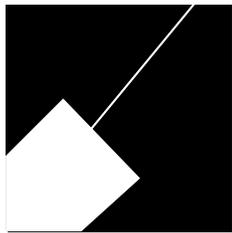
In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress as referenced in the table of contents are not required parts 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 accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied by us 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 section and statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Henderson LLP*

Baltimore, Maryland  
September 9, 2005



## 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, 2005.

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, 2005 by \$583.0 million (net assets). Of this amount, \$129.0 million may be used to meet the Commission's ongoing obligations.
- The Commission's net assets grew by \$38.2 million during fiscal year 2005. This is largely a result of: \$16.2 million of capital grants and contributions; use of current revenues of \$10.3 to purchase and construct capital assets and \$13.8 to pay debt principal; growth in property tax revenues (\$2.9 million) in excess of anticipated, and normal savings in Governmental Activities expenses (\$3.7 million), offset by depreciation expense of \$19.9.
- As of June 30, 2005, the Commission's governmental funds reported combined ending fund balances of \$124.8 million, an increase of \$20.6 million. Of this amount, \$26.6 million is reserved for contracts already issued (encumbrances) and \$20.6 million is designated for use in the fiscal year 2006 budget and as contingency reserves.
- The Commission's General Fund balance at June 30, 2005 was \$74.1 million, an increase of \$15.3 million during the year. The unreserved fund balance of \$62.8 million is approximately 28% of fiscal year 2005 expenditures and transfers out. Of this amount, \$42.2 million (19% of fiscal year 2005 expenditures and transfers out) is unreserved and undesignated.
- The assets of the enterprise funds exceeded liabilities by \$85.8 million, a decrease of \$2.3 million.
- The Commission's general obligation bonded debt decreased by \$5.1 million as scheduled principal payments exceeded a \$6.0 million new issue.

## 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, 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 and the Capital Project Funds for each county, all of which are considered to be major funds. Data from the other eight 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. As 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 7 - 9 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, and 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 \$582.9 million at the close of the most recent fiscal year. A summary of the Commission's net assets (in millions) at June 30, 2005 and 2004 follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		Total Percentage
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>Change 2004-2005</u>
<u>Assets</u>							
Current and Other Assets	\$ 193.5	\$ 179.9	\$ 5.6	\$ 5.0	\$ 199.1	\$ 184.9	7.7%
Capital Assets	505.1	489.4	92.1	95.7	597.2	585.1	2.1%
Total Assets	<u>698.6</u>	<u>669.3</u>	<u>97.7</u>	<u>100.7</u>	<u>796.3</u>	<u>770.0</u>	3.4%
<u>Liabilities</u>							
Current Portion of Long-term							
Liabilities	23.9	22.9	1.5	1.5	25.4	24.4	4.1%
Long-term Liabilities	155.9	158.2	8.3	9.3	164.2	167.5	-2.0%
Other Liabilities	21.7	31.6	2.1	1.8	23.8	33.4	-28.7%
Total Liabilities	<u>201.5</u>	<u>212.7</u>	<u>11.9</u>	<u>12.6</u>	<u>213.4</u>	<u>225.3</u>	-5.3%
<u>Net Assets:</u>							
Invested in Capital Assets,							
Net of Related Debt	370.4	364.6	83.5	85.9	453.9	450.5	0.8%
Unrestricted	126.7	92.0	2.3	2.2	129.0	94.2	36.9%
Total Net Assets	<u>\$ 497.1</u>	<u>\$ 456.6</u>	<u>\$ 85.8</u>	<u>\$ 88.1</u>	<u>\$ 582.9</u>	<u>\$ 544.7</u>	7.0%

Other liabilities decreased 28.7% from last year because the June 30, 2004 balance included a \$12.0 million payable to the Prince George's County Board of Education related to our share of construction of Park Schools. There are no similar items at June 30, 2005. Changes in net assets are discussed later.

By far the largest portion of the Commission's net assets of \$453.9 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.

The remaining balance of \$129.0 million of net assets is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors. Changes in this balance are discussed later.

At the end of the current fiscal year, the Commission is able to report positive balances in both 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) for the years ended June 30, 2005 and 2004 follows:

**Commission's Changes in Net Assets (in millions)**

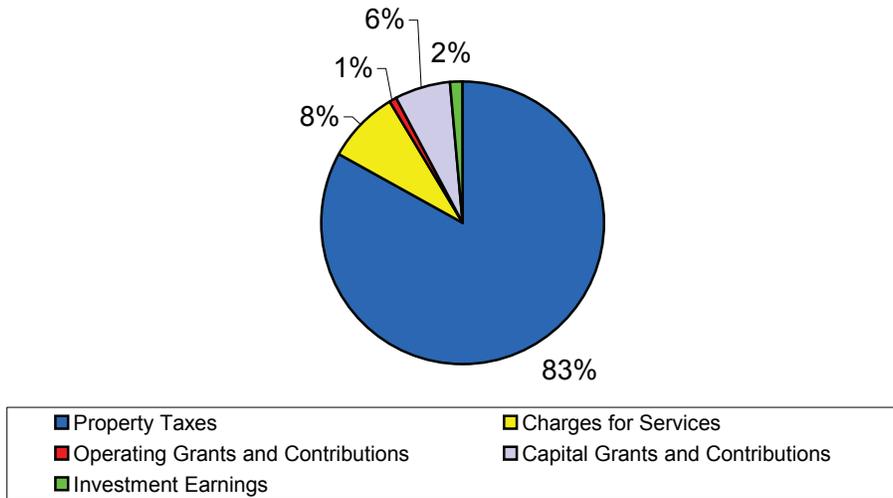
	Governmental		Business-type		Total		Total Percentage Change 2004-2005
	Activities		Activities				
	2005	2004	2005	2004	2005	2004	
Program Revenues:							
Charges for Services	\$ 21.7	\$ 20.3	\$ 23.3	\$ 22.1	\$ 45.0	\$ 42.4	6.1%
Operating Grants and Contributions	1.9	1.7	-	-	1.9	1.7	11.8%
Capital Grants and Contributions	16.2	14.1	-	3.8	16.2	17.9	-9.5%
General Revenues:							
Property Taxes	213.2	204.2	-	-	213.2	204.2	4.4%
Interest	3.9	1.4	0.1	0.1	4.0	1.5	166.7%
Total Revenues	<u>256.9</u>	<u>241.7</u>	<u>23.4</u>	<u>26.0</u>	<u>280.3</u>	<u>267.7</u>	<u>4.7%</u>
Expenses:							
General Government	13.4	12.5	-	-	13.4	12.5	7.2%
County Planning and Zoning	31.1	29.8	-	-	31.1	29.8	4.4%
Park Operations and Maintenance	117.4	112.8	-	-	117.4	112.8	4.1%
Recreation Programs	42.2	39.1	-	-	42.2	39.1	7.9%
Recreational and Cultural Facilities	-	-	31.6	30.0	31.6	30.0	5.3%
Interest on Long-term Debt	6.4	5.5	-	-	6.4	5.5	16.4%
Total Expenses	<u>210.5</u>	<u>199.7</u>	<u>31.6</u>	<u>30.0</u>	<u>242.1</u>	<u>229.7</u>	<u>5.4%</u>
Increase (Decrease) in Net Assets Before Transfers	46.4	42.0	(8.2)	(4.0)	38.2	38.0	<u>0.5%</u>
Transfers	<u>(5.9)</u>	<u>(9.2)</u>	<u>5.9</u>	<u>9.2</u>	<u>-</u>	<u>-</u>	
Increase (Decrease) in Net Assets	40.5	32.8	(2.3)	5.2	38.2	38.0	
Net Assets - beginning	<u>456.6</u>	<u>423.8</u>	<u>88.1</u>	<u>82.9</u>	<u>544.7</u>	<u>506.7</u>	
Net Assets - ending	<u>\$ 497.1</u>	<u>\$ 456.6</u>	<u>\$ 85.8</u>	<u>\$ 88.1</u>	<u>\$ 582.9</u>	<u>\$ 544.7</u>	

During the current fiscal year the Commission's net assets increased by \$38.2 million. This is largely a result of: \$16.2 million of capital grants and contributions; use of current revenues of \$10.3 to purchase and construct capital assets and \$12.7 to pay debt principal; growth in property tax revenues (\$2.9 million) in excess of anticipated, and normal savings in Governmental Activities expenses (\$3.7 million), offset by depreciation expense of \$16.1.

Interest income was significantly higher as larger balances were available for investment, and interest rates for investments grew throughout the year. Interest expense increased as a result of new debt issued in fiscal years 2005 and 2004.

**Governmental activities.** Governmental activities increased the Commission's net assets by \$40.5 million, thereby accounting for 106% of the total growth in the net assets of the Commission. This increase is primarily attributable to capital grants receipts of \$16.2 million, added to an excess of ongoing revenues over ongoing expenses of \$30.2 million, which were offset by the transfers to business-type activities of \$5.9 million.

### Revenues by Source - Governmental Activities



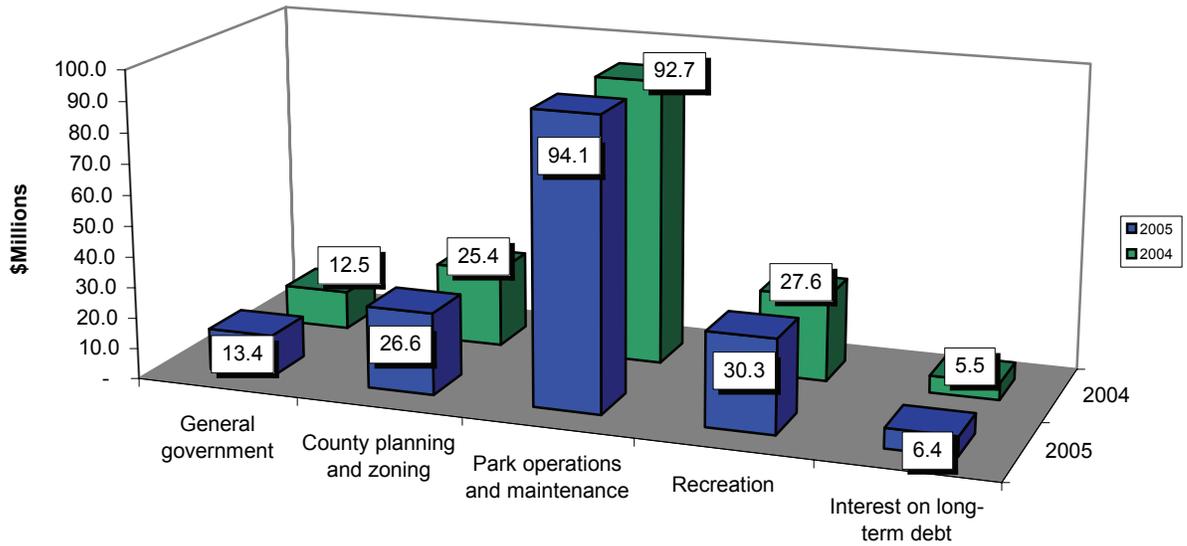
As the above diagram shows, property taxes make up 83% of Commission governmental revenues. Interest income increased due to the gradual increase in interest rates on investments, and larger investment balances.

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. Charges for services and operating grants cover 11.2% of governmental activities expenses.

The net cost of Recreation Programs increased 9.5% from last year as the planned normal growth in costs was to be funded by property tax growth, not charges for services. Interest on long-term debt increased due to interest costs on new debt incurred in fiscal years 2005 and 2004.

	2005		2004		Percentage Change 2004 - 2005	
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	Of Services	Of Services	Of Services	Of Services	Of Services
General Government	\$ 13,366	\$ 13,366	\$ 12,498	\$ 12,498	6.9%	6.9%
County Planning and Zoning	31,089	26,552	29,792	25,400	4.4%	4.5%
Park Operations and Maintenance	117,421	94,061	112,778	92,673	4.1%	1.5%
Recreation Programs	42,176	30,254	39,175	27,624	7.7%	9.5%
Interest on Long-term Debt	6,397	6,397	5,483	5,483	16.7%	16.7%
<b>Total</b>	<b>\$ 210,449</b>	<b>\$ 170,630</b>	<b>\$ 199,726</b>	<b>\$ 163,678</b>	<b>5.4%</b>	<b>4.2%</b>

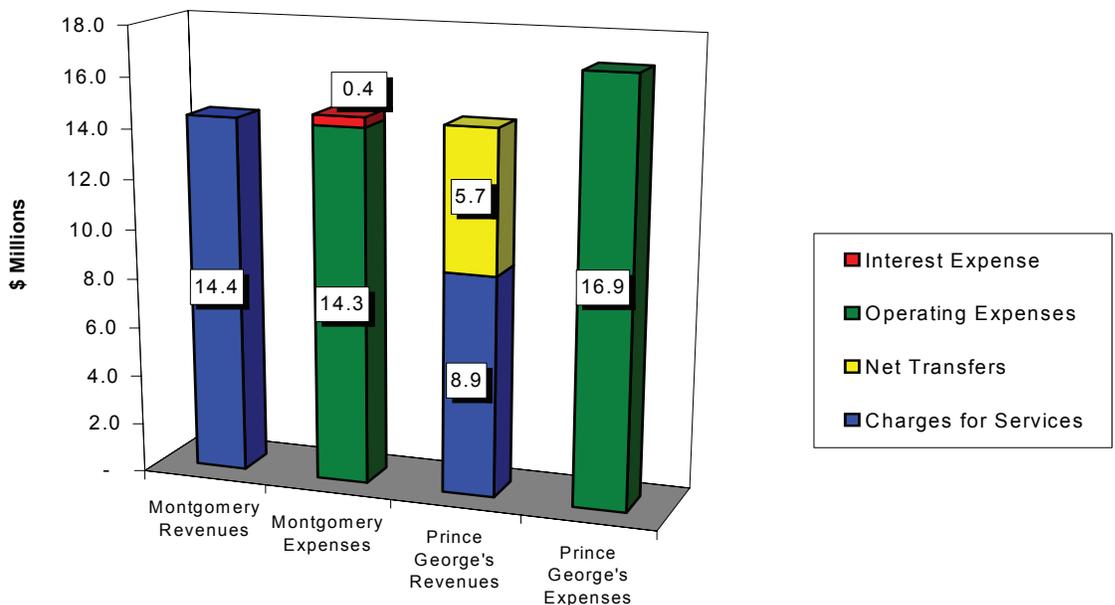
### Net Cost by Function - General Government



**Business-type Activities.** Business-type activities decreased the Commission's net assets by \$2.3 million, thereby accounting for a 6% decrease in the total growth in the net assets of the Commission. Key elements of this decrease are as follows:

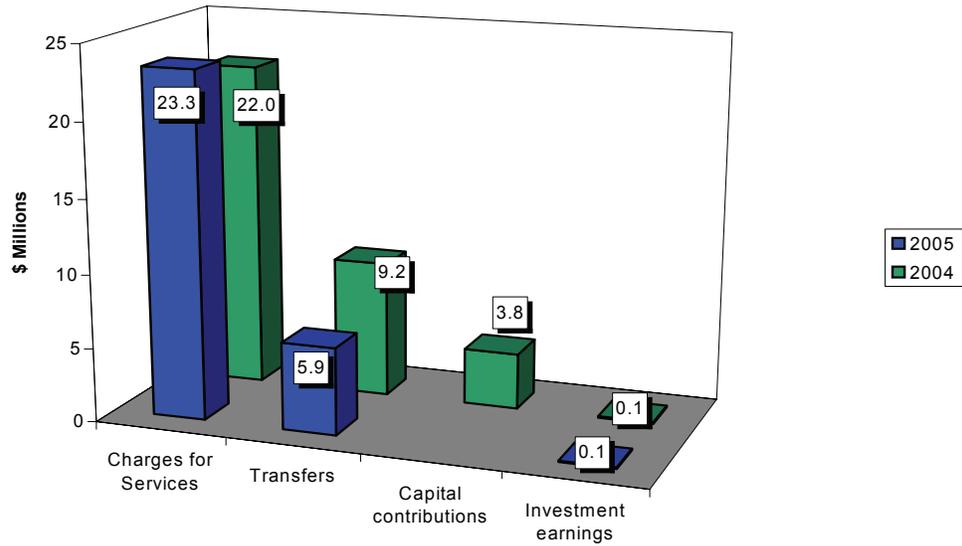
- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services and interest income by \$8.2 million.
- Governmental activities contributed \$5.9 million to support the enterprise activities. The support is primarily \$5.6 million of operating support for the Prince George's County business-type activities.

### Changes in Net Assets - Business-type Activities



The operating losses occurred primarily as a result of operations at the Prince George's County Sports and Learning Center and the Equestrian Center/Multipurpose Arena. 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. These transfers decreased as 2004 included land development contributed to the enterprise by the governmental operations. Capital contributions were significant in fiscal year 2004 because of land contributed by the Prince George’s County Private Purpose Trust Fund.

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 \$124.8 million, an increase of \$20.6 million in comparison with the prior year. Approximately 61% of this total amount, or \$76.6 million, constitutes unreserved and undesignated fund balance, which is available for spending in future years, with \$27.3 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 \$26.6 million has been committed to liquidate contracts and purchase orders, \$1.0 million has been allocated to pay debt service, and \$20.6 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 \$42.2 million, while total fund balance was \$74.1 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 19% of the total general fund expenditures and transfers out, while total fund balance represents 33% of the same amount.

The fund balance of the Commission's General Fund increased by \$15.3 million during the current fiscal year. Key factors in this increase are as follows:

- Property taxes were \$2.9 million greater than anticipated, primarily due to increases in the assessable base.
- Miscellaneous revenues were \$1.0 more than anticipated, largely due to the closing of a trust fund of \$0.5 million.
- A growth of \$.7 million was planned in the budget for fiscal year 2005
- A control of expenditures generated \$3.7 million savings to provide funding for future years budgets
- 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 \$2.3 million

The capital project funds for Montgomery and Prince George's counties have total fund balances of \$10.0 million and \$31.8 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 were increases of \$2.0 million in Montgomery County, and \$2.5 million in Prince George's County primarily due to the \$4.0 million bond sale for Montgomery County, \$10.0 million in pay-as-you-go funding in Prince George's County, a combined \$12.1 million in construction grants realized, which exceeded expenditures of \$12.5 million in Montgomery County and \$10.7 in Prince George's County.

**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 \$1.3 million and those for the Prince George's County fund amounted to \$1.0 million. The total change in net assets for the funds was a \$.1 million and a \$2.2 million decrease, respectively.

Summary comparative results of the financial operations of the Enterprise Funds for fiscal years 2005 and 2004 follow (\$000's):

	Montgomery County		Prince George's County	
	<u>FY2005</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2004</u>
Operating Revenues	\$ 14,429	\$ 14,078	\$ 8,892	\$ 7,994
Operating Expenses, Excluding Depreciation	12,694	12,193	14,679	13,284
Operating Income (Loss), Excluding Depreciation	1,735	1,885	(5,787)	(5,290)
Depreciation	1,649	1,677	2,222	2,231
Operating Income (Loss)	86	208	(8,009)	(7,521)
Nonoperating Revenue (Expense)	(345)	(582)	40	29
Transfers	161	(11)	5,741	13,061
	<u>\$ (98)</u>	<u>\$ (385)</u>	<u>\$ (2,228)</u>	<u>\$ 5,569</u>

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

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2005	FY 2004	Change	FY2005	FY 2004	Change
Conference Centers	\$ 387	\$ 356	\$ 31	\$ (84)	\$ (88)	\$ 4
Golf Courses	6,205	6,248	(43)	90	293	(203)
Ice Rinks	4,291	4,214	77	466	596	(130)
Indoor Tennis	1,139	1,141	(2)	388	385	3
Park Facilities	2,407	2,119	288	872	699	173
Total	<u>\$ 14,429</u>	<u>\$ 14,078</u>	<u>\$ 351</u>	<u>\$ 1,732</u>	<u>\$ 1,885</u>	<u>\$ (153)</u>

The Montgomery County Enterprise Fund revenues increased by \$351,000 and operating income, excluding depreciation, decreased by \$153,000. Significant changes occurred at a few of the facilities. The golf course revenues were basically unchanged, but operating income, excluding depreciation, decreased by \$203,000 due to increases in supply and material costs. Park facilities' revenue increased by \$288,000 and operating income increased by \$173,000 primarily since the Wheaton Carousel was open for all of 2005. The ice rinks revenues continued to improve, by \$77,000, however the operating income excluding depreciation decreased by \$153,000. This was largely due to increased energy costs at Cabin John Ice Rink.

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

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY 2005	FY 2004	Change	FY 2005	FY 2004	Change
Airport	\$ 201	\$ 193	\$ 8	\$ (83)	\$ (133)	\$ 50
Equestrian Center/Arena	1,461	1,449	12	(1,598)	(1,291)	(307)
Golf Courses	2,401	2,237	164	(372)	(374)	2
Ice Rinks	587	410	177	(427)	(384)	(43)
Regional Parks	299	273	26	43	8	35
Trap and Skeet Center	1,211	1,086	125	(56)	(17)	(39)
Sports and Learning Complex	2,695	2,315	380	(3,052)	(2,807)	(245)
Bladensburg Marina	37	31	6	(242)	(292)	50
Total	<u>\$ 8,892</u>	<u>\$ 7,994</u>	<u>\$ 898</u>	<u>\$ (5,787)</u>	<u>\$ (5,290)</u>	<u>\$ (497)</u>

The Prince George's County Enterprise Fund revenues increased by \$898,000 and the operating loss, excluding depreciation, increased by \$497,000. The major changes occurred in the Golf Courses and the Sports and Learning Complex. The Golf Courses revenues increased by \$164,000; the Sports and Learning Complex revenues increased by \$380,000 as the facility enjoyed increased utilization. Expenses increased overall, primarily due to increased compensation costs and energy costs, resulting in greater losses than in 2004. However, the Enterprise Fund in total performed near budget for the year. By policy the fee structures at all facilities are designed for maximum participation with General Fund support.

### 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.

A summary of the Montgomery County budget to actual variances follows (\$000's):

	Administration <u>Account</u>	Park <u>Account</u>
Unfavorable property tax collections	\$ (22.8)	\$ (35.0)
Unfavorable charges for services	(67.3)	(85.6)
Unfavorable intergovernmental revenue	(77.5)	(340.9)
Favorable (unfavorable) investment revenue	50.0	(31.7)
Favorable other revenue	5.1	298.6
Total favorable (unfavorable) revenue variance	<u>(112.5)</u>	<u>(194.6)</u>
Expenditure savings	276.3	773.7
Unfavorable other financing sources	(27.4)	(22.5)
Total favorable budgetary variance	<u>\$ 136.4</u>	<u>\$ 556.6</u>

Property tax collections were slightly below budget due to negative adjustments to prior year taxes. Decreases in charges for services were the result of subdivision reviews generally being for smaller subdivisions than anticipated in the Administrative Account, and rental income was less than anticipated in the Park Account. Other revenue in the Park Account was a result of park use not anticipated in the budget. Unfavorable intergovernmental revenues are offset by expenditure savings. The rest of the expenditure savings were primarily the result of the savings generated by turnover of personnel and non-departmental savings from liquidation of prior year encumbrances of \$177,000 in the Park Account.

The results summarized above, in conjunction with fund balances carried forward, resulted in ending fund balances for Montgomery County as indicated in the following table (\$000's):

	Administration <u>Account</u>	Park <u>Account</u>
Prior year fund balance:		
Designated for Contingencies	\$ 532.8	\$ 1,808.9
Added to Budget during the year	-	(50.0)
Undesignated	737.7	1,104.0
Favorable budget variance	136.4	556.6
Total ending fund balance, budget basis	<u>\$ 1,406.9</u>	<u>\$ 3,419.5</u>
<u>Fund balance, budget basis</u>		
Designated for Subsequent Years	\$ -	\$ 596.0
Designated for Contingencies	831.7	1,837.1
Undesignated	575.2	986.4
Total Budgetary Fund Balance	<u>\$ 1,406.9</u>	<u>\$ 3,419.5</u>

The differences between the original budget and the final amended budgets in Montgomery County Park Account relates to an additional transfer for the capital improvement program, which used fund balance as the source.

A summary of the Prince George's County budget to actual variances follows (\$000's):

	Administration Account	Park Account	Recreation Account
Favorable property tax collections	\$ 483.0	\$ 1,884.6	\$ 586.6
Favorable (unfavorable) charges for services	447.8	(101.3)	230.2
Unfavorable intergovernmental revenue	(112.7)	(62.9)	(50.0)
Favorable investment revenue	126.3	442.4	115.2
Favorable other revenue	200.9	663.8	(111.7)
Total favorable revenue variances	<u>1,145.3</u>	<u>2,826.6</u>	<u>770.3</u>
Expenditure savings	512.6	1,406.1	758.4
Favorable other financing sources	602.6	1,951.7	556.5
Total favorable budgetary variance	<u>\$ 2,260.5</u>	<u>\$ 6,184.4</u>	<u>\$ 2,085.2</u>

Property tax collections were above budget primarily because the assessable base growth was higher than anticipated in the budget. Charges for services increased in the Administrative Account as a result of greater than expected subdivision reviews. Fee income increased in the Recreation Account primarily because of increases in the use of activities. Other revenues in the Park Account were greater than anticipated due to the closing of a trust fund. Unfavorable intergovernmental revenues are offset by expenditure savings. The rest of the expenditure savings were primarily from salary lapse in all the accounts. Use of the Postemployment Retirement Fund and net assets transferred from the Employee Benefits Internal Service fund to pay for current retiree health care costs was not anticipated in the Prince George's County budget, resulting in favorable other financing sources.

The results summarized above, in conjunction with fund balances carried forward, resulted in ending fund balances for Prince George's County as indicated in the following table:

	Administration Account	Park Account	Recreation Account
Prior year fund balance:			
Designated for Contingencies	\$ 758.1	\$ 2,107.4	\$ 1,107.7
Added to Budget during the year	(253.8)	-	-
Designated for Future Facilities	-	13,612.7	-
Undesignated	6,897.7	12,312.4	7,356.0
Planned growth in fund balance	458.3	2,633.3	448.3
Favorable budget variance	2,260.5	6,184.4	2,085.2
Total ending fund balance, budget basis	<u>\$ 10,120.8</u>	<u>\$ 36,850.2</u>	<u>\$ 10,997.2</u>
<u>Fund balance, budget basis</u>			
Designated for Subsequent Years	\$ 1,378.9	\$ -	\$ -
Designated for Contingencies	848.5	2,320.3	1,175.9
Designated for Future Facilities	-	11,589.6	-
Undesignated	7,893.4	22,940.3	9,821.3
Total Budgetary Fund Balance	<u>\$ 10,120.8</u>	<u>\$ 36,850.2</u>	<u>\$ 10,997.2</u>

The difference between the total original budget and the final amended budget in Prince George's County Administration Account was an increase in the planning department appropriations totaling \$253,800 for additional planning studies, which was funded by undesignated fund balance.

### 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, 2005, amounts to \$597.2 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 2.1% (a 3.2%

increase for governmental activities and a 3.7% decrease for business-type activities). The most significant increase is from construction of park schools, improvements to community centers, and miscellaneous park projects. The significant capital asset changes in business-type activities consist of depreciation of existing assets. The only additions during 2005 were machinery and equipment purchases.

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 2005, projects totaling \$21.1 million in governmental activities were completed. Among these projects, where most of the costs were incurred in prior years, are the Black Hill Maintenance Facility, the Rickman Farm Horse Park, the Tucker Road Ice Rink, Improvements to the Bladensburg Waterfront Park and the Huntington Community Center.

Expenditures on Montgomery County projects totaled \$12.5 million in fiscal year 2005, of which \$.4 million was for acquisition and \$12.1 million was for development. The largest projects were construction of the Montgomery Village Local Park, with construction cost to date of \$1.5 million, of which \$1.1 million was in fiscal year 2005, and renovation of the Jessup Blair Local Park, with construction cost to date of \$2.4 million, of which \$1.8 million was in fiscal year 2005. In addition, expenditures totaling \$3.0 million were spent on 18 projects for routine maintenance of parks, roads, buildings and other structures.

Prince George's County projects totaled \$10.7 million in fiscal year 2005, of which \$1.2 million was for acquisition and \$9.4 million was for development. Major park development expenditures include construction of the Bowie High School Civic Auditorium of \$1.0 million and Huntington Community Center of \$.8 million, and construction of Park/School Facilities at Oakcrest Greater Capital Heights of \$2.4 million. Renovations of park facilities, playground equipment, and various community centers cost about \$1.2 million.

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

	June 30, 2005			June 30, 2004			Percent Change Total
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total	
Land	\$ 250,579	\$ 19,363	\$ 269,942	\$ 245,407	\$ 19,363	\$ 264,770	2.0%
Buildings and improvements	97,089	69,698	166,787	85,710	72,976	158,686	5.1%
Infrastructure	118,512	-	118,512	120,013	-	120,013	-1.3%
Machinery and equipment	16,332	2,930	19,262	16,972	3,166	20,138	-4.3%
Construction in progress	22,600	145	22,745	21,334	145	21,479	5.9%
Total	\$ 505,112	\$ 92,136	\$ 597,248	\$ 489,436	\$ 95,650	\$ 585,086	2.1%

Additional information on the Commission's capital assets can be found in 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 \$17.3 million (Montgomery - \$4.1 million; Prince George's - \$13.2 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled \$145.2 million (Montgomery County - \$31.8 million and Prince George's County - \$113.4 million) at June 30, 2005. Park Bonds debt service expenditures totaled \$16.2 million (Montgomery - \$3.4 million, Prince George's - \$12.8 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 0.38 cents of the mandatory debt service tax proceeds for real property and .95 cents for personal property for Montgomery County and 2.56 cents for real property and 6.40 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 \$8.8 million at June 30, 2005. The bonds and notes have a reported value of \$8.6 million, after considering the \$0.2 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 \$1.5 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2005, 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. The outstanding balance of these bonds is \$19.4 at June 30, 2005. The AA-2 bonds were issued as auction rate notes, and interest is reset every 35 days. Interest rates have been between 1.25% and 2.85% in 2005.

During fiscal year 2005, the Commission issued \$4,000,000 of Montgomery County Park Acquisition and Development General Obligation Bonds, Series FF-2 and \$2,000,000 Montgomery County Advance Land Acquisition General Obligation Bonds. Semiannual payments of interest and annual principal payments are due until December 1, 2024 on each, at a true interest cost of 3.8343%.

Also during fiscal year, the Commission issued Notes Payable of \$3,565,000 to finance capital equipment purchased in the Capital Equipment Internal Service Funds of Montgomery County (\$2,762,800) and Prince George's County (\$802,200). Semiannual payments are due until April 1, 2010 at an interest rate of 2.962%.

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) at June 30, 2005 follow (\$000's):

<b>Commission's Outstanding Debt</b>							
<b>General Obligation and Revenue Bonds and Notes</b>							
	Governmental Activities		Business-type Activities		Total		Change
	2005	2004	2005	2004	2005	2004	
General obligation bonds	\$ 150,274	\$ 155,423	\$ -	\$ -	\$ 150,274	\$ 155,423	-3.3%
Revenue bonds and notes	-	-	8,600	9,603	8,600	9,603	-10.4%
Notes payable	6,970	4,821	114	204	7,084	5,025	41.0%
<b>Total</b>	<b>\$ 157,244</b>	<b>\$ 160,244</b>	<b>\$ 8,714</b>	<b>\$ 9,807</b>	<b>\$ 165,958</b>	<b>\$ 170,051</b>	<b>-2.4%</b>

<b>Montgomery County's Outstanding Debt</b>							
	Governmental Activities		Business-type Activities		Total		Change
	2005	2004	2005	2004	2005	2004	
General obligation bonds	\$ 36,669	\$ 33,181	\$ -	\$ -	\$ 36,669	\$ 33,181	10.5%
Revenue bonds and notes	-	-	8,600	9,603	8,600	9,603	-10.4%
Notes payable	5,256	3,291	114	204	5,370	3,495	53.6%
<b>Total</b>	<b>\$ 41,925</b>	<b>\$ 36,472</b>	<b>\$ 8,714</b>	<b>\$ 9,807</b>	<b>\$ 50,639</b>	<b>\$ 46,279</b>	<b>9.4%</b>

<b>Prince George's County's Outstanding Debt</b>							
	Governmental Activities		Business-type Activities		Total		Change
	2005	2004	2005	2004	2005	2004	
General obligation bonds	\$ 113,605	\$ 122,243	\$ -	\$ -	\$ 113,605	\$ 122,243	-7.1%
Revenue bonds and notes	-	-	-	-	-	-	0.0%
Notes payable	1,714	1,530	-	-	1,714	1,530	12.0%
<b>Total</b>	<b>\$ 115,319</b>	<b>\$ 123,773</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,319</b>	<b>\$ 123,773</b>	<b>-6.8%</b>

The Commission's total debt decreased by \$4.1 million (2.4%) during the current fiscal year, as new debt issued was less than the amount of principal payments.

On August 4, 2005, the Commission issued \$13,685,000 of Prince George's County General Obligation Park Acquisition and Development Refunding Bonds, Series GG-2, and \$5,445,000 of Montgomery County General Obligation Park Acquisition and Development Refunding Bonds, Series HH-2. The bonds provided the resources to retire on September 6, 2005 the remaining principal (after July principal and interest payments) of \$13,480,000 on Prince George's County Park Acquisition and Development Refunding Bonds, Series S-2 and \$5,350,000 Montgomery County Park Acquisition and Development Refunding Bonds, Series R-2. The refunding resulted in a reduction in debt service payments of \$232,549 for Montgomery County and \$605,773 for Prince George's County, with economic gains of \$\$220,517 and \$578,817 respectively.

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 taxes authorized for payment of the bonds. The legal debt margin for the Commission is \$1,005.1 million of debt service for Montgomery County and \$599.5 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of \$42.2 million and \$146.4 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 \$62.8 million. Of this amount, \$2.0 million is designated to fund fiscal year 2006, \$7.0 million is designated for unforeseen circumstances, \$11.6 million is designated to fund the operating maintenance and debt service costs of future Prince George's County facilities, and \$42.2 million is uncommitted as of June 30, 2005. Second, property taxes, which constitute approximately 83% of the Commission's Governmental funds revenues in fiscal year 2005, are expected to continue to be a stable revenue source. The assessed value of all taxable property increased, resulting in an increase in property tax revenues from \$197.5 million to \$214.3 (8.5%). The Commission's total Montgomery County tax rate increased slightly in fiscal year 2006. The Commission's total Prince George's County real and personal property tax rates remained the same for fiscal year 2006. The Montgomery and Prince George's County unemployment rates obtained from the Maryland Department of Labor, Licensing and Regulations were 3.4% and 4.8%, respectively, as of June 2005 in comparison to the 4.1% State and 5.0% 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 2006 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, 2005**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 159,451,713	\$ 4,207,082	\$ 163,658,795
Receivables - Taxes	5,070,674	-	5,070,674
Receivables - Other	367,893	6,650	374,543
Due from County Governments	3,035,159	-	3,035,159
Due from Other Governments	2,966,050	-	2,966,050
Inventories	-	1,338,896	1,338,896
Deposits and Other	5,557	-	5,557
Restricted Cash, Cash Equivalents and Investments:			
Unspent Debt Proceeds	22,601,254	-	22,601,254
Capital Assets:			
Land and Construction in Progress	273,179,263	19,508,352	292,687,615
Other Capital Assets, Net of Accumulated Depreciation	<u>231,932,923</u>	<u>72,627,806</u>	<u>304,560,729</u>
Total Assets	<u>698,610,486</u>	<u>97,688,786</u>	<u>796,299,272</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	14,965,560	1,357,568	16,323,128
Accrued Interest Payable	2,188,915	63,015	2,251,930
Deposits and Unearned Revenue	4,513,513	680,521	5,194,034
Claims Payable:			
Due within One Year	2,263,140	-	2,263,140
Due in more than One Year	5,961,046	-	5,961,046
Compensated Absences:			
Due within One Year	8,011,326	407,532	8,418,858
Due in more than One Year	6,246,818	709,812	6,956,630
Bonds and Notes Payable:			
Due within One Year	13,582,930	1,104,075	14,687,005
Due in more than One Year	143,661,236	7,610,117	151,271,353
Estimated Liability for Closure and Postclosure Costs			
Due within One Year	26,230	-	26,230
Due in more than One Year	39,345	-	39,345
Total Liabilities	<u>201,460,059</u>	<u>11,932,640</u>	<u>213,392,699</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	370,469,274	83,421,966	453,891,240
Unrestricted	126,681,153	2,334,180	129,015,333
Total Net Assets	\$ <u>497,150,427</u>	\$ <u>85,756,146</u>	\$ <u>582,906,573</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 2

Statement of Activities  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues				Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
<b>Governmental Activities:</b>							
General Government	\$ 13,365,605	\$ -	\$ -	\$ -	\$ (13,365,605)	\$ -	\$ (13,365,605)
County Planning and Zoning	31,089,512	3,523,763	1,013,503	-	(26,552,246)	-	(26,552,246)
Park Operations and Maintenance	117,420,745	6,544,420	645,795	16,168,902	(94,061,628)	-	(94,061,628)
Recreation Programs	42,175,861	11,641,554	280,363	-	(30,253,944)	-	(30,253,944)
Interest on Long-term Debt	6,396,948	-	-	-	(6,396,948)	-	(6,396,948)
Total Governmental Activities	210,448,671	21,709,737	1,939,661	16,168,902	(170,630,371)	-	(170,630,371)
<b>Business-type Activities:</b>							
Recreational and Cultural Facilities	31,635,252	23,321,731	-	-	-	(8,313,521)	(8,313,521)
Total Government	\$ 242,083,923	\$ 45,031,468	\$ 1,939,661	\$ 16,168,902	\$ (170,630,371)	\$ (8,313,521)	\$ (178,943,892)
<b>General Revenues:</b>							
Property Taxes					213,178,802		213,178,802
Unrestricted Investment Earnings					3,908,309	84,636	3,992,945
Transfers					(5,902,432)	5,902,432	-
Net General Revenues and Transfers					211,184,679	5,987,068	217,171,747
Change in Net Assets					40,554,308	(2,326,453)	38,227,855
Net Assets - Beginning					456,596,119	88,082,599	544,678,718
Net Assets - Ending					\$ 497,150,427	\$ 85,756,146	\$ 582,906,573

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, 2005

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Equity in Pooled Cash and Investments	\$ 86,508,557	\$ 3,333,836	\$ 17,111,425	\$ 9,584,026	\$ 116,537,844
Receivables - Taxes (net of allowance for uncollectibles)	5,070,674	-	-	-	5,070,674
Receivables - Other (net of allowance for uncollectibles)	258,219	-	92,845	16,579	367,643
Due from County Governments	857,697	1,752,302	-	175,160	2,785,159
Due from Other Governments	42,729	1,584,925	1,338,396	-	2,966,050
Restricted Cash - Unspent Debt Proceeds	-	5,947,185	15,333,236	-	21,280,421
Other	2,197	-	-	-	2,197
Total Assets	\$ 92,740,073	\$ 12,618,248	\$ 33,875,902	\$ 9,775,765	\$ 149,009,988
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 4,888,561	\$ 1,378,758	\$ 1,472,156	\$ 137,701	\$ 7,877,176
Accrued Liabilities	5,434,244	-	-	166,633	5,600,877
Retainage Payable	-	637,069	544,721	-	1,181,790
Due to County Governments	-	-	-	8,987	8,987
Deposits and Deferred Revenue	8,281,800	600,000	60,000	642,387	9,584,187
Total Liabilities	18,604,605	2,615,827	2,076,877	955,708	24,253,017
Fund Balances:					
Reserved for Encumbrances	11,340,789	7,610,131	6,898,426	721,642	26,570,988
Reserved for Debt Service	-	-	-	1,009,697	1,009,697
Unreserved, Designated for Subsequent Years	20,578,000	-	-	-	20,578,000
Unreserved, Undesignated, Reported in:					
General Fund	42,216,679	-	-	-	42,216,679
Special Revenue Fund	-	-	-	7,088,718	7,088,718
Capital Projects Fund	-	2,392,290	24,900,599	-	27,292,889
Total Fund Balances	74,135,468	10,002,421	31,799,025	8,820,057	124,756,971
Total Liabilities and Fund Balances	\$ 92,740,073	\$ 12,618,248	\$ 33,875,902	\$ 9,775,765	

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.	496,832,598
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.	22,951,420
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.	5,070,674
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(152,461,236)
Net Assets of Governmental Activities	\$ 497,150,427

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, 2005

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 214,260,923	\$ -	\$ -	\$ 1,786,706	\$ 216,047,629
Intergovernmental -					
Federal	-	455,431	63,766	-	519,197
State	262,589	2,748,340	3,018,573	6,681	6,036,183
County	392,721	5,824,016	-	620,066	6,836,803
Local	55,897	-	10,783	16,333	83,013
Charges for Services	9,995,610	-	7,556	902,757	10,905,923
Rentals and Concessions	3,285,221	-	-	4,834,565	8,119,786
Interest	1,932,138	169,608	721,166	173,655	2,996,567
Contributions	200,000	-	-	385,374	585,374
Miscellaneous	1,284,363	1,243,757	40,000	125,408	2,693,528
Total Revenues	<u>231,669,462</u>	<u>10,441,152</u>	<u>3,861,844</u>	<u>8,851,545</u>	<u>254,824,003</u>
<b>EXPENDITURES</b>					
Current -					
General Government	13,814,296	-	-	-	13,814,296
Planning and Zoning	31,552,045	-	-	472,357	32,024,402
Park Operations and Maintenance	108,391,871	-	-	1,446,456	109,838,327
Recreation	35,566,126	-	-	4,853,187	40,419,313
Debt Service -					
Principal	-	-	-	11,290,000	11,290,000
Interest	-	-	-	5,812,572	5,812,572
Other Debt Service Costs	-	-	-	188,317	188,317
Capital Outlay -					
Park Acquisition	-	397,517	1,262,771	-	1,660,288
Park Development	-	12,149,824	9,402,048	-	21,551,872
Total Expenditures	<u>189,324,338</u>	<u>12,547,341</u>	<u>10,664,819</u>	<u>24,062,889</u>	<u>236,599,387</u>
Excess (Deficiency) of Revenues over Expenditures	<u>42,345,124</u>	<u>(2,106,189)</u>	<u>(6,802,975)</u>	<u>(15,211,344)</u>	<u>18,224,616</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from General Obligation Bonds	-	4,002,020	-	-	4,002,020
Transfers In	5,100,295	255,000	10,020,300	16,351,504	31,727,099
Transfers Out	(32,149,504)	(169,608)	(721,166)	(315,672)	(33,355,950)
Total Other Financing Sources (Uses)	<u>(27,049,209)</u>	<u>4,087,412</u>	<u>9,299,134</u>	<u>16,035,832</u>	<u>2,373,169</u>
Net Change in Fund Balances	15,295,915	1,981,223	2,496,159	824,488	20,597,785
Fund Balances - Beginning	<u>58,839,553</u>	<u>8,021,198</u>	<u>29,302,866</u>	<u>7,995,569</u>	<u>104,159,186</u>
Fund Balances - Ending	<u>\$ 74,135,468</u>	<u>\$ 10,002,421</u>	<u>\$ 31,799,025</u>	<u>\$ 8,820,057</u>	<u>\$ 124,756,971</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, 2005**

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) \$ 20,597,785

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 capitalized expenditures exceeded depreciation in the current period.

Capitalized Expenditures	\$ 26,025,669	
Depreciation Expense	<u>(14,287,324)</u>	
Net adjustment		11,738,345

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.

Sale of Land	(9,500)	
Donations	4,047,993	
Transfer of Assets to Montgomery Board of Education	<u>(313,000)</u>	
Net adjustment		3,725,493

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.

(2,868,827)

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.

General Obligation Bonds issued, net of bond issuance costs of \$79,017	(5,923,983)	
Repayments of Principal	<u>11,290,000</u>	
Net adjustment		5,366,017

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.

(338,168)

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.

Change in net assets of governmental activities (Exhibit 2)	\$	<u>2,333,663</u>
		<u>40,554,308</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, 2005**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 211,364,500	\$ 211,364,500	\$ 214,260,923	\$ 2,896,423
Intergovernmental	1,030,000	1,355,209	711,207	(644,002)
Charges for Services	9,616,400	9,616,400	9,995,610	379,210
Rentals and Concessions	3,240,600	3,240,600	3,285,221	44,621
Interest	1,230,000	1,230,000	1,932,138	702,138
Miscellaneous	427,600	427,600	1,484,363	1,056,763
Total Revenues	<u>226,909,100</u>	<u>227,234,309</u>	<u>231,669,462</u>	<u>4,435,153</u>
Expenditures/Encumbrances:				
Current -				
General Government	14,074,700	14,109,900	14,057,760	52,140
County Planning and Zoning	33,247,300	33,465,900	32,729,139	736,761
Park Operation and Maintenance	112,122,200	112,153,504	109,973,710	2,179,794
Recreation Programs	36,509,900	36,753,805	35,995,391	758,414
Total Expenditures/Encumbrances	<u>195,954,100</u>	<u>196,483,109</u>	<u>192,756,000</u>	<u>3,727,109</u>
Excess of Revenues over Expenditures/Encumbrances	<u>30,955,000</u>	<u>30,751,200</u>	<u>38,913,462</u>	<u>8,162,262</u>
Other Financing Sources (Uses):				
Transfers In	2,553,000	2,553,000	5,100,295	2,547,295
Transfers Out	<u>(32,513,100)</u>	<u>(32,563,100)</u>	<u>(32,149,504)</u>	<u>413,596</u>
Total Other Financing Sources (Uses)	<u>(29,960,100)</u>	<u>(30,010,100)</u>	<u>(27,049,209)</u>	<u>2,960,891</u>
Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis	<u>\$ 994,900</u>	<u>\$ 741,100</u>	11,864,253	<u>\$ 11,123,153</u>
Fund Balances - Budget Basis, Beginning			<u>50,930,426</u>	
Fund Balances - Budget Basis, Ending			<u>\$ 62,794,679</u>	

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, 2005

	Business-type Activities - Enterprise Funds			Governmental
	Recreational and Cultural Activities			Activities-
	Montgomery County	Prince George's County	Totals	Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 2,082,245	\$ 2,124,837	\$ 4,207,082	\$ 42,913,869
Restricted Cash, Cash Equivalents and Investments:				
Unspent Equipment Financing Proceeds	-	-	-	1,320,833
Accounts Receivable	3,397	3,253	6,650	250
Due from County Government	-	-	-	250,000
Deposits and Other	-	-	-	3,360
Inventories	757,837	581,059	1,338,896	-
Total Current Assets	2,843,479	2,709,149	5,552,628	44,488,312
Noncurrent Assets:				
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748,497
Buildings and Improvements	28,072,831	68,875,825	96,948,656	2,752,334
Machinery and Equipment	5,028,884	4,518,023	9,546,907	21,215,351
Construction in Progress	144,753	-	144,753	-
	44,830,936	81,172,979	126,003,915	24,716,182
Less - Accumulated Depreciation	(13,520,050)	(20,347,707)	(33,867,757)	(16,436,594)
Total Capital Assets, Net of Depreciation	31,310,886	60,825,272	92,136,158	8,279,588
Total Noncurrent Assets	31,310,886	60,825,272	92,136,158	8,279,588
Total Assets	34,154,365	63,534,421	97,688,786	52,767,900
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	357,939	384,015	741,954	120,456
Claims Payable	-	-	-	2,263,140
Accrued Salaries and Benefits	234,951	380,663	615,614	20,240
Compensated Absences	219,425	188,107	407,532	8,011,326
Interest Payable	63,015	-	63,015	66,913
Revenue Collected in Advance	388,793	291,728	680,521	-
Current Portion of Revenue Bonds Payable	600,047	-	600,047	-
Current Portion of Revenue Notes Payable	444,444	-	444,444	-
Current Portion of Notes Payable	59,584	-	59,584	1,762,930
Due to County Government	-	-	-	156,034
Total Current Liabilities	2,368,198	1,244,513	3,612,711	12,401,039
Noncurrent Liabilities:				
Claims Payable	-	-	-	5,961,046
Revenue Bonds Payable	4,222,595	-	4,222,595	-
Revenue Notes Payable	3,333,336	-	3,333,336	-
Notes Payable	54,186	-	54,186	5,207,577
Compensated Absences	299,440	410,372	709,812	6,246,818
Total Noncurrent Liabilities	7,909,557	410,372	8,319,929	17,415,441
Total Liabilities	10,277,755	1,654,885	11,932,640	29,816,480
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	22,596,694	60,825,272	83,421,966	2,629,914
Unrestricted	1,279,916	1,054,264	2,334,180	20,321,506
Total Net Assets	\$ 23,876,610	\$ 61,879,536	\$ 85,756,146	\$ 22,951,420

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

**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, 2005**

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Operating Revenues:				
Sales	\$ 1,399,070	\$ 1,339,282	\$ 2,738,352	\$ -
Charges for Services	10,008,537	4,305,529	14,314,066	45,544,303
Claim Recoveries	-	-	-	408,992
Rentals and Concessions	3,021,551	3,247,762	6,269,313	-
Total Operating Revenues	<u>14,429,158</u>	<u>8,892,573</u>	<u>23,321,731</u>	<u>45,953,295</u>
Operating Expenses:				
Cost of Goods Sold	857,764	1,231,199	2,088,963	-
Personal Services	5,799,746	8,396,133	14,195,879	13,024,335
Supplies and Materials	1,384,248	1,393,161	2,777,409	237,383
Claims Incurred	-	-	-	18,219,775
Insurance	-	-	-	8,749,819
Communications	85,823	544,464	630,287	-
Utilities	1,057,712	1,322,032	2,379,744	-
Maintenance	383,367	759,903	1,143,270	-
Contractual Services	1,601,341	698,033	2,299,374	-
Other Services and Charges	251,008	335,030	586,038	809,001
Administrative Services	1,272,681	-	1,272,681	-
Depreciation	1,649,817	2,221,639	3,871,456	1,790,713
Total Operating Expenses	<u>14,343,507</u>	<u>16,901,594</u>	<u>31,245,101</u>	<u>42,831,026</u>
Operating Income (Loss)	<u>85,651</u>	<u>(8,009,021)</u>	<u>(7,923,370)</u>	<u>3,122,269</u>
Nonoperating Revenues (Expenses):				
Investment Earnings	44,754	39,882	84,636	911,742
Interest Expense, net of Amortization	(390,151)	-	(390,151)	(172,152)
Total Nonoperating Revenue (Expense)	<u>(345,397)</u>	<u>39,882</u>	<u>(305,515)</u>	<u>739,590</u>
Income (Loss) before Transfers	<u>(259,746)</u>	<u>(7,969,139)</u>	<u>(8,228,885)</u>	<u>3,861,859</u>
Transfers In - General Government Assets	-	-	-	2,745,385
Transfers In	161,309	5,741,123	5,902,432	113,301
Transfers Out	-	-	-	(4,386,882)
Total Transfers	<u>161,309</u>	<u>5,741,123</u>	<u>5,902,432</u>	<u>(1,528,196)</u>
Change in Net Assets	<u>(98,437)</u>	<u>(2,228,016)</u>	<u>(2,326,453)</u>	<u>2,333,663</u>
Total Net Assets - Beginning	<u>23,975,047</u>	<u>64,107,552</u>	<u>88,082,599</u>	<u>20,617,757</u>
Total Net Assets - Ending	\$ <u>23,876,610</u>	\$ <u>61,879,536</u>	\$ <u>85,756,146</u>	\$ <u>22,951,420</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, 2005

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 14,291,207	\$ 9,061,119	\$ 23,352,326	\$ 47,747,588
Payments to Suppliers	(4,919,847)	(5,952,968)	(10,872,815)	(26,899,296)
Payments to Employees	(5,704,572)	(8,256,161)	(13,960,733)	(12,763,470)
Payments for Interfund Services Used	(700,500)	(262,900)	(963,400)	(328,500)
Payments for Administrative Charges	(1,272,681)	-	(1,272,681)	-
Net Cash Provided (Used) by Operating Activities	<u>1,693,607</u>	<u>(5,410,910)</u>	<u>(3,717,303)</u>	<u>7,756,322</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	161,309	5,741,123	5,902,432	-
Transfers Out to Other Funds	-	-	-	(1,528,196)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>161,309</u>	<u>5,741,123</u>	<u>5,902,432</u>	<u>(1,528,196)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(250,055)	(106,953)	(357,008)	(2,002,810)
Principal Paid on Notes Payable	(534,361)	-	(534,361)	(1,415,127)
Principal Paid on Revenue Bonds	(590,256)	-	(590,256)	-
Interest Paid	(358,088)	-	(358,088)	(172,152)
Proceeds from Financing - Notes Payable	-	-	-	3,565,000
Net Cash Used by Capital and Related Financing Activities	<u>(1,732,760)</u>	<u>(106,953)</u>	<u>(1,839,713)</u>	<u>(25,089)</u>
Cash Flows from Investing Activities:				
Interest on Investments	<u>44,754</u>	<u>39,882</u>	<u>84,636</u>	<u>911,742</u>
Net Cash Provided by Investing Activities	<u>44,754</u>	<u>39,882</u>	<u>84,636</u>	<u>911,742</u>
Net Increase (Decrease) in Cash and Cash Equivalents	166,910	263,142	430,052	7,114,779
Cash and Cash Equivalents, July 1	<u>1,915,335</u>	<u>1,861,695</u>	<u>3,777,030</u>	<u>37,119,923</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,082,245</u>	<u>\$ 2,124,837</u>	<u>\$ 4,207,082</u>	<u>\$ 44,234,702</u>

**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)	\$ 85,651	\$ (8,009,021)	\$ (7,923,370)	\$ 3,122,269
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,649,817	2,221,639	3,871,456	1,790,713
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(2,950)	2,226	(724)	(1)
(Increase) Decrease in Inventories, at Cost	4,913	(56,884)	(51,971)	-
(Increase) Decrease in Due from Other Funds	-	-	-	1,794,294
Increase (Decrease) in Accounts Payable	43,981	124,838	168,819	(227,065)
Increase (Decrease) in Claims Payable	-	-	-	(66,021)
Increase (Decrease) in Accrued Salaries and Benefits	21,343	68,367	89,710	(370,269)
Increase (Decrease) in Compensated Absences	73,831	71,605	145,436	631,034
Increase (Decrease) in Interest Payable	(47,978)	-	(47,978)	4,235
Increase (Decrease) in Incurred But Unreported Clms	-	-	-	1,142,973
Increase (Decrease) in Due to County Government	-	-	-	(65,840)
Increase (Decrease) in Revenue Collected in Advance	(135,001)	166,320	31,319	-
Total Adjustments	<u>1,607,956</u>	<u>2,598,111</u>	<u>4,206,067</u>	<u>4,634,053</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,693,607</u>	<u>\$ (5,410,910)</u>	<u>\$ (3,717,303)</u>	<u>\$ 7,756,322</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 10

Statement of Net Assets  
Fiduciary Funds  
June 30, 2005

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ -	\$ 4,690,841	\$ 3,332,249
Cash and Marketable Securities	558,541,897	-	-
Restricted Cash: Unspent Bond Proceeds	-	2,268,961	-
Collateral for Securities Lending Transactions	67,665,261	-	-
Accounts Receivable	2,243,513	485,486	-
Deposits and Other	14,809	-	-
Land Held for Other Governments	-	48,409,820	-
Other	48,800	-	-
Total Assets	<u>628,514,280</u>	<u>55,855,108</u>	<u>3,332,249</u>
<b>LIABILITIES</b>			
Investment Payable	30,532,737	-	-
Accounts Payable	711,220	76	2,606,885
Obligation for Collateral Received under Securities Lending transactions	67,665,261	-	-
Deposits	-	-	725,364
Total Liabilities	<u>98,909,218</u>	<u>76</u>	<u>3,332,249</u>
<b>NET ASSETS</b>			
Assets Held in Trust for:			
Land Held for Other Governments	-	48,409,820	-
Pension Benefits	529,476,267	-	-
Other Postemployment Benefits	128,795	-	-
Other Purposes	-	7,445,212	-
Total Net Assets	<u>\$ 529,605,062</u>	<u>\$ 55,855,032</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, 2005**

	Pension Trust Funds	Private Purpose Trust Funds
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS:</b>		
Contributions:		
Employer	\$ 5,051,639	\$ -
Plan Members	3,828,382	-
Private Donations	<u>-</u>	<u>30,851</u>
Total Contributions	<u>8,880,021</u>	<u>30,851</u>
Receipts from Commission Debt Service Funds	-	780,628
Gain on Sale of Land	-	977,565
Contribution from Commission - Bond Proceeds	-	2,000,000
Premiums on Bonds Issued	-	980
Investment Earnings:		
Interest	7,971,633	267,812
Dividends	2,749,334	-
Net increase in the Fair Value of Investments	<u>27,049,612</u>	<u>(10,710)</u>
Total Investment Earnings	37,770,579	257,102
Less Investment Advisory and Management Fees	<u>(2,163,993)</u>	<u>-</u>
Net Income from Investing Activities	<u>35,606,586</u>	<u>257,102</u>
Securities Lending Activity		
Securities Lending Income	1,463,663	-
Securities Lending Fees	<u>(1,376,021)</u>	<u>-</u>
Net Income from Securities Lending Activity	<u>87,642</u>	<u>-</u>
Total Net Investment Income	<u>35,694,228</u>	<u>257,102</u>
Total Additions	<u>44,574,249</u>	<u>4,047,126</u>
<b>DEDUCTIONS</b>		
Benefits	16,669,570	-
Refunds of Contributions	419,037	-
Administrative Expenses	1,054,052	-
Reimbursement to Group Insurance Internal Service Fund	2,745,385	-
Other	<u>-</u>	<u>549,535</u>
Total Deductions	<u>20,888,044</u>	<u>549,535</u>
Change in Net Assets	23,686,205	3,497,591
Net Assets - Beginning	505,918,857	52,357,441
Net Assets - Ending	<u>\$ 529,605,062</u>	<u>\$ 55,855,032</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, 2005

### (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 11 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 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").

In fiscal year 2005, the Commission implemented GASB statement No. 40, "Deposit and Investment Risk Disclosures". This statement modifies the disclosure related to cash deposits and investments. No Accounting changes are required in implementing this statement.

The reporting requirements established by GASB include:

**Management's Discussion and Analysis** – GASB standards require 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 are presented on a consolidated basis by column on a full accrual, economic resource basis, as discussed above. 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.

The Government-wide Financial Statements are made up of the following:

**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 are presented in 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. The Commission has no restricted assets as of June 30, 2005.

**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 governmental fund financial 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 are 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 pension trust and private purpose fiduciary fund financial statements are reported using the economic resources measurement focus. The Government-wide, proprietary and 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.

Governmental 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 Accounts in the Private Purpose Trust Funds. The Commission maintains separate funds for each county.

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.

Additionally, the Commission reports the following fund types:

**Other Governmental Funds** - The other governmental fund types used by the Commission are special revenue and 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.

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. The most significant amounts included are the Advance Land Acquisition Accounts, which are used to acquire land for specific public uses, such as schools, libraries, parks or roads.

**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. Although 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 not to do so.

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 uncollectible accounts of \$2,967,326 at June 30, 2005. 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 are classified as restricted assets on the statement of net assets 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 asset 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

**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 \$66,000 over the 2 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 \$26,230 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 \$20,578,000 of fund balances in the General Fund at June 30, 2005, to fund fiscal year 2006 operations and contingencies, as follows:

	Montgomery County	Prince George's County	Total
Administration Account	\$ 831,700	\$ 2,227,400	\$ 3,059,100
Park Account	2,433,100	13,909,900	16,343,000
Recreation Account	N/A	1,175,900	1,175,900
	<u>\$ 3,264,800</u>	<u>\$ 17,313,200</u>	<u>\$ 20,578,000</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 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	\$ 249,830,071
Buildings	160,625,140
Improvements Other than Buildings	25,230,217
Infrastructure	205,356,654
Machinery and Equipment	41,652,560
Accumulated Depreciation on Buildings, Improvements and Machinery and Equipment	(208,462,739)
Construction in Progress	22,600,695
Total	<u>\$ 496,832,598</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:

Due Within One Year	\$ 11,820,000
Due in More than One Year	138,453,658
Estimated Liability for Postclosure Costs:	
Due Within One Year	26,230
Due in More than One Year	39,345
Accrued Interest Payable	2,122,003
Totals	<u>\$ 152,461,236</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 Prince George's 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 2005 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.

Reconciliation from the Budget Basis to the GAAP Basis for the year ended June 30, 2005 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, 2004	\$ 742,061	\$ 1,581,041	\$ 2,941,607	\$ 1,539,180	\$ 1,105,238	\$ 7,909,127
To Decrease -						
Encumbrances -						
June 30, 2005	(1,187,545)	(2,098,949)	(3,916,681)	(2,603,111)	(1,534,503)	(11,340,789)
Total Adjustment	(445,484)	(517,908)	(975,074)	(1,063,931)	(429,265)	(3,431,662)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses:						
GAAP Basis	(636,936)	(351,696)	3,440,098	9,881,678	2,962,771	15,295,915
Budget Basis	<u>\$ (1,082,420)</u>	<u>\$ (869,604)</u>	<u>\$ 2,465,024</u>	<u>\$ 8,817,747</u>	<u>\$ 2,533,506</u>	<u>\$ 11,864,253</u>

#### **(4) – DETAILED NOTES ON ALL FUNDS**

##### **(A) Cash and Investments**

The Commission's deposits and investments as of June 30, 2005, totaled \$822,759,259. The Commission's unrestricted pool of deposits and investments (\$171,618,885) is available to all funds, except for the Pension Trust Funds.

##### **Commission Cash and Investments**

**Custodial Credit Risk - Deposits** - At year-end, the carrying amount of deposits was \$1,691,386 and the bank balance was \$1,049,411. In addition, the Commission held cash at various locations totaling \$259,135. Of the bank balance, \$300,000 was covered by Federal depository insurance and the remainder was collateralized by \$3,731,896 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 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, 2005. 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 \$1,639,667. All such deposits relate to cash and investments restricted 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, and certificates of deposit. Commission bond proceeds may also be invested in municipal bonds and notes.

Statutes do not restrict the investment activity of the pension trust funds.

**Cash and Investments Restricted for Unspent Debt Proceeds** - At year-end, the Commission had \$22,601,254 of unspent bonds and note proceeds restricted to pay construction costs for various projects, and for equipment purchases.

**Custodial Credit Risk - Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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 met statutory requirements and is held in the Commission's name by a third-party custodian.

**Fixed Income Investments** - The Commission's fixed income investments at June 30, 2005 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Commercial Paper	\$ 945,330	52.42
U.S. Treasury Bills	4,794,475	14.74
Bankers Acceptances	14,947,828	56.06
Federal Home Loan Bank Notes	30,068,554	44.67
Federal Home Loan Mortgage Association Notes	53,162,836	19.81
Federal National Mortgage Association Notes	10,955,725	46.00
Repurchase Agreements	78,110,035	19.10
Total fair value	<u>\$ 192,984,783</u>	
Portfolio Weighted Average Maturity		26.51

**Interest Rate Risk** - The Commission manages its exposure to declines in fair value by limiting the maturity of its investment portfolio. The majority of investments shall be for a maximum maturity of one year (six months for bankers acceptances). A portion of the portfolio may be invested in U.S. Government and U. S. Agency securities with a maturity of up to three years. At June 30, 2005 there are no securities with maturities in excess of three months.

**Credit Risk** - The Commission's investment policy requires that investments in commercial paper, money market accounts and bankers acceptances have received ratings of the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by the Securities and Exchange Commission. Up to 10% of bond proceeds may be invested in money market mutual funds that have not received the highest rating. All related investments have received ratings of the highest letter quality, except for \$295,963 (1.2%) of bond funds invested in an unrated money market fund.

**Concentration of Credit Risk** - The Commission's investment policy does not allow more than 30% of the investment portfolio to be with one financial institution, including Bankers Acceptances, and Repurchase Agreements. No more than 5% of the investment portfolio may be invested in Banker's Acceptances of foreign banks. The Commission is in compliance with this policy.

#### **Employees' Retirement System (ERS) Cash and Investments**

**Custodial Credit Risk - Deposits** - For cash deposits and cash equivalents, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

The amount of ERS's total cash and cash equivalents at June 30, 2005, was \$8,902,067. Cash deposits in the bank account totaled \$50,367 that was insured and collateralized. At June 30, 2005, ERS held \$8,851,700 of cash equivalents in its custodial investment accounts.

As of June 30, 2005, ERS's cash equivalents were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 169,643
Uninsured and held by custodial bank not in ERS's name	620,411
	<u>\$790,054</u>

**Investments** - The Board of Trustees ("Board") of ERS is authorized by the Trust Agreement dated July 26, 1972 to invest and reinvest the Trust Fund, as may be determined by investment counsel selected by the Commission. The Board is authorized to formulate investment policies, develop investment manager guidelines and objectives, and approve the retention of qualified advisors and investment managers.

The Trust Fund shall be diversified across investment classes and among investment managers in order to achieve an optimal balance between risk and return. The Board established target allocations for the authorized investment classes as follows:

Domestic Equities - large cap	40 %
Domestic Equities - small and mid cap	10
International Equities	10
Domestic Fixed Income	40
Total	<u>100 %</u>

Trust Fund assets should be invested to obtain an appropriate long-term total return consistent with the overriding goal of limiting the risk of a large loss.

Each investment manager has a set of Guidelines, which contain investment objectives, and risk control provisions, which are appropriate for each manager's mission. Investment managers have discretion within the constraints of these Guidelines and are subject to regular review by the Board.

The Trust Fund has guidelines, which apply broadly to each asset class as follows:

#### **U.S. Equity**

- U.S. Equity investment managers are limited to no more than 5% of the value of the portfolio in cash equivalents at any time.
- The U.S. Equity Composite should match the Russell 3000 Index in terms of capitalization and growth characteristics.
- 75% to 85% should be invested in "large capitalization stocks".
- 15% to 25% should be invested in "small capitalization stocks".

#### **Non-U.S. Equity**

- Cash equivalent exposure is limited to 5%.
- 85% to 100% should be invested in "developed markets".
- 0% to 15% should be invested in "emerging markets".

#### **Fixed Income Guidelines**

- The Fixed Income Composite is limited to 20% of its value in cash equivalents at any time.
- A single issuer cannot exceed 5% of the market value of the fixed income composite at any time.
- Duration of the fixed income composite should remain within +/- 1.5 years relative to the asset class benchmarks. The duration of the fixed income composite at June 30, 2005 was 4.23 years with the Merrill Lynch High Yield Master II and the Lehman Aggregate at 4.58 and 4.16 years, respectively.
- Securities with a weighted-average life greater than 30 years are prohibited.
- The fixed income composite is expected to maintain an aggregate weighting of at least a single A.

Unless the Board grants prior authorization, an investment manager may not:

- Purchase securities on margin.
- Sell uncovered call options or sell put options.
- Leverage the portfolio.
- Sell securities short.
- Purchase commingled funds, mutual funds, or common trusts.
- Own more than 10% of any class of securities of any one issuer.
- Purchase letter stock, private placements, or sell securities restricted in a similar manner, other than those provided by SEC Rule 144A.

- Invest in commodities, or any vehicle that would leverage the portfolio.

The Investment Policy allows the use of common derivative investments, but requires investment managers to follow certain controls, documentation and risk management procedures. Investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures, to replicate the risk/return profile of an asset or asset class, and to tactically change country exposure. The following use of derivatives is prohibited:

- **Leverage** - Derivatives shall not be used to magnify exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by the guidelines if derivatives were not used.
- **Unrelated Speculation** - Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by the manager's guidelines if created with non-derivative securities.

<u>Investment Type</u>	<u>Fair Value</u>
Common Stock	\$ 318,208,876
Convertible Equity	935,424
Equity Derivative Options	1,313
Government Bonds	23,685,457
Government Agencies	25,329,612
Provincial Bonds	177,170
Corporate Bonds	68,508,328
Government Mortgage Backed Securities	45,757,150
Gov't-issued Commercial Mortgage-Backed	106,343
Commercial Mortgage-Backed	1,544,036
Asset Backed Securities	21,639,155
Non-Government Backed CMOs	7,493,846
Index Linked Government Bonds	10,649,303
Other Fixed Income	25,475,022
Short Term Bills and Notes	620,411
Cash & Cash Equivalent Derivative-Options	114,844
Short Term Investment Funds	7,946,802
Securities Lending Short Term Collateral Investment Pool	67,665,261
Cash	169,643
Total Investments	<u>\$ 626,027,996</u>

**Custodial Credit Risk - Investments** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, ERS will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either a) the counterparty or b) the counterparty's trust department or agent but not in the government's name. The Fund requires that all investments be clearly marked as to ownership and to the extent possible, shall be registered in the name of ERS.

Of ERS's \$626.0 million in investments at June 30, 2005, \$67.7 million were cash collateral reinvestment securities acquired by the custodian, whom is also the lending agent/counterparty. This is consistent with ERS's securities lending agreement in place with the custodian.

The fair value of cash collateral securities as of June 30, 2005, are presented by type below:

<u>Collateral</u>	<u>Fair Value</u>
U.S. Agencies	\$ 929,207
U.S. Corporate Fixed	12,088,899
U.S. Equities	23,441,836
U.S. Government Fixed	31,205,319
Total	<u>\$ 67,665,261</u>

As of June 30, 2005, ERS had the following fixed income investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity-Years</u>
Asset Backed Securities	\$ 21,639,155	13.907529
Commercial Mortgage-Backed	1,544,036	8.815101
Corporate Bonds	68,508,328	8.764267
Government Agencies	25,329,612	11.553619
Government Bonds	23,685,457	8.034687
Government-issued Commercial Mortgage Backed	106,343	10.972000
Government Mortgage Backed Securities	45,757,150	12.652950
Index Linked Government Bonds	10,649,303	7.286306
Provincial Bonds	177,170	7.923000
Non - Government Backed CMOs	7,493,846	33.894664
Other Fixed Income	25,475,022	N/A
Short Term Bills and Notes	620,411	0.435000
Short Term Investment Funds	7,946,802	N/A
Totals	<u>\$ 238,932,635</u>	
Portfolio Weighted Average Maturity		10.746084

**Collateralized Mortgage Obligations** - Collateralized mortgage obligations (CMOs) are a type of mortgage-backed security that creates several pools of pass-through rates for different classes of bonds, called tranches. The tranches have their own risk characteristics with varying maturities. The repayments of principal and interest from the pass-through securities are used to retire the bonds in an established order of maturity. ERS held \$7,493,846 in CMOs at June 30, 2005.

**Asset-backed Securities** – Asset-backed securities (ABS) are bond or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Brokerage firms underwrite the securities and reoffer them to the public. ERS held \$21,639,155 in ABS at June 30, 2005.

**Credit Quality** – ERS’s Credit Quality Ratings Summary as of June 30, 2005, is as follows:

Quality Distribution for Securities		
<u>With Credit Exposure as a Percentage of Total Investments</u>		
Agency	Government	10.242 %
Agency	AAA	6.700
Agency	A+	0.017
Agency	Not Rated	0.115
Asset Backed Securities	AAA	3.321
Asset Backed Securities	BBB	0.183
Commercial Mortgage Backed Securities	AAA	0.250
Collateralized Mortgage Obligations	AAA	1.123
Collateralized Mortgage Obligations	Not Rated	0.091
Corporate Bonds	AAA	0.700
Corporate Bonds	AA+	0.145
Corporate Bonds	AA	0.071
Corporate Bonds	AA-	0.391
Corporate Bonds	A+	1.035
Corporate Bonds	A	0.700
Corporate Bonds	A-	0.197
Corporate Bonds	BBB+	0.494
Corporate Bonds	BBB	0.827
Corporate Bonds	BBB-	0.278
Corporate Bonds	BB+	0.985
Corporate Bonds	BB	0.580
Corporate Bonds	BB-	0.751
Corporate Bonds	B+	0.544
Corporate Bonds	B	0.928
Corporate Bonds	B-	0.627
Corporate Bonds	Not Rated	1.333
Provincial Bonds	AA	0.029
Other Fixed Income	Not Rated	4.186

**Foreign Currency Risk** – ERS’s exposure to foreign currency risk at June 30, 2005, is as follows:

<u>Investment Type</u>	<u>Currency</u>	<u>Fair Value</u>
Common Stock	British Pounds Sterling	\$ 1,003,888
Common Stock	Canadian Dollars	853,958
Common Stock	Finnish Markka	314,496
Common Stock	French Franc	257,070
Common Stock	Israeli Pound	87,816
Common Stock	Netherlands Guilder	259,320
Common Stock	Singapore Dollars	273,447
Common Stock	Europe, Australia, & Far East	54,346,279
Government Agencies	Canadian Dollars	104,973
Multi National Agencies	Europe, Australia, & Far East	401,808
Provincial Bonds	Canadian Dollars	177,170
Corporate Bonds	Canadian Dollars	1,679,010
Corporate Bonds	Chilean Peso	98,856
Corporate Bonds	South Korean Won	239,817
Corporate Bonds	British Pound Sterling	460,081
Commercial Mortgage-Backed	British Pound Sterling	296,444
Total		<u>\$ 60,854,433</u>

### Cash Received as Securities Lending Collateral

The following table details the net income from securities lending for the period ending June 30, 2005:

Security lending income	\$ 1,463,663
Less security lending fees	<u>1,376,021</u>
Net securities lending income	<u>\$ 87,642</u>

The Board of Trustees authorized the lending of fixed income securities, which activity is managed by the custodian bank. There were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent as of June 30, 2005. Due to the nature of the program's collateralization of loans at a minimum of 102% of market value plus accrued interest, management of ERS believes that there is no credit risk exposure, since ERS owes the borrower more than the borrower owes ERS.

Securities are loaned against collateral that may include cash, U.S. government securities, and irrevocable letters of credit. U.S. government securities are loaned against collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. government securities are loaned against collateral valued at 105% of the market 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 statement of plan net assets. All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans were approximately 79 days in 2005.

Cash open collateral is invested in a short-term investment pool, which had an average weighted maturity of 28 days in 2005. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. 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 following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2005.

<u>Securities Lent</u>	<u>Fair Value</u>	<u>Cash Collateral Received*</u>	<u>Noncash Collateral Value*</u>
Fixed income securities	\$ 48,057,958	\$ 44,223,425	\$ 4,930,209
Domestic equities	22,950,262	23,441,836	120,120
Total	<u>\$ 71,008,220</u>	<u>\$ 67,665,261</u>	<u>\$ 5,050,329</u>

\*The securities collateral value is based on ERS's pro rata share of the value of the securities collateral maintained at The Northern Trust Bank on the program wide collateralization levels.

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

Statement of Net Assets

Equity in Pooled Cash and Investments	\$ 163,658,795
Restricted Cash, Cash Equivalents and Investments - Unspent Bonds Proceeds	22,601,254

Statement of Net Assets - Fiduciary Funds

Equity in Pooled Cash and Investments - Private Purpose Trust Funds	4,690,841
Equity in Pooled Cash and Investments - Agency Funds	3,332,249
Restricted Cash Unspent Bond Proceeds - Private Purpose Trust Funds	2,268,961
Cash and Marketable Securities - Pension Trust Funds	558,541,897
Collateral for Securities Lending Transactions - Pension Trust Funds	67,665,261
Total	<u>\$ 822,759,258</u>

They are composed of:

Cash in Banks of Commission	\$ 1,691,386
Cash of Employees' Retirement System Pension Trust Fund	50,367
Cash in Other Locations - Commission	259,135
Money Market Deposits of Commission	1,639,667
Investments of Commission	
Fixed Income Securities	192,984,783
Mutual funds	105,924
Investments of Employees' Retirement System Pension Trust Fund	
Equity Investments	319,145,613
Fixed Income Securities	238,932,635
Cash	169,643
Cash & Cash Equivalent Derivative-Options	114,844
Collateral for Securities Lending Transactions	67,665,261
Total	<u>\$ 822,759,258</u>

**(B) Capital Assets**

A summary of governmental activities capital assets at June 30, 2005 is as follows:

	July 1, 2004	Increases	Decreases	Transfers	June 30, 2005
Capital assets not being depreciated:					
Land	\$ 245,406,738	\$ 5,494,330	\$ (322,500)	\$ -	\$ 250,578,568
Construction in progress	21,334,147	22,341,217	-	(21,074,669)	22,600,695
Total capital assets not being depreciated	<u>266,740,885</u>	<u>27,835,547</u>	<u>(322,500)</u>	<u>(21,074,669)</u>	<u>273,179,263</u>
Other capital assets, being depreciated:					
Buildings and improvements	170,922,997	59,380	-	17,625,314	188,607,691
Infrastructure	201,742,000	242,299	(77,000)	3,449,355	205,356,654
Machinery and equipment	60,085,444	3,939,242	(1,156,776)	-	62,867,910
Total other capital assets	<u>432,750,441</u>	<u>4,240,921</u>	<u>(1,233,776)</u>	<u>21,074,669</u>	<u>456,832,255</u>
Less accumulated depreciation for:					
Buildings and improvements	(85,212,791)	(6,306,304)	-	-	(91,519,095)
Infrastructure	(81,729,207)	(5,192,349)	77,000	-	(86,844,556)
Machinery and equipment	(43,113,075)	(4,579,382)	1,156,776	-	(46,535,681)
Total accumulated depreciation	<u>(210,055,073)</u>	<u>(16,078,035)</u>	<u>1,233,776</u>	<u>-</u>	<u>(224,899,332)</u>
Total other capital assets, net	<u>222,695,368</u>	<u>(11,837,114)</u>	<u>-</u>	<u>21,074,669</u>	<u>231,932,923</u>
Governmental activities capital assets, net	<u>\$ 489,436,253</u>	<u>\$ 15,998,433</u>	<u>\$ (322,500)</u>	<u>\$ -</u>	<u>\$ 505,112,186</u>

Summaries of business-type activities capital assets at June 30, 2005, made up of two major enterprise funds, is as follows:

	July 1, 2004	Increases	Decreases	Transfers	June 30, 2005
<u>Montgomery County Enterprise Fund</u>					
Capital assets not being depreciated:					
Land	\$ 11,584,468	\$ -	\$ -	\$ -	\$ 11,584,468
Construction in progress	144,753	-	-	-	144,753
Total capital assets not being depreciated	<u>11,729,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,729,221</u>
Capital assets being depreciated					
Buildings and improvements	28,034,632	38,199	-	-	28,072,831
Machinery and equipment	4,817,028	211,856	-	-	5,028,884
Total capital assets being depreciated	<u>32,851,660</u>	<u>250,055</u>	<u>-</u>	<u>-</u>	<u>33,101,715</u>
Less accumulated depreciation for:					
Buildings	(8,464,050)	(1,343,086)	-	-	(9,807,136)
Machinery and equipment	(3,406,183)	(306,731)	-	-	(3,712,914)
Total accumulated depreciation	<u>(11,870,233)</u>	<u>(1,649,817)</u>	<u>-</u>	<u>-</u>	<u>(13,520,050)</u>
Total capital assets being depreciated, net	<u>20,981,427</u>	<u>(1,399,762)</u>	<u>-</u>	<u>-</u>	<u>19,581,665</u>
Capital assets, net	<u>\$ 32,710,648</u>	<u>\$ (1,399,762)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,310,886</u>
<u>Prince George's County Enterprise Fund</u>					
Capital assets not being depreciated:					
Land	\$ 7,779,131	\$ -	\$ -	\$ -	\$ 7,779,131
Capital assets being depreciated:					
Buildings and improvements	68,875,825	-	-	-	68,875,825
Machinery and equipment	4,437,785	106,953	(26,715)	-	4,518,023
Total capital assets being depreciated	<u>73,313,610</u>	<u>106,953</u>	<u>(26,715)</u>	<u>-</u>	<u>73,393,848</u>
Less accumulated depreciation for:					
Buildings and improvements	(15,469,671)	(1,974,273)	-	-	(17,443,944)
Machinery and equipment	(2,683,112)	(247,366)	26,715	-	(2,903,763)
Total accumulated depreciation	<u>(18,152,783)</u>	<u>(2,221,639)</u>	<u>26,715</u>	<u>-</u>	<u>(20,347,707)</u>
Total capital assets being depreciated, net	<u>55,160,827</u>	<u>(2,114,686)</u>	<u>-</u>	<u>-</u>	<u>53,046,141</u>
Capital assets, net	<u>\$ 62,939,958</u>	<u>\$ (2,114,686)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,825,272</u>

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

	Montgomery County	Prince George's County	Total
Governmental activities:			
General Government	\$ 159,289	\$ 180,821	\$ 340,110
County Planning and Zoning	461,225	259,311	720,536
Park Operations and Maintenance	7,046,135	5,459,964	12,506,099
Recreation Programs	-	2,511,290	2,511,290
Total depreciation expense - governmental activities	<u>\$ 7,666,649</u>	<u>\$ 8,411,386</u>	<u>\$ 16,078,035</u>
Total depreciation expense - business-type activities:			
Recreational and Cultural Facilities	<u>\$ 1,649,817</u>	<u>\$ 2,221,639</u>	<u>\$ 3,871,456</u>

**Construction Commitments** - The Commission is committed to \$14,508,557 for construction contracts for work to be performed in subsequent years.

**(C) Interfund Receivables, Payables, and Transfers**

The Commission had no interfund receivable and payable balances at June 30, 2005.

The Commission had the following interfund transfers during fiscal year 2005:

Interfund Transfers:	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Non-major Governmental Funds	Proprietary Funds	Total
<b>Transfers In</b>						
General Fund - Administration Account	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
General Fund - Park Account	-	255,000	9,709,000	16,251,504	5,445,400	31,660,904
General Fund - Recreation Account	-	-	-	-	388,600	388,600
Internal Service Fund - Group Insurance	4,205,149	-	-	-	181,733	4,386,882
Special Revenue Fund	4,372	-	311,300	-	-	315,672
Capital Projects - Interest	890,774	-	-	-	-	890,774
<b>Total Transfers In</b>	<b>\$ 5,100,295</b>	<b>\$ 255,000</b>	<b>\$ 10,020,300</b>	<b>\$ 16,351,504</b>	<b>\$ 6,015,733</b>	<b>\$ 37,742,832</b>
<b>Transfers Out</b>						
General Fund - Administration Account	\$ -	\$ -	\$ -	\$ -	\$ 1,173,154	\$ 1,173,154
General Fund - Park Account	-	169,608	721,166	4,372	2,475,530	3,370,676
General Fund - Recreation	-	-	-	-	556,465	556,465
Internal Service Fund - Capital Equipment	100,000	-	-	-	-	100,000
Internal Service Fund - Risk Management	-	-	-	-	11,543	11,543
Internal Service Fund - Executive Office Building	-	-	-	-	1,758	1,758
Debt Service Fund	16,230,442	-	-	-	-	16,230,442
Capital Projects	9,964,000	-	-	311,300	-	10,275,300
Special Revenue Fund	121,062	-	-	-	-	121,062
Enterprise Fund	5,734,000	-	-	-	168,432	5,902,432
<b>Total Transfers Out</b>	<b>\$ 32,149,504</b>	<b>\$ 169,608</b>	<b>\$ 721,166</b>	<b>\$ 315,672</b>	<b>\$ 4,386,882</b>	<b>\$ 37,742,832</b>

A majority of the transfers was to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds (\$16,230,442) and current funding for Capital Projects (\$10,275,000).

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
<b>Transfers In</b>				
General Fund - Park Account -	\$ 86,000	\$ 5,259,400	\$ 100,000	\$ 5,445,400
General Fund - Recreation Account	-	388,600	-	388,600
Internal Service Fund - Group Insurance	75,309	93,123	13,301	181,733
<b>Total Transfers In</b>	<b>\$ 161,309</b>	<b>\$ 5,741,123</b>	<b>\$ 113,301</b>	<b>\$ 6,015,733</b>
<b>Transfers Out</b>				
General Fund - Administration Account	\$ -	\$ -	\$ 1,173,154	\$ 1,173,154
General Fund - Park Account	-	-	2,475,530	2,475,530
General Fund - Recreation	-	-	556,465	556,465
Internal Service Fund - Risk Management	-	-	11,543	11,543
Internal Service Fund - EOB	-	-	1,758	1,758
Enterprise	-	-	168,432	168,432
<b>Total Transfers Out</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,386,882</b>	<b>\$ 4,386,882</b>

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 from Governmental Activities Capital Assets and capitalized in the Prince George's County Enterprise Fund.

In addition to the above transfers, tax revenues of \$780,628 not needed to pay current debt service were contributed by the Advanced Land Acquisition Debt Service Funds to the Advanced Land Acquisition Accounts in the Private Purpose Trust Funds.

### **(D) Operating Leases**

The Commission is committed under several operating leases for office space expiring at various dates through 2011. Each agreement provides for termination in the event of nonappropriation of funds.

Future minimum commitments under operating leases at June 30, 2005 are as follows (\$000's):

Year Ending June 30	Operating Leases		
	Total	Montgomery County	Prince George's County
2006	\$ 1,621	\$ 217	\$ 1,404
2007	1,437	90	1,347
2008	447	38	409
2009	150	-	150
2010	150	-	150
2011	150	-	150
Total minimum lease payments	<u>\$ 3,955</u>	<u>\$ 345</u>	<u>\$ 3,610</u>

In fiscal year 2005, expenditures in the General Fund included 981,695 (Montgomery - \$58,606, Prince George's - \$923,089) 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, 2005 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
2006	\$ 2,006	\$ 1,545	\$ 108	\$ 60	\$ 1	\$ 218	\$ 74
2007	1,583	1,171	89	27	1	229	66
2008	1,570	1,195	57	27	1	235	55
2009	988	663	33	-	-	248	44
2010	986	682	13	-	-	259	32
2011-2013	-	-	-	-	-	525	29
Total payments	<u>\$ 7,687</u>	<u>\$ 5,256</u>	<u>\$ 300</u>	<u>\$ 114</u>	<u>\$ 3</u>	<u>\$ 1,714</u>	<u>\$ 300</u>

**General Obligation Bonds** - The Commission is authorized to issue general obligation bonds for the acquisition of park land and the development of parks and recreational facilities, 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 2005, debt service payments approximated 0.38 cents per \$100 of real property and 0.95 cents per \$100 of personal property for Montgomery County and 2.56 cents for real property and 6.40 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	Total Park	Total Park	Total ALA	Total ALA	Total ALA
	Principal	Interest	Payments	Principal	Interest	Payments
2006	\$ 2,300	\$ 1,313	3,613	\$ 545	\$ 207	\$ 752
2007	2,340	1,225	3,565	555	185	740
2008	2,310	1,134	3,444	545	163	708
2009	2,345	1,041	3,386	535	141	676
2010	2,460	942	3,402	530	118	648
2011 - 2015	10,505	3,249	13,754	1,480	356	1,836
2016 - 2020	6,785	1,348	8,133	600	180	780
2020 - 2025	2,715	212	2,927	600	62	662
Totals	\$ 31,760	\$ 10,464	\$ 42,224	\$ 5,390	\$ 1,412	\$ 6,802

Prince George's County General Obligation Bonds							
Fiscal Year	Governmental Activities						Total Commission General Obligation Bonds
	Total Park	Total Park	Total Park	Total ALA	Total ALA	Total ALA	
	Principal	Interest	Payments	Principal	Interest	Payments	
2006	\$ 8,655	\$ 4,357	\$ 13,012	\$ 320	\$ 84	\$ 404	\$ 17,781
2007	8,805	3,999	12,804	315	68	383	17,492
2008	9,135	3,642	12,777	305	53	358	17,287
2009	9,035	3,313	12,348	300	37	337	16,747
2010	9,085	2,975	12,060	585	30	615	16,725
2011 - 2015	38,740	10,198	48,938	-	-	-	64,528
2016 - 2020	22,195	3,907	26,102	-	-	-	35,015
2020 - 2025	7,830	547	8,377	-	-	-	11,966
Totals	\$ 113,480	\$ 32,938	\$ 146,418	\$ 1,825	\$ 272	\$ 2,097	\$ 197,541

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 2.60%, the rate in effect at June 30, 2005, was used. Interest rates during the year ranged from 1.25% to 2.85%.

**Outstanding General Obligation Bonds** - General obligation bonds outstanding at June 30, 2005, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY2006 Serial Payment	Original Issue	Outstanding at June 30, 2005
<u>Montgomery County</u>						
<b>Park Acquisition and Development Bonds</b>						
Series R-2 Advance Refunding (Note 3)	4.8972 %	12/01/95	07/01/14	\$ 815	\$ 8,700	\$ 6,165
Series U-2	4.5346	08/01/98	08/01/18	280	7,000	5,670
Series Y-2	5.0232	11/01/00	11/01/20	170	5,700	5,020
Series CC-2 (Note 1)	3.7819	12/01/02	12/01/22	875	12,155	10,905
Series FF-2	3.8457	11/15/04	12/01/24	160	4,000	4,000
				<u>2,300</u>	<u>37,555</u>	<u>31,760</u>
<b>Advance Land Acquisition Bonds</b>						
Bonds of 1995 Advance Refunding						
DD-2 ALA Gen Oblig. Refunding	4.7707	12/01/95	07/01/10	320	3,345	1,840
FF-2 ALA Gen Oblig. Refunding	3.4748	12/01/02	12/01/14	145	1,550	1,550
	3.8457	11/15/04	12/01/24	80	2,000	2,000
				<u>545</u>	<u>6,895</u>	<u>5,390</u>
Total Montgomery County General Obligation Bonds				<u>\$ 2,845</u>	<u>\$ 44,450</u>	<u>\$ 37,150</u>
<u>Prince George's County</u>						
<b>Park Acquisition and Development Bonds</b>						
Series S-2 Advance Refunding (Note 3)	4.9787	12/01/95	07/01/12	\$ 2,365	\$ 30,025	\$ 15,845
Series T-2	5.3913	01/15/97	01/15/07	1,300	33,000	2,600
Series W-2	6.4000	06/25/98	07/01/12	600	7,325	4,425
Series Z-2	4.5481	07/15/01	05/01/21	560	18,700	16,460
Series AA-2	Note 2	07/25/02	05/01/22	600	21,200	19,400
Series BB-2 Advance Refunding	3.3944	12/01/02	07/01/14	2,640	21,110	17,815
Series EE-2 (Note 1)	3.2824	03/15/04	01/15/24	590	37,525	36,935
				<u>8,655</u>	<u>168,885</u>	<u>113,480</u>
<b>Advance Land Acquisition Bonds</b>						
Bonds of 1995 Advance Refunding	4.8991	12/01/95	07/01/10	320	3,300	1,825
Total Prince George's County General Obligation Bonds				<u>\$ 8,975</u>	<u>\$ 172,185</u>	<u>\$ 115,305</u>

- Notes: (1) The CC-2 and EE-2 Bonds include Advance Refunding and Park Acquisition and Development Project Bonds;
- (2) Series AA Bonds are auction rate notes, with short-term interest rates reset every 35 days. At June 30, 2005 a rate of 2.60% was in effect.
- (3) Series R-2 and S-2 were redeemed on September 6, 2005 with proceeds of August 4, 2005 bond issues (See Subsequent Event).

**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 \$8,824,863 at June 30, 2005, are accounted for in the Montgomery County Enterprise Funds. Debt service expenditures for the revenue bonds and notes totaled \$1,432,000 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, 2005, and the related debt service requirements for Montgomery County are as follows (000's):

Business-type Activities Revenue Bonds and Notes			
Fiscal Year	Total Principal	Total Interest	Total Payments
2006	\$ 1,044	\$ 354	\$ 1,398
2007	1,065	311	1,376
2008	1,086	266	1,352
2009	1,107	222	1,329
2010	1,130	176	1,306
2011 - 2014	3,393	255	3,648
Total	<u>\$ 8,825</u>	<u>\$ 1,584</u>	<u>\$ 10,409</u>

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 \$224,441 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2005, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY2006 Serial Payment	Original Issue	Outstanding at June 30, 2005
<u>Montgomery County</u>						
<u>Revenue Bonds and Notes</u>						
Little Bennett Golf Course (net of deferred amount)	3.3705 %	12/09/03	11/01/12	\$ 315	\$ 3,154	\$ 2,839
Wheaton Ice Rink	3.3706	12/09/03	05/01/12	285	2,799	2,208
Cabin John Ice Rink	5.1600	04/24/99	11/01/13	444	6,000	3,778
				<u>\$ 1,044</u>	<u>\$ 11,953</u>	<u>\$ 8,825</u>

**New Debt Issue** - On December 2, 2004, the Commission issued \$4,000,000 of Montgomery County Park Acquisition and Development General Obligation Project Bonds, Series FF-2 and \$2,000,000 Montgomery County Advance Land Acquisition Bonds. Semiannual payments of interest and annual principal payments are due until December 1, 2024 on each, at a net interest cost of 3.8457%.

On June 3, 2005, the Commission issued Notes Payable of \$3,565,000 to finance capital equipment purchased in the Capital Equipment Internal Service Funds of Montgomery County (\$2,762,800) and Prince George's County (\$802,200). Semiannual payments are due until April 1, 2010 at an interest cost of 2.962%.

**Changes in Long-Term Liabilities** – Changes in long-term liabilities for the year ended June 30, 2005, were as follows:

<b>Governmental activities:</b>	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
<b>Montgomery County</b>					
General Obligation Park Bonds Payable	\$ 29,830,000	\$ 4,000,000	\$ 2,070,000	\$ 31,760,000	\$ 2,300,000
General Obligation ALA Bonds Payable	3,805,000	2,000,000	415,000	5,390,000	545,000
Deferred charges, net of premiums, on General Obligation Bonds	(454,343)	(76,017)	(49,236)	(481,124)	-
Notes Payable - Governmental	3,290,635	3,235,800	1,270,127	5,256,308	1,544,565
Estimated Liability for Landfill Closure and Postclosure Costs	91,805	-	26,230	65,575	26,230
Accrued Compensated Absences:	6,209,232	3,655,961	3,437,071	6,428,122	3,577,863
Long-term Liabilities	<u>42,772,329</u>	<u>12,815,744</u>	<u>7,169,192</u>	<u>48,418,881</u>	<u>7,993,658</u>
<b>Prince George's County</b>					
General Obligation Park Bonds Payable	121,965,000	-	8,485,000	113,480,000	8,655,000
General Obligation ALA Bonds Payable	2,145,000	-	320,000	1,825,000	320,000
Deferred charges, net of premiums, on General Obligation Bonds	(1,867,252)	-	(167,034)	(1,700,218)	-
Notes Payable - Governmental	1,530,000	329,200	145,000	1,714,200	218,365
Accrued Compensated Absences:	7,417,878	4,373,961	3,961,817	7,830,022	4,433,463
Long-term Liabilities	<u>131,190,626</u>	<u>4,703,161</u>	<u>12,744,783</u>	<u>123,149,004</u>	<u>13,626,828</u>
Total Long Term Liabilities	<u>\$ 173,962,955</u>	<u>\$ 17,518,905</u>	<u>\$ 19,913,975</u>	<u>\$ 171,567,885</u>	<u>\$ 21,620,486</u>
<b>Business type activities:</b>					
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
<b>Montgomery County</b>					
Revenue Bonds and Notes Payable	\$ 9,859,562	\$ -	\$ 1,034,700	\$ 8,824,862	\$ 1,044,491
Unamortized Discount on Revenue Bonds and Notes	(256,504)	-	(32,064)	(224,440)	-
Notes Payable - Enterprise	203,688	-	89,918	113,770	59,584
Accrued Compensated Absences:	445,034	293,256	219,425	518,865	219,425
Long-term Liabilities	<u>10,251,780</u>	<u>293,256</u>	<u>1,311,979</u>	<u>9,233,057</u>	<u>1,323,500</u>
<b>Prince George's County</b>					
Accrued Compensated Absences:	526,874	259,712	188,107	598,479	188,107
Long-term Liabilities	<u>526,874</u>	<u>259,712</u>	<u>188,107</u>	<u>598,479</u>	<u>188,107</u>
Total Long Term Liabilities	<u>\$ 10,778,654</u>	<u>\$ 552,968</u>	<u>\$ 1,500,086</u>	<u>\$ 9,831,536</u>	<u>\$ 1,511,607</u>

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

	Governmental Activities	Business Type Activities	Total
Compensated Absences			
Due within One Year	\$ 8,011,326	\$ 407,532	\$ 8,418,858
Due in more than One Year	6,246,818	709,812	6,956,630
Bonds and Notes Payable:			
Due within One Year	13,582,930	1,104,075	14,687,005
Due in more than One Year	143,661,236	7,610,117	151,271,353
Estimated Liability for Closure and Postclosure Costs			
Due within One Year	26,230	-	26,230
Due in more than One Year	39,345	-	39,345
Total Long-Term Liabilities	<u>\$ 171,567,885</u>	<u>\$ 9,831,536</u>	<u>\$ 181,399,421</u>

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

### **(F) Defeased Debt**

In the current and various prior fiscal years, 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:

Series	Redemption Date	Montgomery County	Prince George's County
Series S-2	July 1, 2005	\$ -	\$ 3,745,000
Series T-2	July 15, 2007	-	21,500,000

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

## **(5) – OTHER INFORMATION**

### **(A) Risk Management**

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 protects against unforeseen losses through self-insurance and commercial insurance coverages. With respect to self-insurance, 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 claims 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, and data processing system breakdown. The Commission is responsible for reimbursing the Program, the full amount of all claims with the exception of property loss claims which are limited to \$250,000 reimbursements, after which point, group commercial insurance policies provide protection. The Commission also carries honesty bond coverage for its public officials and employees. The Commission did not pay any claims settlements in excess of \$250,000 for fiscal years 2003, 2004, and 2005. No insurance coverages were reduced in fiscal year 2005, except that the program has discontinued commercial policies on excess workers' compensation and some liability areas, determining that with increases in premium cost these policies are no longer cost beneficial, especially in light of maximum limits for liability established by the State of Maryland's Local Government Tort Claims Act.

The Commission's employees and retirees have various options in their selection of health insurance benefits. The Commission self-insures the following medical plans: a health maintenance organization (HMO), a point of service (POS), out-of-area POS (retirees only) and Medicare compliment plan (retirees only, as well as the prescription drug plan. All other group health insurance plans are fully insured including one other HMO, a dental plan and a vision plan with three coverage options. The Commission expended \$22,007,077 for all group health benefits in fiscal year 2005. 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 2005 totaled \$2,644,295. 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 valuation. 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:

	Medical	Risk Management
Unpaid Claims, June 30, 2003	\$ 1,646,436	\$ 5,156,959
Incurred Claims, Fiscal year 2004	10,746,297	2,833,548
Claims Paid, Fiscal Year 2004	<u>(10,803,268)</u>	<u>(2,432,736)</u>
Unpaid Claims, June 30, 2004	1,589,465	5,557,771
Incurred Claims, Fiscal year 2005	13,466,082	3,367,450
Claims Paid, Fiscal Year 2005	<u>(13,112,286)</u>	<u>(2,644,296)</u>
Unpaid Claims, June 30, 2005	<u>\$ 1,943,261</u>	<u>\$ 6,280,925</u>

The medical column excludes expenses that are fully insured.

Unpaid claims reconcile to the amounts shown in the Statement of Net Assets as follows:

	Medical	Risk Management	Total
Due within One Year	\$ 692,122	\$ 1,571,018	\$ 2,263,140
Due in more than One Year	1,251,139	4,709,907	5,961,046
Total	<u>\$ 1,943,261</u>	<u>\$ 6,280,925</u>	<u>\$ 8,224,186</u>

### **(B) Related Party Transactions**

The Commission was involved in the following related party transactions during fiscal year 2005:

**Payments and Obligations to Prince George's County** - The Commission paid or is obligated to pay Prince George's County for the following:

Rental of office space in County Administration Building	\$ 761,600
Zoning enforcement unit	738,100
Planning and zoning functions	600,000
Geographic Information system	340,500
Cooperative Extension Service	208,500
Community College pool operation and maintenance	200,000
Peoples Zoning Counsel	176,200
Other project charges	316,000
Total	<u>\$ 3,340,900</u>

In addition, the County has directed payments of \$1,405,094 to other parties for legislative project charges.

**Employees' Retirement System** - The Maryland-National Capital Park and Planning Commission Employees' Retirement System paid the Commission \$66,000 in fiscal year 2005 for annual rental of space in the Executive Office Building, \$33,000 for computer services, \$15,000 for legal services, and \$13,266 for administrative 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 include 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.

**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-fifth of the cumulative gains or losses not yet recognized. This year's asset value is based on the July 1, 2004 actuarial valuation.

The Entry Age Normal Cost method is used, with level dollar amortization of the unfunded actuarial liabilities over a closed 12 year amortization period.

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2004. 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 \$38,069,038 as of July 1, 2004. The net assets available for benefits at June 30, 2005, totaled \$529,476,267.

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, 2005 was 5.0%.

The Commission's annual pension cost (APC) and net pension obligation (NPO) to the System for fiscal years 2003, 2004, and 2005 are presented below:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Annual Pension Cost (APC)	\$ 540	\$ 1,203	\$ 5,052
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation (NPO)	-	-	-

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

### **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. These plans are not included in the financial statements.

### **(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 or ability to prove similar coverage in another plan immediately prior to retirement. Currently 616 retirees and survivors are participating in the Commission's medical plans. 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 \$4,665,646 for the year ended June 30, 2005 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 a 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 2005, the net cost of postretirement health care benefits, net of the retiree contributions, was transferred from the custodial trustee to the extent available in the trust, \$2,745,385. A minimal balance was retained in the fund to maintain the legal status of the trust.

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

#### **(6) - SUBSEQUENT EVENT**

On July 21, 2005, the Commission sold \$13,685,000 of Prince George's County Park Acquisition and Development Refunding Bonds, Series GG-2, and \$5,445,000 of Montgomery County Park Acquisition and Development Refunding Bonds, Series HH-2. The bonds, issued on August 4, 2005, provided the resources to retire on September 6, 2005 the remaining principal (after July principal and interest payments) of \$13,480,000 on Prince George's County Park Acquisition and Development Refunding Bonds, Series S-2 and \$5,350,000 Montgomery County Park Acquisition and Development Refunding Bonds, Series R-2. The refunding resulted in a reduction in debt service payments of \$232,549 for Montgomery County and \$605,773 for Prince George's County, with economic gains of \$220,517 and \$578,817 respectively.

#### **(7) – 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, 2005**

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
<b>ASSETS</b>						
Equity in Pooled Cash and Investments	\$ 3,260,952	\$ 7,621,401	\$ 10,882,353	\$ 3,333,836	\$ 1,152,786	\$ 15,368,975
Receivables - Taxes (net of allowance for uncollectibles)	755,000	210,751	965,751	-	-	965,751
Receivables - Other	18,238	77,859	96,097	-	11,794	107,891
Due from County Government	210,463	350,528	560,991	1,752,302	175,160	2,488,453
Due from Other Governments	-	26,118	26,118	1,584,925	-	1,611,043
Restricted Cash - Unspent Debt Proceeds	-	-	-	5,947,185	-	5,947,185
Other	2,197	-	2,197	-	-	2,197
<b>Total Assets</b>	<b>\$ 4,246,850</b>	<b>\$ 8,286,657</b>	<b>\$ 12,533,507</b>	<b>\$ 12,618,248</b>	<b>\$ 1,339,740</b>	<b>\$ 26,491,495</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 297,508	\$ 843,658	\$ 1,141,166	\$ 1,378,758	\$ 16,980	\$ 2,536,904
Accrued Liabilities	594,821	1,485,960	2,080,781	-	-	2,080,781
Retainage Payable	-	-	-	637,069	-	637,069
Due to County Government	-	-	-	-	8,987	8,987
Deposits and Deferred Revenue	760,112	438,574	1,198,686	600,000	332,576	2,131,262
<b>Total Liabilities</b>	<b>1,652,441</b>	<b>2,768,192</b>	<b>4,420,633</b>	<b>2,615,827</b>	<b>358,543</b>	<b>7,395,003</b>
Fund Balances:						
Reserved for Encumbrances	1,187,545	2,098,949	3,286,494	7,610,131	331,095	11,227,720
Reserved for Debt Service	-	-	-	-	7,494	7,494
Unreserved, Designated for Subsequent Years	831,700	2,433,100	3,264,800	-	-	3,264,800
Unreserved, Undesignated, Reported in:						
General Fund	575,164	986,416	1,561,580	-	-	1,561,580
Special Revenue Fund	-	-	-	-	642,608	642,608
Capital Projects	-	-	-	2,392,290	-	2,392,290
<b>Total Fund Balances</b>	<b>2,594,409</b>	<b>5,518,465</b>	<b>8,112,874</b>	<b>10,002,421</b>	<b>981,197</b>	<b>19,096,492</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,246,850</b>	<b>\$ 8,286,657</b>	<b>\$ 12,533,507</b>	<b>\$ 12,618,248</b>	<b>\$ 1,339,740</b>	<b>\$ 26,491,495</b>

**MONTGOMERY COUNTY**  
**Summary of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds and Accounts**  
**For the Year Ended June 30, 2005**

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
<b>REVENUES</b>						
Property Taxes	\$ 18,536,630	\$ 54,730,233	\$ 73,266,863	\$ -	\$ 1,096,517	\$ 74,363,380
Intergovernmental:						
Federal	-	30,847	30,847	455,431	-	486,278
State	22,066	26,118	48,184	2,748,340	-	2,796,524
County	50,411	-	50,411	5,824,016	507,118	6,381,545
Local	-	27,173	27,173	-	16,333	43,506
Charges for Services	1,416,513	696,880	2,113,393	-	209,941	2,323,334
Rentals and Concessions	-	1,385,904	1,385,904	-	-	1,385,904
Interest	119,974	223,329	343,303	169,608	23,345	536,256
Contributions	-	-	-	-	171,518	171,518
Miscellaneous	5,101	383,580	388,681	1,243,757	41,996	1,674,434
Total Revenues	<u>20,150,695</u>	<u>57,504,064</u>	<u>77,654,759</u>	<u>10,441,152</u>	<u>2,066,768</u>	<u>90,162,679</u>
<b>EXPENDITURES</b>						
Current:						
General Government	6,438,906	-	6,438,906	-	-	6,438,906
Planning and Zoning	14,919,301	-	14,919,301	-	472,357	15,391,658
Park Operations and Maintenance	-	55,540,673	55,540,673	-	793,163	56,333,836
Debt Service:						
Principal	-	-	-	-	2,485,000	2,485,000
Interest	-	-	-	-	1,510,044	1,510,044
Other Debt Service Costs	-	-	-	-	95,036	95,036
Capital Outlay:						
Park Acquisition	-	-	-	397,517	-	397,517
Park Development	-	-	-	12,149,824	-	12,149,824
Total Expenditures	<u>21,358,207</u>	<u>55,540,673</u>	<u>76,898,880</u>	<u>12,547,341</u>	<u>5,355,600</u>	<u>94,801,821</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,207,512)</u>	<u>1,963,391</u>	<u>755,879</u>	<u>(2,106,189)</u>	<u>(3,288,832)</u>	<u>(4,639,142)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from General Obligation Bonds	-	-	-	4,002,020	-	4,002,020
Transfers In	570,576	1,499,043	2,069,619	255,000	3,473,130	5,797,749
Transfer Out	-	(3,814,130)	(3,814,130)	(169,608)	-	(3,983,738)
Total Other Financing Sources (Uses)	<u>570,576</u>	<u>(2,315,087)</u>	<u>(1,744,511)</u>	<u>4,087,412</u>	<u>3,473,130</u>	<u>5,816,031</u>
Net Change in Fund Balances	(636,936)	(351,696)	(988,632)	1,981,223	184,298	1,176,889
Fund Balances - Beginning	<u>3,231,345</u>	<u>5,870,161</u>	<u>9,101,506</u>	<u>8,021,198</u>	<u>796,899</u>	<u>17,919,603</u>
Fund Balances - Ending	<u>\$ 2,594,409</u>	<u>\$ 5,518,465</u>	<u>\$ 8,112,874</u>	<u>\$ 10,002,421</u>	<u>\$ 981,197</u>	<u>\$ 19,096,492</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, 2005**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 18,559,400	\$ 18,559,400	\$ 18,536,630	\$ (22,770)
Intergovernmental -				
State	150,000	150,000	22,066	(127,934)
County	-	-	50,411	50,411
Charges for Services	1,483,800	1,483,800	1,416,513	(67,287)
Interest	70,000	70,000	119,974	49,974
Miscellaneous	-	-	5,101	5,101
Total Revenues	<u>20,263,200</u>	<u>20,263,200</u>	<u>20,150,695</u>	<u>(112,505)</u>
Expenditures/Encumbrances:				
Commissioners' Office	1,104,900	1,104,900	1,064,184	40,716
Central Administrative Services -				
Department of Human Resources and Management	1,858,000	1,858,000	1,857,567	433
Department of Finance	2,324,800	2,324,800	2,324,579	221
Legal Department	770,600	796,200	796,110	90
Support Services	500,300	500,300	496,863	3,437
Merit System Board	42,800	34,800	33,392	1,408
Total Central Administrative Services	<u>5,496,500</u>	<u>5,514,100</u>	<u>5,508,511</u>	<u>5,589</u>
Planning Department -				
Park and Planning Director's Office	276,900	276,900	303,683	(26,783)
Management Services	977,200	977,200	1,009,684	(32,484)
Strategic Planning	482,000	482,000	483,977	(1,977)
Community-Based Planning	3,741,300	3,396,300	3,339,737	56,563
County-wide Planning	3,351,400	3,351,400	3,285,993	65,407
Development Review	2,036,200	2,237,700	2,220,738	16,962
Research and Technology	3,230,800	3,230,800	3,210,576	20,224
Support Services	1,232,800	1,358,700	1,352,229	6,471
Grants	150,000	150,000	30,405	119,595
Total Planning Department	<u>15,478,600</u>	<u>15,461,000</u>	<u>15,237,022</u>	<u>223,978</u>
Non-Departmental	-	-	(6,026)	6,026
Total Expenditures/Encumbrances	<u>22,080,000</u>	<u>22,080,000</u>	<u>21,803,691</u>	<u>276,309</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(1,816,800)</u>	<u>(1,816,800)</u>	<u>(1,652,996)</u>	<u>163,804</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Internal Service Fund - Group Insurance	598,000	598,000	570,576	(27,424)
Total Other Financing Sources (Uses)	<u>598,000</u>	<u>598,000</u>	<u>570,576</u>	<u>(27,424)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (1,218,800)</u>	<u>\$ (1,218,800)</u>	<u>(1,082,420)</u>	<u>\$ 136,380</u>
Fund Balance - Budget Basis, Beginning			<u>2,489,284</u>	
Fund Balance - Budget Basis, Ending			<u>\$ 1,406,864</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, 2005**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 54,765,200	\$ 54,765,200	\$ 54,730,233	\$ (34,967)
Intergovernmental -				
Federal	-	30,847	30,847	-
State	425,000	366,980	26,118	(340,862)
Other	-	27,173	27,173	-
Charges for Services	747,200	747,200	696,880	(50,320)
Rentals and Concessions	1,421,300	1,421,300	1,385,904	(35,396)
Interest	255,000	255,000	223,329	(31,671)
Miscellaneous	85,000	85,000	383,580	298,580
Total Revenues	<u>57,698,700</u>	<u>57,698,700</u>	<u>57,504,064</u>	<u>(194,636)</u>
Expenditures/Encumbrances:				
Director of Montgomery Parks	3,079,700	2,878,700	2,972,192	(93,492)
County-wide Planning	1,528,100	1,528,100	1,526,116	1,984
Research and Technology	1,360,500	1,551,000	1,637,754	(86,754)
Park Development	2,388,000	2,388,000	2,539,173	(151,173)
Park Police	9,804,800	9,090,800	9,024,794	66,006
Natural Resources	4,540,500	4,540,500	4,426,264	114,236
Central Maintenance	8,377,200	8,186,700	8,099,401	87,299
Northern Region	7,269,800	6,949,800	6,925,855	23,945
Southern Region	10,109,000	10,109,000	9,930,013	178,987
Support Services	7,091,700	8,326,700	8,270,962	55,738
Grants	425,000	425,000	84,138	340,862
Property Management	858,000	858,000	798,605	59,395
Non-Departmental	-	-	(176,686)	176,686
Total Expenditures/Encumbrances	<u>56,832,300</u>	<u>56,832,300</u>	<u>56,058,581</u>	<u>773,719</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>866,400</u>	<u>866,400</u>	<u>1,445,483</u>	<u>579,083</u>
Other Financing Sources (Uses):				
Transfers In/Out-				
Capital Projects Funds	45,000	45,000	169,608	124,608
Debt Service Fund	(3,516,600)	(3,516,600)	(3,452,068)	64,532
Capital Projects Funds - Development	(205,000)	(255,000)	(255,000)	-
Internal Service Fund - Group Insurance	1,540,000	1,540,000	1,329,435	(210,565)
Special Revenue-Historic Preservation	(20,000)	(20,000)	(21,062)	(1,062)
Enterprise Fund	(86,000)	(86,000)	(86,000)	-
Total Other Financing Sources (Uses)	<u>(2,242,600)</u>	<u>(2,292,600)</u>	<u>(2,315,087)</u>	<u>(22,487)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (1,376,200)</u>	<u>\$ (1,426,200)</u>	<u>(869,604)</u>	<u>\$ 556,596</u>
Fund Balance - Budget Basis, Beginning			4,289,120	
Fund Balance - Budget Basis, Ending			<u>\$ 3,419,516</u>	

**PRINCE GEORGE'S COUNTY**  
**Summary of Assets, Liabilities and Fund Balances**  
**Governmental Funds and Accounts**  
**June 30, 2005**

	General Fund Accounts				Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total			
<b>ASSETS</b>							
Equity in Pooled Cash and Investments	\$ 15,991,570	\$ 41,722,278	\$ 17,912,356	\$ 75,626,204	\$ 17,111,425	\$ 8,431,240	\$ 101,168,869
Receivables - Taxes (net of allowance for uncollectibles)	906,000	2,014,923	1,184,000	4,104,923	-	-	4,104,923
Receivables - Other	11,580	146,979	3,563	162,122	92,845	4,785	259,752
Due from County Government	118,925	130,246	47,535	296,706	-	-	296,706
Due from Other Governments	-	15,883	728	16,611	1,338,396	-	1,355,007
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	15,333,236	-	15,333,236
<b>Total Assets</b>	<b>\$ 17,028,075</b>	<b>\$ 44,030,309</b>	<b>\$ 19,148,182</b>	<b>\$ 80,206,566</b>	<b>\$ 33,875,902</b>	<b>\$ 8,436,025</b>	<b>\$ 122,518,493</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ 1,464,933	\$ 1,012,759	\$ 1,269,703	\$ 3,747,395	\$ 1,472,156	\$ 120,721	\$ 5,340,272
Accrued Liabilities	590,223	1,291,222	1,472,018	3,353,463	-	166,633	3,520,096
Retainage Payable	-	-	-	-	544,721	-	544,721
Deposits and Deferred Revenue	935,382	2,272,970	3,874,762	7,083,114	60,000	309,811	7,452,925
<b>Total Liabilities</b>	<b>2,990,538</b>	<b>4,576,951</b>	<b>6,616,483</b>	<b>14,183,972</b>	<b>2,076,877</b>	<b>597,165</b>	<b>16,858,014</b>
<b>Fund Balances:</b>							
Reserved for Encumbrances	3,916,681	2,603,111	1,534,503	8,054,295	6,898,426	390,547	15,343,268
Reserved for Debt Service	-	-	-	-	-	1,002,203	1,002,203
Unreserved, Designated for Subsequent Years	2,227,400	13,909,900	1,175,900	17,313,200	-	-	17,313,200
Unreserved, Undesignated, Reported in:							
General Fund	7,893,456	22,940,347	9,821,296	40,655,099	-	-	40,655,099
Special Revenue Fund	-	-	-	-	-	6,446,110	6,446,110
Capital Projects	-	-	-	-	24,900,599	-	24,900,599
<b>Total Fund Balances</b>	<b>14,037,537</b>	<b>39,453,358</b>	<b>12,531,699</b>	<b>66,022,594</b>	<b>31,799,025</b>	<b>7,838,860</b>	<b>105,660,479</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,028,075</b>	<b>\$ 44,030,309</b>	<b>\$ 19,148,182</b>	<b>\$ 80,206,566</b>	<b>\$ 33,875,902</b>	<b>\$ 8,436,025</b>	<b>\$ 122,518,493</b>

**PRINCE GEORGE'S COUNTY**  
**Summary of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds and Accounts**  
**For the Year Ended June 30, 2005**

	General Fund Accounts				Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total			
<b>REVENUES</b>							
Property Taxes	\$ 24,163,798	\$ 85,276,555	\$ 31,553,707	\$ 140,994,060	\$ -	\$ 690,189	\$ 141,684,249
Intergovernmental:							
Federal	-	(42,225)	-	(42,225)	63,766	-	21,541
State	-	5,603	220,180	225,783	3,018,573	6,681	3,251,037
County	342,310	-	-	342,310	-	112,948	455,258
Local	-	5,000	23,724	28,724	10,783	-	39,507
Charges for Services	1,892,342	386,921	5,602,954	7,882,217	7,556	692,816	8,582,589
Rentals and Concessions	-	1,355,634	543,683	1,899,317	-	4,834,565	6,733,882
Interest	346,261	877,402	365,172	1,588,835	721,166	150,310	2,460,311
Contributions	200,000	-	-	200,000	-	213,856	413,856
Miscellaneous	943	843,127	51,612	895,682	40,000	83,412	1,019,094
Total Revenues	<u>26,945,654</u>	<u>88,708,017</u>	<u>38,361,032</u>	<u>154,014,703</u>	<u>3,861,844</u>	<u>6,784,777</u>	<u>164,661,324</u>
<b>EXPENDITURES</b>							
Current:							
General Government	7,375,390	-	-	7,375,390	-	-	7,375,390
Planning and Zoning	16,632,744	-	-	16,632,744	-	-	16,632,744
Park Operations and Maintenance	-	52,851,198	-	52,851,198	-	653,293	53,504,491
Recreation	-	-	35,566,126	35,566,126	-	4,853,187	40,419,313
Debt Service:							
Principal	-	-	-	-	-	8,805,000	8,805,000
Interest	-	-	-	-	-	4,302,528	4,302,528
Other Debt Service Costs	-	-	-	-	-	93,281	93,281
Capital Outlay:							
Park Acquisition	-	-	-	-	1,262,771	-	1,262,771
Park Development	-	-	-	-	9,402,048	-	9,402,048
Total Expenditures	<u>24,008,134</u>	<u>52,851,198</u>	<u>35,566,126</u>	<u>112,425,458</u>	<u>10,664,819</u>	<u>18,707,289</u>	<u>141,797,566</u>
Excess (deficiency) of Revenues over Expenditures	<u>2,937,520</u>	<u>35,856,819</u>	<u>2,794,906</u>	<u>41,589,245</u>	<u>(6,802,975)</u>	<u>(11,922,512)</u>	<u>22,863,758</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	602,578	1,871,633	556,465	3,030,676	10,020,300	12,878,374	25,929,350
Transfer Out	(100,000)	(27,846,774)	(388,600)	(28,335,374)	(721,166)	(315,672)	(29,372,212)
Total Other Financing Sources (Uses)	<u>502,578</u>	<u>(25,975,141)</u>	<u>167,865</u>	<u>(25,304,698)</u>	<u>9,299,134</u>	<u>12,562,702</u>	<u>(3,442,862)</u>
Net Change in Fund Balances	3,440,098	9,881,678	2,962,771	16,284,547	2,496,159	640,190	19,420,896
Fund Balances - Beginning	<u>10,597,439</u>	<u>29,571,680</u>	<u>9,568,928</u>	<u>49,738,047</u>	<u>29,302,866</u>	<u>7,198,670</u>	<u>86,239,583</u>
Fund Balances - Ending	<u>\$ 14,037,537</u>	<u>\$ 39,453,358</u>	<u>\$ 12,531,699</u>	<u>\$ 66,022,594</u>	<u>\$ 31,799,025</u>	<u>\$ 7,838,860</u>	<u>\$ 105,660,479</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, 2005**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 23,680,800	\$ 23,680,800	\$ 24,163,798	\$ 482,998
Intergovernmental - County	455,000	455,000	342,310	(112,690)
Charges for Services	1,444,500	1,444,500	1,892,342	447,842
Interest	220,000	220,000	346,261	126,261
Miscellaneous	-	-	200,943	200,943
Total Revenues	25,800,300	25,800,300	26,945,654	1,145,354
Expenditures/Encumbrances:				
Commissioners' Office	1,976,800	1,976,800	1,976,554	246
Central Administrative Services - Department of Human Resources and Management	1,858,000	1,858,000	1,857,567	433
Department of Finance	2,324,800	2,324,800	2,324,579	221
Legal Department	770,600	796,200	796,110	90
Support Services	500,300	500,300	496,863	3,437
Merit System Board	42,800	34,800	33,392	1,408
Total Central Administrative Services	5,496,500	5,514,100	5,508,511	5,589
Planning Department	17,768,700	18,004,900	17,619,053	385,847
Non-Departmental	-	-	(120,910)	120,910
Total Expenditures/Encumbrances	25,242,000	25,495,800	24,983,208	512,592
Excess of Revenues over Expenditures/Encumbrances	558,300	304,500	1,962,446	1,657,946
Other Financing Sources (Uses):				
Transfers In (Out) - Internal Service Fund - Group Insurance	-	-	602,578	602,578
Special Revenue Fund	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	502,578	602,578
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 458,300	\$ 204,500	2,465,024	\$ 2,260,524
Fund Balance - Budget Basis, Beginning			7,655,832	
Fund Balance - Budget Basis, Ending			\$ 10,120,856	

**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, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 83,392,000	\$ 83,392,000	\$ 85,276,555	\$ 1,884,555
Intergovernmental -				
Federal	-	24,517	(42,225)	(66,742)
State	-	1,787	5,603	3,816
Local	-	5,000	5,000	-
Charges for Services	347,900	347,900	386,921	39,021
Rentals and Concessions	1,495,900	1,495,900	1,355,634	(140,266)
Interest	435,000	435,000	877,402	442,402
Miscellaneous	179,300	179,300	843,127	663,827
Total Revenues	<u>85,850,100</u>	<u>85,881,404</u>	<u>88,708,017</u>	<u>2,826,613</u>
Expenditures/Encumbrances:				
Director's Office	3,618,700	3,618,700	3,525,676	93,024
Park Police	9,860,600	9,610,600	9,456,626	153,974
Support Services	7,375,500	7,567,600	7,180,637	386,963
Park Planning and Development	3,598,000	3,598,000	3,471,416	126,584
Facility Operations -				
Associate Director	374,100	374,100	357,863	16,237
Maintenance and Development	14,787,200	15,182,200	15,172,532	9,668
Natural and Historical Resources	1,975,200	1,875,200	1,737,699	137,501
Arts and Cultural Heritage	1,162,700	1,032,700	930,331	102,369
Park Permits	240,700	240,700	236,801	3,899
Total Facility Operations	<u>18,539,900</u>	<u>18,704,900</u>	<u>18,435,226</u>	<u>269,674</u>
Area Operations -				
Northern Area	4,579,500	4,444,500	4,235,047	209,453
Central Area	3,811,700	3,790,600	3,670,617	119,983
Southern Area	3,269,400	3,318,400	3,412,397	(93,997)
Child Care/Special Projects	38,000	38,000	26,885	11,115
Total Area Operations	<u>11,698,600</u>	<u>11,591,500</u>	<u>11,344,946</u>	<u>246,554</u>
Grants	-	31,304	31,304	-
Non-Departmental	598,600	598,600	469,298	129,302
Total Expenditures/Encumbrances	<u>55,289,900</u>	<u>55,321,204</u>	<u>53,915,129</u>	<u>1,406,075</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>30,560,200</u>	<u>30,560,200</u>	<u>34,792,888</u>	<u>4,232,688</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Interest	370,000	370,000	721,166	351,166
Internal Service Fund - Group Insurance	-	-	1,146,095	1,146,095
Special Revenue Fund	-	-	4,372	4,372
Debt Service - Park Fund	(13,228,500)	(13,228,500)	(12,778,374)	450,126
Enterprise Fund	(5,259,400)	(5,259,400)	(5,259,400)	-
Internal Service Fund - Capital Equipment	(100,000)	(100,000)	(100,000)	-
Capital Projects Funds - Development	(9,709,000)	(9,709,000)	(9,709,000)	-
Total Other Financing Sources (Uses)	<u>(27,926,900)</u>	<u>(27,926,900)</u>	<u>(25,975,141)</u>	<u>1,951,759</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 2,633,300</u>	<u>\$ 2,633,300</u>	<u>8,817,747</u>	<u>\$ 6,184,447</u>
Fund Balance - Budget Basis, Beginning			<u>28,032,500</u>	
Fund Balance - Budget Basis, Ending			<u>\$ 36,850,247</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, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 30,967,100	\$ 30,967,100	\$ 31,553,707	\$ 586,607
Intergovernmental -				
State	-	233,648	220,180	(13,468)
Other Local Munis/Gov	50,000	60,257	23,724	(36,533)
Charges for Services	5,593,000	5,593,000	5,602,954	9,954
Rentals and Concessions	323,400	323,400	543,683	220,283
Interest	250,000	250,000	365,172	115,172
Miscellaneous	163,300	163,300	51,612	(111,688)
<b>Total Revenues</b>	<u>37,346,800</u>	<u>37,590,705</u>	<u>38,361,032</u>	<u>770,327</u>
<b>Expenditures/Encumbrances:</b>				
Director's Office	329,600	329,600	315,416	14,184
Support Services	4,383,600	4,383,600	4,005,997	377,603
<b>Total Director's Office</b>	<u>4,713,200</u>	<u>4,713,200</u>	<u>4,321,413</u>	<u>391,787</u>
<b>Facility Operations:</b>				
Sports/Athletic/Outreach Program	3,843,000	3,843,000	3,575,016	267,984
Natural and Historical Resources	3,221,600	3,221,600	2,968,251	253,349
Arts and Cultural Heritage	2,711,500	2,711,500	2,678,973	32,527
Grants	50,000	243,905	244,025	(120)
<b>Total Facility Operations</b>	<u>9,826,100</u>	<u>10,020,005</u>	<u>9,466,265</u>	<u>553,740</u>
<b>Area Operations:</b>				
Deputy Director	319,100	369,100	363,090	6,010
Northern Area	5,783,600	5,783,600	5,941,385	(157,785)
Central Area	5,284,600	5,284,600	5,394,220	(109,620)
Southern Area	5,403,000	5,403,000	5,351,863	51,137
Child Care and Special Projects	3,877,600	3,877,600	3,945,085	(67,485)
<b>Total Area Operations</b>	<u>20,667,900</u>	<u>20,717,900</u>	<u>20,995,643</u>	<u>(277,743)</u>
Non-Departmental	1,302,700	1,302,700	1,212,070	90,630
<b>Total Operating Expenditures/Encumbrances</b>	<u>36,509,900</u>	<u>36,753,805</u>	<u>35,995,391</u>	<u>758,414</u>
<b>Excess of Revenues over (under)</b>				
Expenditures/Encumbrances	<u>836,900</u>	<u>836,900</u>	<u>2,365,641</u>	<u>1,528,741</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out) -				
Internal Service Fund - Group Insurance	-	-	556,465	556,465
Enterprise	(388,600)	(388,600)	(388,600)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(388,600)</u>	<u>(388,600)</u>	<u>167,865</u>	<u>556,465</u>
<b>Excess of Revenues and Other Financing Sources</b>				
<b>over Expenditures and Other Financing Uses</b>	<u>\$ 448,300</u>	<u>\$ 448,300</u>	<u>2,533,506</u>	<u>\$ 2,085,206</u>
<b>Fund Balance - Budget Basis, Beginning</b>			<u>8,463,690</u>	
<b>Fund Balance - Budget Basis, Ending</b>			<u>\$ 10,997,196</u>	

**Required Supplementary Information for Defined Benefit Pension Plan  
(Unaudited)**

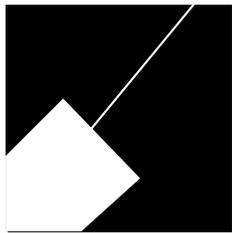
**Schedule of Funding Progress for Defined Benefit Pension Plan (the System)**- The actuarial accrued liability at the valuation date shown on the Schedule of Funding Progress is a measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, 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 three years is summarized as follows:

SCHEDULE OF FUNDING PROGRESS (000'S)			
	July 1, 2002	July 1, 2003	July 1, 2004
Actuarial Valuation of Plan Assets	\$ 475,870	\$ 506,099	\$ 507,413
Actuarial Accrued Liability	400,855	434,485	469,344
Funded Ratio	118.7%	116.5%	108.1%
Actuarial Value of Assets in Excess of Actuarial Accrued Liability	75,015	71,614	38,069
Annual Covered Payroll	94,183	99,789	101,882
Actuarial Value of Assets in Excess of Actuarial Accrued Liability as a Percentage of Covered Payroll	79.6%	71.8%	37.4%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the system's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability (or excess of) and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

Publicly available Financial Statements for the Employees' Retirement System can be obtained at 6611 Kenilworth Avenue, Suite 100, Riverdale, Maryland 20737.



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# ◆ PART IIB ◆

## FINANCIAL SECTION

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### Combining Statements and Schedules

#### Nonmajor Governmental Funds



Speed skaters practice at Cabin John Ice Rink in Rockville.

#### **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, 2006

	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	Park Debt Service	Total	Planning	Parks and Recreation	Total Special Revenue	Park Debt Service	Total
<b>ASSETS</b>															
Equity in Pooled Cash and Investments	\$ 977,428	\$ 173,404	\$ 1,150,832	\$ 1,954	\$ 1,152,786	\$ 393,566	\$ 7,034,556	\$ 7,428,122	\$ 1,003,118	\$ 8,431,240	\$ -	\$ -	\$ 8,431,240	\$ -	\$ 9,584,026
Accounts Receivable	3,500	800	4,300	-	11,794	-	3,746	3,746	-	4,785	1,039	-	16,579	-	175,160
Due from County Government	-	175,160	175,160	-	175,160	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 980,928	\$ 349,364	\$ 1,330,292	\$ 1,954	\$ 1,339,740	\$ 393,566	\$ 7,038,302	\$ 7,431,868	\$ 1,003,118	\$ 8,436,025	\$ 1,039	\$ -	\$ 8,436,025	\$ -	\$ 9,775,765
<b>LIABILITIES</b>															
Accounts Payable	\$ 15,026	\$ -	\$ 15,026	\$ 1,954	\$ 16,980	\$ -	\$ 118,767	\$ 118,767	\$ 1,954	\$ 120,721	\$ -	\$ -	\$ 120,721	\$ -	\$ 137,701
Accrued Liabilities	-	-	-	-	-	-	-	166,633	-	166,633	-	-	166,633	-	166,633
Due to County Government	8,987	-	8,987	-	8,987	-	-	-	-	-	-	-	-	-	8,987
Deposits and Deferred Revenue	332,576	-	332,576	-	332,576	-	309,811	309,811	-	309,811	-	-	309,811	-	642,387
Total Liabilities	\$ 356,589	\$ -	\$ 356,589	\$ 1,954	\$ 358,543	\$ -	\$ 595,211	\$ 595,211	\$ 1,954	\$ 597,165	\$ -	\$ -	\$ 597,165	\$ -	\$ 955,708
<b>FUND BALANCES</b>															
Reserved for Encumbrances	330,786	309	331,095	-	331,095	2,850	387,697	390,547	-	390,547	-	-	390,547	-	721,642
Reserved for Debt Service	-	-	-	-	7,494	-	-	-	1,001,164	1,002,203	1,039	-	1,002,203	-	1,009,697
Unreserved, Undesignated	293,553	349,055	642,608	-	642,608	390,716	6,055,394	6,446,110	-	6,446,110	-	-	6,446,110	-	7,089,718
Total Fund Balances	\$ 624,339	\$ 349,364	\$ 973,703	\$ -	\$ 981,197	\$ 393,566	\$ 6,443,091	\$ 6,836,657	\$ 1,001,164	\$ 7,838,860	\$ 1,039	\$ -	\$ 7,838,860	\$ -	\$ 8,620,057
Total Liabilities and Fund Balances	\$ 980,928	\$ 349,364	\$ 1,330,292	\$ 1,954	\$ 1,339,740	\$ 393,566	\$ 7,038,302	\$ 7,431,868	\$ 1,003,118	\$ 8,436,025	\$ 1,039	\$ -	\$ 8,436,025	\$ -	\$ 9,775,765

THE MARYLAND-NATIONAL PARK AND PLANNING COMMISSION

Schedule 2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006

	MONTGOMERY COUNTY										PRINCE GEORGES COUNTY										
	Special Revenue Funds					Special Revenue Funds					Advance Land Acquisition Debt Service					Advance Land Acquisition Debt Service					
	Planning	Parks	Total	Park Debt Service	Total	Planning	Parks and Recreation	Total	Park Debt Service	Total	Planning	Parks and Recreation	Total	Park Debt Service	Total	Planning	Parks and Recreation	Total	Park Debt Service	Total	
<b>REVENUES:</b>																					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - County	254,070	253,048	507,118	-	1,096,517	-	112,948	1,096,517	-	507,118	-	112,948	1,096,517	-	690,189	-	112,948	1,096,517	-	690,189	1,786,706
Intergovernmental - Other	-	16,333	16,333	-	16,333	-	6,681	16,333	-	16,333	-	6,681	16,333	-	6,681	-	6,681	16,333	-	6,681	620,066
Charges for Services	194,147	15,794	209,941	-	209,941	-	692,816	209,941	-	209,941	-	692,816	209,941	-	692,816	-	692,816	209,941	-	692,816	23,014
Recreation Activities	-	-	-	-	-	-	4,834,565	-	-	-	-	4,834,565	-	-	-	-	4,834,565	-	-	-	902,757
Interest	17,240	6,105	23,345	-	23,345	-	141,175	-	-	23,345	-	141,175	-	552	-	149,788	-	150,310	-	150,310	4,834,565
Contributions	144,646	-	144,646	-	144,646	-	210,390	-	-	144,646	-	210,390	-	-	-	210,390	-	213,856	-	213,856	173,655
Miscellaneous	14,717	27,279	41,996	-	41,996	-	83,412	-	-	41,996	-	83,412	-	-	-	83,412	-	83,412	-	83,412	385,374
Total Revenues	624,820	318,559	943,379	-	2,066,768	-	6,081,987	-	8,583	2,066,768	-	6,081,987	-	552	-	6,081,987	-	6,784,777	-	6,784,777	8,851,545
<b>EXPENDITURES:</b>																					
Principal Retirements	-	-	-	2,070,000	415,000	2,485,000	-	-	-	2,485,000	-	-	-	8,485,000	-	-	-	8,485,000	-	-	11,290,000
Interest	-	-	-	1,319,485	190,559	1,510,044	-	-	-	1,510,044	-	-	-	4,202,546	-	-	-	4,202,546	-	-	5,812,572
Other Debt Service Costs	-	-	-	62,583	32,453	95,036	-	-	-	95,036	-	-	-	91,380	-	-	-	91,380	-	-	188,317
Contributions	-	-	-	-	507,142	507,142	-	-	-	507,142	-	-	-	-	-	-	-	273,486	-	-	790,628
Planning and Zoning	472,357	-	472,357	-	472,357	-	-	-	-	472,357	-	-	-	-	-	-	-	379,807	-	-	472,357
Park Operations and Maintenance	-	286,021	286,021	-	286,021	-	-	-	-	286,021	-	-	-	-	-	-	-	4,853,187	-	-	665,828
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,853,187	-	-	4,853,187
Total Expenditures	472,357	286,021	758,378	3,452,068	1,145,154	5,355,600	-	8,583	3,452,068	5,355,600	-	5,232,994	-	12,778,926	-	695,369	18,707,289	-	-	24,062,889	
Excess (deficiency) of revenues over (under) expenditures	152,463	32,538	185,001	(3,452,068)	(21,765)	(3,288,832)	8,583	848,993	(3,288,832)	(3,288,832)	857,576	(12,778,374)	(1,714)	(11,922,512)	-	(1,714)	(11,922,512)	-	-	(15,211,344)	
<b>OTHER FINANCING SOURCES (USES)</b>																					
Transfers In	-	21,062	21,062	3,452,068	-	3,473,130	100,000	-	100,000	3,473,130	-	-	-	12,778,374	-	-	12,878,374	-	-	16,351,504	
Transfers Out	-	-	-	(3,452,068)	-	(3,473,130)	(160,800)	-	(160,800)	(3,473,130)	-	(154,872)	-	-	-	-	(315,672)	-	-	(315,672)	
Total Other Financing Sources (Uses)	-	21,062	21,062	3,452,068	-	3,473,130	100,000	-	100,000	3,473,130	-	(154,872)	-	12,778,374	-	-	12,562,702	-	-	16,035,832	
Net change in fund balances	152,463	53,600	206,063	-	(21,765)	184,298	(52,217)	684,121	(52,217)	184,298	-	684,121	-	(1,714)	-	(1,714)	640,190	-	-	824,488	
Fund Balances - beginning	471,876	295,764	767,640	-	29,259	796,899	445,783	5,748,970	445,783	796,899	-	6,194,753	-	1,001,164	-	2,753	7,198,670	-	-	7,995,589	
Fund Balances - ending	\$ 624,339	\$ 349,364	\$ 973,703	\$ -	\$ 7,494	\$ 981,197	\$ 393,566	\$ 6,443,091	\$ 393,566	\$ 981,197	\$ -	\$ 6,836,657	\$ 1,001,164	\$ 1,039	\$ -	\$ 1,039	\$ 7,838,860	\$ -	\$ -	\$ 8,820,057	

**THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION**

Schedule 3

Combining Schedule 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, 2005

	Montgomery County				Prince George's County			
	Budgeted Amounts		Actual	Variance Positive (Negative)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues:</b>								
Intergovernmental Charges for Services	\$ 461,300	\$ 461,300	\$ 523,451	\$ 62,151	\$ 350,000	\$ 119,629	\$ (230,371)	
Recreation Activities	225,700	225,700	209,941	(15,759)	879,700	692,816	(186,884)	
Interest	-	-	-	-	4,287,700	4,834,565	546,865	
Contributions	200	200	23,345	23,145	76,100	149,758	73,658	
Miscellaneous	15,000	15,000	144,646	129,646	462,000	210,390	(251,610)	
Total Revenues	732,700	732,700	943,379	210,679	166,500	83,412	(83,088)	
					6,222,000	6,090,570	(131,430)	
<b>Expenditures/Encumbrances:</b>								
Current -								
County Planning and Zoning	590,700	590,700	549,820	40,880	-	-	-	
Park Operations and Maintenance	372,800	372,800	285,378	87,422	1,201,100	338,481	862,619	
Recreation	-	-	-	-	4,839,800	5,043,664	(203,864)	
Total Expenditures/Encumbrances	963,500	963,500	835,198	128,302	6,040,900	5,382,145	658,755	
Excess of Revenues over (under) Expenditures/Encumbrances	(230,800)	(230,800)	108,181	338,981	181,100	708,425	527,325	
<b>Other Financing (Uses):</b>								
Operating Transfers In	20,000	20,000	21,062	1,062	100,000	100,000	-	
Transfers Out	-	-	-	-	(875,500)	(315,672)	559,828	
Total Other Financing (Uses)	20,000	20,000	21,062	1,062	(775,500)	(215,672)	559,828	
Excess of Revenues and Other Financing Sources over (under) Expenditures/Encumbrances and Other Financing Uses - Budget Basis	\$ (210,800)	\$ (210,800)	\$ 129,243	\$ 340,043	\$ (594,400)	\$ 492,753	\$ 1,087,153	
Fund Balances - Budget Basis, July 1			513,365				5,953,357	
Fund Balances - Budget Basis, June 30			\$ 642,608				\$ 6,446,110	

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



The College Park Aviation Museum attracts over 40,000 visitors each year with its family-friendly programming.

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## ENTERPRISE FUNDS

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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.

Schedule of Net Assets  
Enterprise Funds  
June 30, 2005 and 2004

Recreational and Cultural Facilities

	Montgomery County		Prince George's County		Totals	
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2005	2004	2005	2004	2005	2004
<b>ASSETS</b>						
Current Assets:						
Equity in Pooled Cash and Investments	\$ 2,082,245	\$ 1,915,335	\$ 2,124,837	\$ 1,861,695	\$ 4,207,082	\$ 3,777,030
Accounts Receivable	3,397	447	3,253	5,479	6,650	5,926
Inventories	757,837	762,750	581,059	524,175	1,338,896	1,286,925
Total Current Assets	2,843,479	2,678,532	2,709,149	2,391,349	5,552,628	5,069,881
Capital Assets:						
Land	11,584,468	11,584,468	7,779,131	7,779,131	19,363,599	19,363,599
Buildings and Improvements	28,072,831	28,034,632	68,875,825	68,875,825	96,948,656	96,910,457
Machinery and Equipment	5,028,884	4,817,028	4,518,023	4,437,785	9,546,907	9,254,813
Construction in Progress	144,753	144,753	-	-	144,753	144,753
	44,830,936	44,580,881	81,172,979	81,092,741	126,003,915	125,673,622
Less - Accumulated Depreciation	(13,520,050)	(11,870,233)	(20,347,707)	(18,152,783)	(33,867,757)	(30,023,016)
Total Capital Assets (net of depreciation)	31,310,886	32,710,648	60,825,272	62,939,958	92,136,158	95,650,606
Total Assets	34,154,365	35,389,180	63,534,421	65,331,307	97,688,786	100,720,487
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	357,939	313,958	384,015	259,177	741,954	573,135
Accrued Salaries and Benefits	234,951	213,608	380,663	312,296	615,614	525,904
Compensated Absences	219,425	206,426	188,107	184,217	407,532	390,643
Interest Payable	63,015	110,993	-	-	63,015	110,993
Revenue Collected in Advance	388,793	523,794	291,728	125,408	680,521	649,202
Current Portion of Revenue Bonds Payable	600,047	590,256	-	-	600,047	590,256
Current Portion of Revenue Notes Payable	444,444	444,444	-	-	444,444	444,444
Current Portion of Notes Payable	59,584	89,918	-	-	59,584	89,918
Total Current Liabilities	2,368,198	2,493,397	1,244,513	881,098	3,612,711	3,374,495
Noncurrent Liabilities:						
Revenue Bonds Payable	4,222,595	4,790,578	-	-	4,222,595	4,790,578
Revenue Notes Payable	3,333,336	3,777,780	-	-	3,333,336	3,777,780
Notes Payable	54,186	113,770	-	-	54,186	113,770
Compensated Absences	299,440	238,608	410,372	342,657	709,812	581,265
Total Noncurrent Liabilities	7,909,557	8,920,736	410,372	342,657	8,319,929	9,263,393
Total Liabilities	10,277,755	11,414,133	1,654,885	1,223,755	11,932,640	12,637,888
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	22,596,694	22,903,902	60,825,272	62,939,958	83,421,966	85,843,860
Unrestricted	1,279,916	1,071,145	1,054,264	1,167,594	2,334,180	2,238,739
Total Net Assets	\$ 23,876,610	\$ 23,975,047	\$ 61,879,536	\$ 64,107,552	\$ 85,756,146	\$ 88,082,599

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 5

Schedule of Revenues, Expenses, and Changes in Fund Net Assets  
Enterprise Funds  
For the Years Ended June 30, 2005 and 2004

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Totals	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2005	2004	2005	2004	2005	2004
Operating Revenues:						
Intergovernmental - Federal	\$ -	\$ -	\$ -	\$ 26,000	\$ -	\$ 26,000
Sales	1,399,070	1,420,420	1,339,282	1,191,248	2,738,352	2,611,668
Charges for Services	10,008,537	9,829,646	4,305,529	4,549,390	14,314,066	14,379,036
Rentals and Concessions	3,021,551	2,828,450	3,247,762	2,227,114	6,269,313	5,055,564
Total Operating Revenues	<u>14,429,158</u>	<u>14,078,516</u>	<u>8,892,573</u>	<u>7,993,752</u>	<u>23,321,731</u>	<u>22,072,268</u>
Operating Expenses:						
Cost of Goods Sold	857,764	829,619	1,231,199	1,075,465	2,088,963	1,905,084
Personal Services	5,799,746	5,808,702	8,396,133	7,738,612	14,195,879	13,547,314
Supplies and Materials	1,384,248	1,306,904	1,393,161	1,230,074	2,777,409	2,536,978
Communications	85,823	115,512	544,464	592,737	630,287	708,249
Utilities	1,057,712	850,773	1,322,032	943,941	2,379,744	1,794,714
Maintenance	383,367	334,525	759,903	674,275	1,143,270	1,008,800
Contractual Services	1,601,341	1,558,004	698,033	620,378	2,299,374	2,178,382
Other Services and Charges	251,008	219,319	335,030	408,332	586,038	627,651
Administrative Services	1,272,681	1,169,811	-	-	1,272,681	1,169,811
Depreciation	1,649,817	1,676,830	2,221,639	2,230,702	3,871,456	3,907,532
Total Operating Expenses	<u>14,343,507</u>	<u>13,869,999</u>	<u>16,901,594</u>	<u>15,514,516</u>	<u>31,245,101</u>	<u>29,384,515</u>
Operating Income (Loss)	<u>85,651</u>	<u>208,517</u>	<u>(8,009,021)</u>	<u>(7,520,764)</u>	<u>(7,923,370)</u>	<u>(7,312,247)</u>
Nonoperating Revenues (Expenses):						
Investment Earnings	44,754	67,003	39,882	28,868	84,636	95,871
Interest Expense, net of Amortization	(390,151)	(648,996)	-	-	(390,151)	(648,996)
Total Nonoperating Revenue (Expense)	<u>(345,397)</u>	<u>(581,993)</u>	<u>39,882</u>	<u>28,868</u>	<u>(305,515)</u>	<u>(553,125)</u>
Income (Loss) before Transfers	<u>(259,746)</u>	<u>(373,476)</u>	<u>(7,969,139)</u>	<u>(7,491,896)</u>	<u>(8,228,885)</u>	<u>(7,865,372)</u>
Contribution from Trust Fund	-	-	-	3,829,363	-	3,829,363
Contribution from General Government Assets	-	-	-	3,820,108	-	3,820,108
Transfers In	161,309	163,688	5,741,123	5,411,539	5,902,432	5,575,227
Transfers Out	-	(175,000)	-	-	-	(175,000)
Total Transfers	<u>161,309</u>	<u>(11,312)</u>	<u>5,741,123</u>	<u>13,061,010</u>	<u>5,902,432</u>	<u>13,049,698</u>
Change in Net Assets	<u>(98,437)</u>	<u>(384,788)</u>	<u>(2,228,016)</u>	<u>5,569,114</u>	<u>(2,326,453)</u>	<u>5,184,326</u>
Total Net Assets - Beginning	<u>23,975,047</u>	<u>24,359,835</u>	<u>64,107,552</u>	<u>58,538,438</u>	<u>88,082,599</u>	<u>82,898,273</u>
Total Net Assets - Ending	<u>\$ 23,876,610</u>	<u>\$ 23,975,047</u>	<u>\$ 61,879,536</u>	<u>\$ 64,107,552</u>	<u>\$ 85,756,146</u>	<u>\$ 88,082,599</u>

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 6

Schedule of Cash Flows - Enterprise Funds  
For the Years Ended June 30, 2005 and 2004

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Year Ended June 30,	
	Year Ended June 30, 2005	2004	Year Ended June 30, 2005	2004	2005	2004
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers and Users	\$ 14,291,207	\$ 14,056,610	\$ 9,061,119	\$ 7,977,372	\$ 23,352,326	\$ 22,033,982
Payments to Suppliers	(4,919,847)	(4,245,539)	(5,952,968)	(5,263,862)	(10,872,815)	(9,509,401)
Payments to Employees	(5,704,572)	(5,754,288)	(8,256,161)	(7,651,561)	(13,960,733)	(13,405,849)
Payments for Interfund Services Used	(700,500)	(867,600)	(262,900)	(252,800)	(963,400)	(1,120,400)
Payments for Administrative Charges	(1,272,681)	(1,169,811)	-	-	(1,272,681)	(1,169,811)
Net Cash Provided (Used) by Operating Activities	1,693,607	2,019,372	(5,410,910)	(5,190,851)	(3,717,303)	(3,171,479)
<b>Cash Flows from Noncapital Financing Activities:</b>						
Transfers In from Other Funds	161,309	163,688	5,741,123	5,411,539	5,902,432	5,575,227
Transfers Out to Other Funds	-	(175,000)	-	-	-	(175,000)
Net Cash Provided (Used) by Noncapital Financing Activities	161,309	(11,312)	5,741,123	5,411,539	5,902,432	5,400,227
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition and Construction of Capital Assets	(250,055)	(560,651)	(106,953)	(148,732)	(357,008)	(709,383)
Principal Paid on Notes Payable	(534,361)	(846,817)	-	-	(534,361)	(846,817)
Principal Paid on Revenue Bonds	(590,256)	(300,000)	-	-	(590,256)	(300,000)
Interest Paid	(358,088)	(616,933)	-	-	(358,088)	(616,933)
Proceeds from Financing - Notes Payable	-	67,995	-	-	-	67,995
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,732,760)	(2,256,406)	(106,953)	(148,732)	(1,839,713)	(2,405,138)
<b>Cash Flows from Investing Activities:</b>						
Interest on Restricted Investments	-	1,874	-	-	-	1,874
Interest on Investments	44,754	65,129	39,882	28,868	84,636	93,997
Net Cash Provided (Used) by Investing Activities	44,754	67,003	39,882	28,868	84,636	95,871
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	166,910	(181,343)	263,142	100,824	430,052	(80,519)
Cash, Cash Equivalents and Restricted Cash, July 1	1,915,335	2,096,678	1,861,695	1,760,871	3,777,030	3,857,549
Cash, Cash Equivalents and Restricted Cash, June 30	\$ 2,082,245	\$ 1,915,335	\$ 2,124,837	\$ 1,861,695	\$ 4,207,082	\$ 3,777,030
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 85,651	\$ 208,517	\$ (8,009,021)	\$ (7,520,764)	(7,923,370)	\$ (7,312,247)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Depreciation	1,649,817	1,676,830	2,221,639	2,230,702	3,871,456	3,907,532
<b>Changes in Assets and Liabilities:</b>						
(Increase) Decrease in Accounts Receivable	(2,950)	3,200	2,226	(3,091)	(724)	109
(Increase) Decrease in Inventories, at Cost	4,913	91,871	(56,884)	13,076	(51,971)	104,947
Increase (Decrease) in Accounts Payable	43,981	14,893	124,838	15,464	168,819	30,357
Increase (Decrease) in Accrued Salaries and Benefits	21,343	58,977	68,367	80,992	89,710	139,969
Increase (Decrease) in Compensated Absences	73,831	(4,563)	71,605	6,059	145,436	1,496
Increase (Decrease) in Interest Payable	(47,978)	(5,247)	-	-	(47,978)	(5,247)
Increase (Decrease) in Revenue Collected in Advance	(135,001)	(25,106)	166,320	(13,289)	31,319	(38,395)
Total Adjustments	1,607,956	1,810,855	2,598,111	2,329,913	4,206,067	4,140,768
Net Cash Provided (Used) by Operating Activities	\$ 1,693,607	\$ 2,019,372	\$ (5,410,910)	\$ (5,190,851)	\$ (3,717,303)	\$ (3,171,479)



Kids love the Adventure Playground at Cabin John Regional Park.

## **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

Schedule 7

Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2005

	MONTGOMERY COUNTY				PRINCE GEORGE'S COUNTY				TOTALS		
	Capital Equipment	Employee Benefits	Risk Management	TOTALS	Capital Equipment/ Executive Building	Employee Benefits	Risk Management	TOTALS	June 30, 2005	June 30, 2004	June 30, 2004
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004	June 30, 2004
<b>ASSETS</b>											
Current Assets:											
Equity in Pooled Cash and Investments	4,520,593	10,817,928	5,162,937	20,501,458	561,764	11,245,595	10,605,052	22,412,411	20,465,688	42,913,869	37,119,923
Restricted Cash, Cash Equivalents and Investments:											
Unspent Revenue Bond and Equipment Financing Proceeds	1,198,931	-	-	1,198,931	121,902	-	-	121,902	-	1,320,833	-
Accounts Receivable	-	-	250	250	-	-	-	-	-	250	250
Due from County Government	-	-	125,000	125,000	-	-	125,000	125,000	125,000	250,000	250,000
Due from Other Funds - 115 Trust	-	-	-	-	897,147	-	-	897,147	897,147	1,794,294	1,794,294
Deposits and Other	-	1,680	-	1,680	-	1,680	-	1,680	1,680	3,360	3,360
Total Current Assets	5,719,524	10,819,608	5,288,187	21,827,319	683,666	11,247,275	10,730,052	22,660,993	21,489,515	44,488,312	39,167,827
Noncurrent Assets:											
Capital Assets:											
Land	-	-	-	-	748,497	-	-	748,497	748,497	748,497	748,497
Buildings and Improvements	102,469	-	-	102,469	2,649,865	-	-	2,649,865	2,649,865	2,752,334	2,752,334
Machinery and Equipment	20,378,035	-	170,629	20,548,664	19,100,493	-	344,883	666,687	371,209	21,215,351	19,471,702
Less-Accumulated Depreciation	(14,915,084)	-	(104,292)	(15,019,376)	(13,670,512)	-	(165,530)	(1,417,218)	(1,234,528)	(16,436,594)	(14,905,040)
Total Capital Assets (net of accumulated depreciation)	5,565,420	-	66,337	5,631,757	2,468,478	-	179,353	2,647,831	2,535,043	8,279,588	8,067,493
Total Assets	11,284,944	10,819,608	5,354,524	27,459,076	3,152,144	11,247,275	10,909,405	25,308,824	24,024,558	52,767,900	47,235,320
<b>LIABILITIES</b>											
Current Liabilities:											
Accounts Payable	68,896	12,847	9,871	91,614	7,848	12,847	8,147	28,842	19,665	120,456	347,521
Current Portion of Claims Payable	-	346,061	680,616	1,026,677	-	346,060	890,403	1,336,463	1,019,556	2,263,140	2,053,485
Accrued Salaries and Benefits	-	-	10,120	10,120	-	-	10,120	10,120	200,743	20,240	390,509
Current Portion of Notes Payable	1,544,565	-	1,544,565	1,544,565	218,365	-	-	218,365	145,000	1,762,930	1,415,127
Current Portion of Compensated Absences	-	3,568,700	9,163	3,577,863	3,924,050	4,424,300	9,163	4,433,483	4,331,746	8,011,326	8,155,796
Due to County Government	-	-	78,017	78,017	-	-	78,017	78,017	110,937	156,034	221,874
Interest Payable	29,522	-	-	29,522	37,391	-	-	37,391	40,469	66,913	62,678
Total Current Liabilities	1,642,983	3,927,608	787,787	6,358,378	263,604	4,783,207	995,850	6,042,661	5,868,116	12,401,039	12,646,990
Noncurrent Liabilities:											
Claims Payable - Net of Current Portion	-	625,569	2,040,270	2,665,839	-	625,570	2,669,637	3,295,207	2,510,222	5,961,046	5,093,751
Notes Payable - Net of Current Portion	3,711,742	-	-	3,711,742	1,495,835	-	-	1,495,835	1,385,000	5,207,577	3,405,508
Compensated Absences - Net of Current Portion	-	2,835,600	14,659	2,850,259	-	3,381,900	14,659	3,396,559	3,086,132	6,246,818	5,471,314
Total Noncurrent Liabilities	3,711,742	3,461,169	2,054,929	9,227,840	1,495,835	4,007,470	2,684,286	8,187,601	6,981,354	17,415,441	13,970,573
Total Liabilities	5,354,725	7,388,777	2,842,716	15,586,218	1,759,439	8,790,677	3,680,146	14,230,262	12,849,470	29,816,480	26,617,563
<b>NET ASSETS</b>											
Invested in Capital Assets, Net of Related Debt:	1,508,044	-	66,337	1,574,381	876,180	-	179,353	1,055,533	1,005,043	2,629,914	3,246,858
Unrestricted	4,422,175	3,430,831	2,445,471	10,298,477	516,525	2,456,598	7,045,906	10,023,029	10,170,045	20,321,506	17,370,899
Total Net Assets	5,930,219	3,430,831	2,511,808	11,872,858	1,392,705	2,456,598	7,225,259	11,078,562	11,175,088	22,951,420	20,617,751

Schedule 8

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, 2006

	MONTGOMERY COUNTY					PRINCE GEORGES COUNTY					TOTALS		
	Capital Equipment	Employee Benefits	Risk Management	TOTALS		Capital Equipment/ Executive Building	Employee Benefits	Risk Management	TOTALS		June 30, 2005	June 30, 2004	
				June 30, 2005	June 30, 2004				June 30, 2005	June 30, 2004			
Operating Revenues:													
Charges for Services	\$ 3,426,723	\$ 17,519,644	\$ 2,267,500	\$ 23,213,867	\$ 21,250,010	\$ 827,262	\$ 18,679,163	\$ 2,824,011	\$ 22,330,436	\$ 21,060,307	\$ 45,544,303	\$ 42,310,317	\$ 616,902
Claim Recoveries			135,950	135,950	175,995		175,995	273,042	273,042	440,907	408,992	408,992	408,992
Total Operating Revenues	<u>3,426,723</u>	<u>17,519,644</u>	<u>2,403,450</u>	<u>23,349,817</u>	<u>21,426,005</u>	<u>827,262</u>	<u>18,679,163</u>	<u>3,097,053</u>	<u>22,603,478</u>	<u>21,501,214</u>	<u>45,953,295</u>	<u>42,927,219</u>	
Operating Expenses:													
Personal Services		5,400,847	303,344	5,704,191	5,976,360	75,480	6,941,328	303,336	7,320,144	7,188,461	13,024,335	13,164,821	13,164,821
Supplies and Materials	121,435		14,915	136,350	54,249	86,305		14,728	101,033	104,018	237,363	196,267	196,267
Contractual Services				8,285,603	7,405,808		7,005,609	2,928,863	9,934,172	8,048,302	18,219,775	15,454,110	15,454,110
Insurance		7,005,609	1,279,994	4,316,666	4,538,496		4,224,246	208,907	4,433,153	4,584,638	8,749,819	9,103,136	9,103,136
Other Services and Charges	194,568	4,224,246	92,420	353,673	248,593		39,000	141,233	455,328	537,157	809,001	785,750	785,750
Depreciation	1,582,710	39,000	120,105	1,608,024	1,683,920	122,524		60,165	182,689	196,062	1,790,713	1,839,962	1,839,962
Total Operating Expenses	<u>1,898,713</u>	<u>16,669,702</u>	<u>1,836,092</u>	<u>20,404,507</u>	<u>19,907,428</u>	<u>559,404</u>	<u>18,210,183</u>	<u>3,656,932</u>	<u>22,426,519</u>	<u>20,598,638</u>	<u>42,831,026</u>	<u>40,506,066</u>	<u>40,506,066</u>
Operating Income (Loss)	<u>1,528,010</u>	<u>849,942</u>	<u>567,358</u>	<u>2,945,310</u>	<u>1,518,577</u>	<u>267,858</u>	<u>468,980</u>	<u>(559,879)</u>	<u>176,959</u>	<u>902,576</u>	<u>3,122,269</u>	<u>2,421,153</u>	<u>2,421,153</u>
Nonoperating Revenues (Expenses):													
Interest Income	30,514	234,260	131,225	395,999	154,283	6,402	249,819	259,522	515,743	223,798	911,742	378,081	378,081
Interest Expense	(96,144)			(96,144)	(131,677)	(76,008)			(76,008)	(82,921)	(172,152)	(214,598)	(214,598)
Total Nonoperating Revenues (Expenses)	<u>(65,630)</u>	<u>234,260</u>	<u>131,225</u>	<u>299,855</u>	<u>22,606</u>	<u>(69,606)</u>	<u>249,819</u>	<u>259,522</u>	<u>439,735</u>	<u>140,877</u>	<u>739,590</u>	<u>163,483</u>	<u>163,483</u>
Income (Loss) Before Contributions and Transfers	<u>1,462,380</u>	<u>1,084,202</u>	<u>698,583</u>	<u>3,245,165</u>	<u>1,541,183</u>	<u>198,252</u>	<u>718,799</u>	<u>(300,357)</u>	<u>616,694</u>	<u>1,043,453</u>	<u>3,861,859</u>	<u>2,584,636</u>	<u>2,584,636</u>
Transfers in (Out):													
Reimbursement from Trust Funds		1,372,693		1,372,693	1,840,645		1,372,692		1,372,692	1,840,644	2,745,385	3,681,289	3,681,289
Transfers In			5,772	5,772	6,309	101,758		5,771	107,529	8,947	113,301	15,266	15,266
Transfers (Out)		(2,193,441)		(2,193,441)	(2,312,331)		(2,193,441)		(2,193,441)	(2,312,330)	(4,386,892)	(4,624,661)	(4,624,661)
Net Operating Transfers		<u>(820,748)</u>	<u>5,772</u>	<u>(814,976)</u>	<u>(465,377)</u>	<u>101,758</u>	<u>(820,749)</u>	<u>5,771</u>	<u>(713,220)</u>	<u>(462,739)</u>	<u>(1,528,196)</u>	<u>(928,116)</u>	<u>(928,116)</u>
Change in Net Assets	<u>1,462,380</u>	<u>263,454</u>	<u>704,355</u>	<u>2,430,189</u>	<u>1,075,806</u>	<u>300,010</u>	<u>(101,950)</u>	<u>(294,586)</u>	<u>(96,526)</u>	<u>580,714</u>	<u>2,333,663</u>	<u>1,656,520</u>	<u>1,656,520</u>
Total Net Assets, July 1	4,467,839	3,167,377	1,807,453	9,442,669	8,368,863	1,092,695	2,558,548	7,523,845	11,175,088	10,594,374	20,617,757	18,961,237	18,961,237
Total Net Assets, June 30	<u>5,930,219</u>	<u>3,430,831</u>	<u>2,511,808</u>	<u>11,872,858</u>	<u>9,442,669</u>	<u>1,392,705</u>	<u>2,456,598</u>	<u>7,229,259</u>	<u>11,078,562</u>	<u>11,175,088</u>	<u>22,951,420</u>	<u>20,617,757</u>	<u>20,617,757</u>

**THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION**

Schedule 9

**Combining Statement of Cash Flows - INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2005**

	MONTGOMERY COUNTY				PRINCE GEORGES COUNTY				TOTAL
	Capital Equipment	Employee Benefits	Risk Management	TOTAL	Capital Equipment/Executive Building	Employee Benefits	Risk Management	TOTAL	
<b>Cash Flows from Operating Activities:</b>									
Receipts from Customers and Users	\$ 3,426,723	\$ 18,416,791	\$ 2,403,450	\$ 24,246,964	\$ 827,262	\$ 19,576,309	\$ 3,097,053	\$ 23,500,624	\$ 47,747,588
Payments to Suppliers	(535,942)	(11,041,059)	(1,524,482)	(13,101,483)	(371,998)	(11,040,958)	(2,384,957)	(13,797,813)	(26,899,296)
Payments to Employees	-	(5,362,880)	(301,967)	(5,664,847)	(90,066)	(6,706,598)	(301,959)	(7,098,623)	(12,763,470)
Payments for Interfund Services Used	(28,000)	(39,000)	(110,700)	(177,700)	(1,100)	(39,000)	(110,700)	(150,800)	(328,500)
Net Cash Provided by Operating Activities	2,862,781	1,973,852	466,301	5,302,934	364,198	1,789,753	299,437	2,453,388	7,756,322
<b>Cash Flows from Noncapital Financing Activities:</b>									
Transfers In From Other Funds	-	(820,748)	5,772	(814,976)	101,758	(820,749)	5,771	(713,220)	(1,528,196)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(820,748)	5,772	(814,976)	101,758	(820,749)	5,771	(713,220)	(1,528,196)
<b>Cash Flows from Capital and Related Financing Activities:</b>									
Acquisition of Capital Assets	(1,707,332)	-	-	(1,707,332)	(295,478)	-	-	(295,478)	(2,002,810)
Principal Paid on Notes Payable	(1,270,127)	-	-	(1,270,127)	(145,000)	-	-	(145,000)	(1,415,127)
Interest Paid on Notes Payable	(96,144)	-	-	(96,144)	(76,008)	-	-	(76,008)	(172,152)
Proceeds from Financing - Notes Payable - Net	3,235,800	-	-	3,235,800	329,200	-	-	329,200	3,565,000
Net Cash Provided (Used) by Capital and Related Financing Activities	162,197	-	-	162,197	(187,286)	-	-	(187,286)	(25,089)
<b>Cash Flows from Investing Activities:</b>									
Interest on Investments	30,514	234,260	131,225	395,999	6,402	249,819	259,522	515,743	911,742
Net Cash Provided (Used) by Investing Activities	30,514	234,260	131,225	395,999	6,402	249,819	259,522	515,743	911,742
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,055,492	1,387,364	603,298	5,046,154	285,072	1,218,823	564,730	2,068,625	7,114,779
Cash and Cash Equivalents, July 1	2,664,032	9,430,564	4,559,639	16,654,235	398,594	10,026,772	10,040,322	20,465,688	37,119,923
Cash and Cash Equivalents, June 30	\$ 5,719,524	\$ 10,817,928	\$ 5,162,937	\$ 21,700,389	\$ 683,666	\$ 11,245,595	\$ 10,605,052	\$ 22,534,313	\$ 44,234,702
<b>Operating Income (Loss)</b>	\$ 1,528,010	\$ 849,942	\$ 567,358	\$ 2,945,310	\$ 267,658	\$ 468,980	\$ (559,879)	\$ 176,959	\$ 3,122,269
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:									
Depreciation	1,582,710	-	25,314	1,608,024	122,524	-	60,165	182,689	1,790,713
Changes in Assets and Liabilities:									
(Increase) Decrease in Accounts Receivable	-	-	-	-	-	(1)	-	(1)	(1)
(Increase) Decrease in Due from Other Funds	-	897,147	-	897,147	-	897,147	-	897,147	1,794,294
Increase (Decrease) in Accounts Payable	(255,252)	11,998	7,012	(236,242)	(8,520)	11,999	5,698	9,177	(227,065)
Increase (Decrease) in Claims Payable	-	(75,450)	5,810	(69,640)	-	(75,451)	79,070	3,619	(66,021)
Increase (Decrease) in Accrued Salaries and Benefits	-	(181,533)	1,887	(179,646)	(3,940)	(188,570)	1,887	(190,623)	(370,269)
Increase (Decrease) in Compensated Absences	-	219,400	(510)	218,890	(10,646)	423,300	(510)	412,144	631,034
Increase (Decrease) in Interest Payable	7,313	-	-	7,313	(3,078)	-	-	(3,078)	4,235
Increase (Decrease) in Incurred But Unreported Clms	-	252,348	(107,650)	144,698	-	252,349	745,926	998,275	1,142,973
Increase (Decrease) in Due to County Government	-	-	(32,920)	(32,920)	-	-	(32,920)	(32,920)	(65,840)
Net Cash Provided (Used) by Operating Activities	\$ 2,862,781	\$ 1,973,852	\$ 466,301	\$ 5,302,934	\$ 364,198	\$ 1,789,753	\$ 299,437	\$ 2,453,388	\$ 7,756,322



The delightful "Kinderfest" fall festival for children and their families and friends, observed its 25th Anniversary in 2005 at R.M. Watkins Regional Park.

## **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

Schedule 10

Combining Statements of Net Assets  
Fiduciary Fund Types  
June 30, 2005

	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	Total Private Purpose Trust Funds	State Retirement	Montgomery	Total Agency Funds
<b>ASSETS</b>									
Equity in Pooled Cash and Investments	\$ -	\$ -	\$ -	\$ 1,564,828	\$ 3,126,013	\$ 4,690,841	\$ 2,606,885	\$ 725,364	\$ 3,332,249
Cash and Marketable Securities	558,413,102	128,795	558,541,897	-	-	-	-	-	-
Restricted Cash: Unspent Bond Proceeds	-	-	-	2,010,138	258,823	2,268,961	-	-	-
Collateral for Securities Lending	-	-	-	-	-	-	-	-	-
Transactions	67,665,261	-	67,665,261	-	-	-	-	-	-
Accounts Receivable	2,243,513	-	2,243,513	-	485,486	485,486	-	-	-
Deposits and Other	14,809	-	14,809	-	-	-	-	-	-
Land Held for Other Governments	-	-	-	30,572,478	17,837,342	48,409,820	-	-	-
Other	48,800	-	48,800	-	-	-	-	-	-
Total Assets	628,385,485	128,795	628,514,280	34,147,444	21,707,664	55,855,108	2,606,885	725,364	3,332,249
<b>LIABILITIES</b>									
Investment Payable	30,532,737	-	30,532,737	-	-	-	-	-	-
Accounts Payable	711,220	-	711,220	-	76	76	2,606,885	-	2,606,885
Obligation for Collateral Received under Securities Lending transactions	67,665,261	-	67,665,261	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Total Liabilities	98,909,218	-	98,909,218	-	76	76	2,606,885	725,364	725,364
<b>NET ASSETS</b>									
Assets Held in Trust for:									
Land Held for Transfer	-	-	-	30,572,478	17,837,342	48,409,820	-	-	-
Pension Benefits	529,476,267	-	529,476,267	-	-	-	-	-	-
Other Postemployment Benefits	-	128,795	128,795	-	-	-	-	-	-
Other Purposes	-	-	-	3,574,966	3,870,246	7,445,212	-	-	-
Total Net Assets	\$ 529,476,267	\$ 128,795	\$ 529,605,062	\$ 34,147,444	\$ 21,707,588	\$ 55,855,032	\$ -	\$ -	\$ -

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 11

Combining Statements of Changes in Net Assets  
Fiduciary Fund Types  
For the Year Ended June 30, 2005

	PENSION TRUST FUNDS			PRIVATE PURPOSE TRUST FUNDS		
	Employees' Retirement Fund	Post Employment Benefits Fund	Totals	Montgomery County	Prince George's County	Totals
<b>ADDITIONS:</b>						
Contributions:						
Employer	\$ 5,051,639	\$ -	\$ 5,051,639	\$ -	\$ -	\$ -
Plan Members	3,828,382	-	3,828,382	-	-	-
Private Donations	-	-	-	5,483	25,368	30,851
Total Contributions	8,880,021	-	8,880,021	5,483	25,368	30,851
Contributions from Commission Debt Service Funds	-	-	-	507,142	273,486	780,628
Gain on Sale of Land	-	-	-	977,565	-	977,565
Contribution from Commission - Bond Proceeds	-	-	-	2,000,000	-	2,000,000
Premiums on Bonds Issued	-	-	-	980	-	980
Investment Earnings:						
Interest	7,966,295	3,338	7,971,633	64,530	203,282	267,812
Dividends	2,685,383	83,951	2,749,334	-	-	-
Net increase in the Fair Value of Investments	27,026,416	23,196	27,049,612	-	(10,710)	(10,710)
Total Investment Earnings	37,660,094	110,485	37,770,579	64,530	192,572	257,102
Less Investment Advisory and Management Fees	(2,152,840)	(11,153)	(2,163,993)	-	-	-
Net Income from Investing Activities	35,507,254	99,332	35,606,586	64,530	192,572	257,102
Securities Lending Activity						
Securities Lending Income	1,463,663	-	1,463,663	-	-	-
Securities Lending Fees	(1,376,021)	-	(1,376,021)	-	-	-
Net Income from Securities Lending Activity	87,642	-	87,642	-	-	-
Total Net Investment Income	35,594,896	99,332	35,694,228	64,530	192,572	257,102
Total Additions	44,474,917	99,332	44,574,249	3,555,700	491,426	4,047,126
<b>DEDUCTIONS</b>						
Benefits	16,669,570	-	16,669,570	-	-	-
Refunds of Contributions	419,037	-	419,037	-	-	-
Administrative expenses	1,054,052	-	1,054,052	-	-	-
Reimbursement to Group Insurance Internal Service Fund	-	2,745,385	2,745,385	-	-	-
Contribution to Commission Debt Service Funds	-	-	-	26,872	3,466	30,338
Other	-	-	-	7,423	511,774	519,197
Total Deductions	18,142,659	2,745,385	20,888,044	34,295	515,240	549,535
Change in Net Assets	26,332,258	(2,646,053)	23,686,205	3,521,405	(23,814)	3,497,591
Net Assets - Beginning	503,144,009	2,774,848	505,918,857	30,626,039	21,731,402	52,357,441
Net Assets - Ending	\$ 529,476,267	\$ 128,795	\$ 529,605,062	\$ 34,147,444	\$ 21,707,588	\$ 55,855,032

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 12

Combining Statement of Changes in Assets and Liabilities  
Agency Funds

For the Year Ended June 30, 2005

	July 1, 2004	Additions	Deductions	June 30, 2005
<b>MARYLAND STATE RETIREMENT SYSTEM FUND</b>				
<b>ASSETS</b>				
Equity in Pooled Cash and Investments	\$ 2,701,058	\$ 163,946	\$ 258,119	\$ 2,606,885
Total Current Assets	\$ 2,701,058	\$ 163,946	\$ 258,119	\$ 2,606,885
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,701,058	\$ 163,946	\$ 258,119	\$ 2,606,885
Total Current Liabilities	\$ 2,701,058	\$ 163,946	\$ 258,119	\$ 2,606,885
<b>MONTGOMERY COUNTY FUND</b>				
<b>ASSETS</b>				
Equity in Pooled Cash and Investments	\$ 562,192	\$ 174,466	\$ 11,294	\$ 725,364
Total Current Assets	\$ 562,192	\$ 174,466	\$ 11,294	\$ 725,364
<b>LIABILITIES</b>				
Deposits	\$ 562,192	\$ 174,466	\$ 11,294	\$ 725,364
Total Current Liabilities	\$ 562,192	\$ 174,466	\$ 11,294	\$ 725,364
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Equity in Pooled Cash and Investments	\$ 3,263,250	\$ 338,412	\$ 269,413	\$ 3,332,249
Total Current Assets	\$ 3,263,250	\$ 338,412	\$ 269,413	\$ 3,332,249
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,701,058	\$ 163,946	\$ 258,119	\$ 2,606,885
Deposits	\$ 562,192	\$ 174,466	\$ 11,294	\$ 725,364
Total Current Liabilities	\$ 3,263,250	\$ 338,412	\$ 269,413	\$ 3,332,249

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◆ PART III ◆  
STATISTICAL SECTION

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Brookside Gardens provides easy access for all to enjoy horticultural splendor throughout the 50-acre formal gardens.

**THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION**

TABLE T-1

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

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities:</b>				
Invested in Capital Assets, net of related debt	\$ 282,595,478	\$ 305,800,251	\$ 364,642,396	\$ 370,469,274
Unrestricted	<u>82,792,312</u>	<u>86,192,777</u>	<u>91,953,723</u>	<u>126,681,153</u>
Subtotal Governmental Activities Net Assets	<u>365,387,790</u>	<u>391,993,028</u>	<u>456,596,119</u>	<u>497,150,427</u>
<b>Business-type Activities:</b>				
Invested in Capital Assets, net of related debt	82,267,248	80,397,496	85,843,860	83,421,966
Restricted for Debt Service	583,266	589,848	-	-
Unrestricted	<u>3,772,189</u>	<u>1,910,929</u>	<u>2,238,739</u>	<u>2,334,180</u>
Subtotal Business-type Activities Net Assets	<u>86,622,703</u>	<u>82,898,273</u>	<u>88,082,599</u>	<u>85,756,146</u>
<b>Primary Government:</b>				
Invested in Capital Assets, net of related debt	364,862,726	386,197,747	450,486,256	453,891,240
Restricted for Debt Service	583,266	589,848	-	-
Unrestricted	<u>86,564,501</u>	<u>88,103,706</u>	<u>94,192,462</u>	<u>129,015,333</u>
Total Government Net Assets	<u>\$ 452,010,493</u>	<u>\$ 474,891,301</u>	<u>\$ 544,678,718</u>	<u>\$ 582,906,573</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 four 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 Four Fiscal Years (1)

	Fiscal Year			
	2002	2003	2004	2005
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$ 11,614,891	\$ 12,678,079	\$ 12,497,931	\$ 13,365,605
County Planning and Zoning	29,739,984	29,119,749	29,792,531	31,089,512
Park Operations and Maintenance	102,355,291	104,484,551	112,777,571	117,420,745
Recreation Programs	37,992,630	38,057,899	39,174,875	42,175,861
Interest on Long-term Debt	8,460,869	6,994,245	5,483,168	6,396,948
Subtotal Governmental Activities	<u>190,163,665</u>	<u>191,334,523</u>	<u>199,726,076</u>	<u>210,448,671</u>
<b>Business-type Activities:</b>				
Recreational and Cultural Facilities	<u>28,203,070</u>	<u>28,243,046</u>	<u>30,033,511</u>	<u>31,635,252</u>
Total Government Expenses	<u>218,366,735</u>	<u>219,577,569</u>	<u>229,759,587</u>	<u>242,083,923</u>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
County Planning and Zoning	2,771,580	3,058,135	4,392,957	4,537,266
Park Operations and Maintenance	31,666,712	26,321,407	20,104,060	23,359,117
Recreation Programs	10,330,965	9,410,542	11,550,937	11,921,917
Subtotal Governmental Activities	<u>44,769,257</u>	<u>38,790,084</u>	<u>36,047,954</u>	<u>39,818,300</u>
<b>Business-type Activities:</b>				
Recreational and Cultural Facilities	<u>22,420,258</u>	<u>19,757,618</u>	<u>25,901,631</u>	<u>23,321,731</u>
Total Government Program Revenues	<u>67,189,515</u>	<u>58,547,702</u>	<u>61,949,585</u>	<u>63,140,031</u>
Net Government Expenses	<u>(151,177,220)</u>	<u>(161,029,867)</u>	<u>(167,810,002)</u>	<u>(178,943,892)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities	166,516,795	179,149,677	196,451,625	211,184,679
Business-type Activities	8,383,624	4,760,998	9,316,206	5,987,068
Total Primary Government	<u>174,900,419</u>	<u>183,910,675</u>	<u>205,767,831</u>	<u>217,171,747</u>
<b>Change in Net Assets</b>				
Governmental Activities	21,122,387	26,605,238	32,773,503	40,554,308
Business-type Activities	2,600,812	(3,724,430)	5,184,326	(2,326,453)
Total Primary Government	<u>\$ 23,723,199</u>	<u>\$ 22,880,808</u>	<u>\$ 37,957,829</u>	<u>\$ 38,227,855</u>

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

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

**THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION**

TABLE T-3

Government Wide Revenues  
Entity-wide Basis  
Last Four Fiscal Years (1)

	Fiscal Year			
	2002	2003	2004	2005
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
County Planning and Zoning				
Charges for services	\$ 2,004,103	\$ 2,206,015	\$ 3,743,951	\$ 3,523,763
Operating grants and contributions	767,477	852,120	649,006	1,013,503
Total County Planning and Zoning	<u>2,771,580</u>	<u>3,058,135</u>	<u>4,392,957</u>	<u>4,537,266</u>
Park Operations and Maintenance				
Charges for services	5,029,035	4,689,195	5,294,071	6,544,420
Operating grants and contributions	570,005	762,869	705,213	645,795
Capital grants and contributions	26,067,672	20,869,343	14,104,776	16,168,902
Total Park Operations and Maintenance	<u>31,666,712</u>	<u>26,321,407</u>	<u>20,104,060</u>	<u>23,359,117</u>
Recreation Programs				
Charges for services	9,989,550	9,083,148	11,239,721	11,641,554
Operating grants and contributions	341,415	327,394	311,216	280,363
Total Recreation Programs	<u>10,330,965</u>	<u>9,410,542</u>	<u>11,550,937</u>	<u>11,921,917</u>
Total Governmental Activities	<u>44,769,257</u>	<u>38,790,084</u>	<u>36,047,954</u>	<u>39,818,300</u>
<b>Business-type Activities:</b>				
Recreational and Cultural Facilities				
Charges for services	22,420,258	19,757,618	22,046,268	23,321,731
Operating grants and contributions	-	-	26,000	-
Capital grants and contributions	-	-	3,829,363	-
Total Recreational and Cultural Facilities	<u>22,420,258</u>	<u>19,757,618</u>	<u>25,901,631</u>	<u>23,321,731</u>
Total Government Program Revenues	<u>\$ 67,189,515</u>	<u>\$ 58,547,702</u>	<u>\$ 61,949,585</u>	<u>\$ 63,140,031</u>
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental Activities</b>				
Property Taxes	\$ 174,735,630	\$ 181,859,997	\$ 204,217,877	\$ 213,178,802
Unrestricted Investment Earnings	3,073,142	1,931,787	1,418,407	3,908,309
Gain/Loss on Disposal of Land	(3,170,165)	(4,920)	35,676	-
Transfers	(8,121,812)	(4,637,187)	(9,220,335)	(5,902,432)
Total Governmental Activities	<u>166,516,795</u>	<u>179,149,677</u>	<u>196,451,625</u>	<u>211,184,679</u>
<b>Business-type Activities</b>				
Unrestricted Investment Earnings	261,812	123,811	95,871	84,636
Transfers	8,121,812	4,637,187	9,220,335	5,902,432
Total Business-type Activities	<u>8,383,624</u>	<u>4,760,998</u>	<u>9,316,206</u>	<u>5,987,068</u>
Total Primary Government	<u>\$ 174,900,419</u>	<u>\$ 183,910,675</u>	<u>\$ 205,767,831</u>	<u>\$ 217,171,747</u>

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-4

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
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
2004	6,090,356	14,733,375	52,269,434	13,869,999	10,793,002	4,222,035	101,978,201
2005	6,438,906	15,391,658	56,333,836	14,343,507	12,547,341	4,090,080	109,145,328

PRINCE GEORGE'S COUNTY

Fiscal Year	General Government	Planning And Zoning	Park Operations	Recreation	Acquisition And Development	Debt Service	Total
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
2004	7,007,261	16,188,138	51,729,392	53,518,151	22,758,615	13,003,854	164,205,411
2005	7,375,390	16,632,744	53,504,491	57,320,907	10,664,819	13,200,809	158,699,160

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-5

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
1996	\$ 53,880,270	\$ 5,424,794	\$ 7,614,645	\$ 1,527,593	\$ 3,969,092	\$ 72,416,394	\$ 8,700,000 (1)
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 (3)
2004	68,994,512	9,799,174	12,332,803	251,642	6,255,581	97,633,712	-
2005	74,363,380	9,707,853	12,331,871	581,010	7,652,477	104,636,591	6,000,000

PRINCE GEORGE'S COUNTY

Fiscal Year	Property Taxes	Inter-Governmental	Charges for Services	Interest Earnings	Other	Total	General Obligation Bonds Sold
1996	\$ 94,857,674	\$ 1,933,128	\$ 6,731,893	\$ 3,653,354	\$ 5,189,727	\$ 112,365,776	\$ 30,025,000 (1)
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 (2)
1999	101,308,740	10,368,201	7,496,543	5,208,609	7,158,655	131,540,748	21,000,000 (1)
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 (4)
2004	130,183,574	4,509,069	13,424,293	884,555	10,461,290	159,462,781	37,525,000 (3)
2005	141,684,249	3,767,343	12,888,118	2,500,193	12,753,876	173,593,779	-

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

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-6

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
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
2004	68,788,496	68,447,863	100	546,649	68,994,512	100
2005	74,428,353	74,232,900	100	130,480	74,363,380	100

PRINCE GEORGES 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
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
2004	132,837,385	128,734,271	97	1,449,303	130,183,574	98
2005	141,452,179	140,621,685	99	1,062,564	141,684,249	100

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

**THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION**

TABLE T-7

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		
1996	\$ 26,057,529	\$ 66,677,402	\$ 70,194,878	42.13
1997	26,603,652	68,284,529	72,073,752	42.17
1998	27,274,641	69,295,328	72,949,779	42.40
1999	27,906,080	71,480,738	75,239,284	42.09
2000	28,674,554	74,907,403	78,786,706	41.32
2001	29,649,013	79,021,889	83,099,737	40.59
2002	77,574,948	84,229,042	88,430,386	92.48
2003	82,407,338	93,432,356	97,660,210	88.71
2004	89,263,005	98,091,215	102,055,016	91.35
2005	98,281,725	105,339,469	109,242,081	93.54

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		
1996	\$ 14,188,944	\$ 35,404,010	\$ 37,894,021	44.01
1997	14,319,088	35,827,507	38,499,841	44.13
1998	14,393,723	36,104,232	38,869,650	44.15
1999	14,630,433	36,423,659	39,319,204	44.57
2000	14,869,426	37,244,023	40,266,365	44.43
2001	15,173,826	38,267,541	41,276,619	44.05
2002	39,091,456	39,326,338	42,425,661	99.45
2003	40,794,370	42,546,271	45,584,034	96.16
2004	43,066,688	45,195,233	48,151,344	95.58
2005	46,612,629	49,379,361	52,207,746	94.70

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.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-8

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

M-NCPPC TAXES

MONTGOMERY COUNTY

Fiscal Year	Administration		Park Operations	Advance Land Acquisition	Total		County-wide Property Taxes	
	Administration	Park Operations			Within County	Total		
1996	\$ 0.0610	\$ 0.1460	\$ 0.0040	\$ 0.2110	\$ 2.3180	\$ 2.5290		
1997	0.0630	0.1540	0.0040	0.2210	2.3170	2.5380		
1998	0.0610	0.1530	0.0040	0.2180	2.3150	2.5330		
1999	0.0610	0.1530	0.0040	0.2180	2.2880	2.5060		
2000	0.0620	0.1540	0.0030	0.2190	2.2550	2.4740		
2001	0.0600	0.1600	0.0030	0.2230	2.2500	2.4730		
2002	(1) 0.024/0.059	0.0660/0.1650	0.0010/0.0020	0.0910/0.2260	0.900/2.250	0.991/2.476		
2003	0.023/0.058	0.0630/0.1580	0.0010/0.0030	0.0870/0.2190	0.909/2.273	0.996/2.492		
2004	0.021/0.053	0.0590/0.1480	0.0010/0.0030	0.0810/0.2040	0.913/2.283	0.994/2.487		
2005	0.020/0.050	0.0590/0.1480	0.0010/0.0030	0.0800/0.2010	0.901/2.253	0.981/2.454		

PRINCE GEORGE'S COUNTY

Fiscal Year	Administration		Park Operations	Recreation	Advance Land Acquisition	Total		County-wide Property Taxes	
	Administration	Park Operations				Within County	Total		
1996	\$ 0.1103	\$ 0.3587	\$ 0.1348	\$ 0.0062	\$ 0.6100	\$ 3.3730			
1997	0.1103	0.3534	0.1401	0.0062	0.6100	3.3460			
1998	0.1103	0.3534	0.1401	0.0062	0.6100	3.3510			
1999	0.1103	0.3534	0.1401	0.0062	0.6100	3.3460			
2000	0.1123	0.3534	0.1381	0.0062	0.6100	3.3440			
2001	0.1153	0.3534	0.1381	0.0032	0.6100	3.3430			
2002	(1) 0.0466/0.1165	0.1420/0.3550	0.0541/0.1353	0.0013/0.0032	0.2440/0.6100	1.3346/3.3377			
2003	0.0466/0.1165	0.1420/0.3550	0.0541/0.1353	0.0013/0.0032	0.2440/0.6100	1.3341/3.3353			
2004	0.0466/0.1165	0.1770/0.4425	0.0541/0.1353	0.0013/0.0032	0.2790/0.6975	1.4174/3.5450			
2005	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	1.4146/3.5365			

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-9

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>
1996	814,100	\$ 25,640,317	26,970	0.11 %	33.13
1997	827,200	26,459,376	25,185	0.10	30.45
1998	841,500	27,052,214	23,585	0.09	28.03
1999	855,000	27,701,359	28,985	0.10	33.90
2000	873,341	28,408,647	27,125	0.10	31.06
2001	886,000	29,324,926	30,920	0.11	34.90
2002 (3)	903,000	71,060,080	28,700	0.04	31.78
2003	918,000	75,030,387	32,125	0.04	34.99
2004	931,000	80,589,255	29,830	0.04	32.04
2005	942,000	88,294,369	31,760	0.04	33.72

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>
1996	765,681	\$ 14,978,000	78,460	0.52 %	102.47
1997	774,007	15,385,000	107,095	0.70	138.36
1998	780,666	15,839,475	122,815	0.78	157.32
1999	789,037	16,274,756	117,980	0.72	149.52
2000	795,048	16,634,701	112,635	0.68	141.67
2001	803,649	16,873,735	107,280	0.64	133.49
2002 (3)	818,119	39,068,577	119,620	0.31	146.21
2003	829,372	40,706,364	113,655	0.28	137.04
2004	838,716	42,782,719	121,965	0.29	145.42
2005	842,967	45,981,392	113,480	0.25	134.62

- 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 is from Montgomery County and Prince George's County Governments. Population estimates are from the U.S. Bureau of the Census, Population Estimates

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-10

Computation of Legal Debt Margin  
Park Acquisition and Development Bonds  
As of June 30, 2005

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, 2005 .....	\$ 85,115,950,105	\$ 3,178,419,240	\$ 88,294,369,345
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 .....	30,641,742	2,860,577	33,502,319
Legal Debt Margin -			
Revenue available from mandatory park tax over next thirty years .....	\$ 919,252,260	\$ 85,817,310	1,005,069,570
Debt service over next thirty years on \$31,760,000 bonds and notes issued and outstanding at June 30, 2005 .....			42,224,115
Amount of tax available for debt service on future bonds .....			\$ 962,845,455

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

Assessed Valuation - Metropolitan District for fiscal year ending June 30, 2005 .....	\$ 43,332,058,449	\$ 2,649,333,133	\$ 45,981,391,582
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 .....	17,332,823	2,649,333	19,982,156
Legal Debt Margin -			
Revenue available from mandatory park tax over next thirty years .....	\$ 519,984,690	\$ 79,479,990	599,464,680
Debt service over next thirty years on \$113,480,000 bonds and notes issued and outstanding at June 30, 2005 .....			146,418,484
Amount of tax available for debt service on future bonds .....			\$ 453,046,196

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-11

Computation of Direct and Overlapping Debt

June 30, 2005

	<u>Montgomery County</u>	<u>Prince George's County</u>	<u>Total Debt Outstanding</u>
Direct Debt Outstanding	\$ 51,344,940	\$ 117,019,200	\$ 168,364,140
Overlapping Debt			
Montgomery County Debt	1,479,061,439 (1)	-	1,479,061,439
Prince George's County Debt	-	856,661,850 (1)	856,661,850
Washington Suburban Sanitary Commission Debt	1,008,216,728	445,908,583	1,454,125,311
Montgomery County Revenue Authority Debt	68,780,082	-	68,780,082
Prince George's County Industrial Authority Lease Revenue Bonds	-	58,470,883	58,470,883
Montgomery County Housing Opportunities Commission	<u>649,747,536</u>	<u>-</u>	<u>649,747,536</u>
Total Overlapping Debt	<u>3,205,805,785</u>	<u>1,361,041,316</u>	<u>4,566,847,101</u>
Total Direct and Overlapping Debt	<u>3,257,150,725</u>	<u>1,478,060,516</u>	<u>4,735,211,241</u>
Less Self-Supporting Debt			
M-NCPPC - Revenue Bonds	5,047,082	-	5,047,082
M-NCPPC - Revenue Notes	3,777,780	-	3,777,780
Montgomery County Debt	62,655,000	-	62,655,000
Prince George's County Debt	-	237,834,305	237,834,305
Washington Suburban Sanitary Commission Debt	1,008,216,728	445,908,583	1,454,125,311
Montgomery County Revenue Authority Debt	68,780,082	-	68,780,082
Prince George's County Industrial Authority Lease Revenue Bonds	-	4,445,000	4,445,000
Montgomery County Housing Opportunities Commission	<u>649,747,536</u>	<u>-</u>	<u>649,747,536</u>
Total Self-Supporting Debt	<u>1,798,224,208</u>	<u>688,187,888</u>	<u>2,486,412,096</u>
Net Direct and Overlapping Debt	<u>\$ 1,458,926,517</u>	<u>\$ 789,872,628</u>	<u>\$ 2,248,799,145</u>

Note: (1) Overlapping debt does not include the debt of towns, cities and villages aggregating \$70,911,502 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-12

Demographic Statistics  
Last Ten Fiscal Years

MONTGOMERY COUNTY

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Labor Force</u>	<u>Unemployment Rate (3)</u>	<u>Registered Pupils</u>
1996	814,100	\$ 39,525	468,606	2.6 %	120,291
1997	827,200	40,001	466,600	2.6	122,505
1998	841,500	43,165	472,944	2.3	125,035
1999	855,000	45,283	478,946	1.8	127,852
2000	873,341	49,647	487,251	1.9	130,689
2001	886,000	50,986	489,015	2.3	134,180
2002	903,000	51,699	495,062	2.6	136,832
2003	918,000	52,854	501,389	2.7	138,891
2004	931,000	55,200	497,217	2.4	139,203
2005	942,000	57,400	507,020	3.4	140,902

PRINCE GEORGE'S COUNTY

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Labor Force</u>	<u>Unemployment Rate (3)</u>	<u>Registered Pupils</u>
1996	765,681	\$ 24,161	459,235	5.1 %	119,951
1997	774,007	25,214	454,875	5.6	122,831
1998	780,666	26,274	443,686	4.8	125,637
1999	789,037	27,033	447,650	3.8	129,793
2000	795,048	28,865	452,067	4.3	128,501
2001	803,649	29,873	458,077	4.0	130,713
2002	818,119	31,068	471,602	5.1	131,737
2003	829,372	31,936	475,007	5.2	132,899
2004	838,716	30,608	453,742	4.8	132,840
2005	842,967	n.a.	454,454	4.8	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 2004 and 2005 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-13

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
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
2004	2,715,000	1,358,913	4,073,913	101,978,201	3.99
2005	2,485,000	1,510,044	3,995,044	109,145,328	3.66

PRINCE GEORGE'S COUNTY

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
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 (2)	4,998,267	33,703,267	167,760,457	20.09 (2)
2004	8,040,000	4,586,601	12,626,601	164,205,411	7.69
2005	8,805,000	4,302,528	13,107,528	158,699,160	8.26

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-14

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
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	13,531	93,432
2004	15,141	892	559	n.a.	98,091
2005	n.a.	n.a.	n.a.	n.a.	105,339

PRINCE GEORGE'S COUNTY

Calendar Year	Residential Building Permits Issued (2)	Residential Construction Value (2 & 3)	Commercial Construction Value (2 & 3)	Bank Deposits	Total Estimated Real Property Value
1996	3,041	\$ 264	\$ 256	\$ 3,929	\$ 35,404
1997	2,788	284	161	3,854	35,828
1998	3,635	355	252	3,873	36,104
1999	2,060	222	176	4,260	36,424
2000	3,885	413	279	4,250	37,244
2001	5,174	490	331	4,442	38,268
2002	3,007	360	185	4,738	39,326
2003	2,716	450	269	5,111	42,546
2004	n.a.	n.a.	n.a.	n.a.	45,195
2005	n.a.	n.a.	n.a.	n.a.	55,771

- Notes:
- (1) Estimated market value of new construction added to the real property tax base.
  - (2) Prince George's County, Department of Environmental Resources, excludes City of Laurel, who have their own issuance permits.
  - (3) 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-15

Principal Taxpayers

June 30, 2005

MONTGOMERY COUNTY

<u>Taxpayer</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessed Valuation</u>
Potomac Electric Power Company	\$ 729,757,190	0.71 %
Verizon/Bell Atlantic	624,939,880	0.61
Montgomery Mall	227,088,280	0.22
Washington Gas Light Company	222,288,330	0.22
Mirant Mid-Atlantic LLC	215,907,220	0.21
Bryant F. Foulger, Trustee	161,269,999	0.16
7501 Wisconsin Ave. LLC	155,000,000	0.15
Camalier, Anne D et al, Trustee	141,546,032	0.14
Democracy Associates	137,200,000	0.13
Bethesda ARC LLC	130,405,710	0.13
Total	<u>\$ 2,745,402,641</u>	<u>2.69 %</u>
Total Assessable Base	<u>\$ 102,184,336,833</u>	<u>100.00 %</u>

PRINCE GEORGE'S COUNTY

<u>Taxpayer</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessed Valuation</u>
Mirant Chalk Point LLC	\$ 436,176,180	0.88 %
Verizon Maryland	393,900,710	0.80
Washington Gas Light Company	188,515,540	0.38
JKC Stadium (FedEx Field)	188,312,360	0.38
Baltimore Gas and Electric Company	111,499,760	0.23
Summerfield Housing LTD Partnership	99,274,000	0.20
Safeway Stores, Inc.	88,615,932	0.18
Greenbelt Homes, Inc.	83,958,310	0.17
Samuel Zell Trs	72,988,615	0.15
Mirant Peaker LLC	65,432,520	0.13
Total	<u>\$ 1,728,673,927</u>	<u>3.50 %</u>
Total Assessable Base	<u>\$ 49,441,014,340</u>	<u>100.00 %</u>

Note: Breakdown of real vs. other property tax is not available from Prince George's County

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-16

SCHEDULE OF INSURANCE IN FORCE  
AS OF JUNE 30, 2005

TYPE OF COVERAGE AND NAME OF COMPANY	POLICY/BOND NUMBER	POLICY/BOND FROM	PERIOD 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; accident \$500,000 disease	
o Comprehensive General and Auto Liability					
o Public Official Liability	N/A		07/01/78		
o Police Professional Liability					
o Automobile Physical Damage					
o Excess Liability Commonwealth Ins. Co.	CEC-10007	10/15/03	10/15/04	\$5 Million excess over \$3 Million	\$ 32,010
Insured in Conjunction with Montgomery County Self Insurance Fund:					
o Exhibition Floater Travelers Indemnity Co.	TJCM225T952693	07/01/05	07/01/06	\$250,000 all risk on display \$20,000, (blanket aggregate); \$10,000 any one item, \$250 deductible; \$25,000 any one conveyance	\$ 490
				Actual cash value, broad form coverage per scheduled listing with \$5,000 S.I.R. per occurrence	
o All Risk Real and Personal Property	LP 396	07/01/05	07/01/06	\$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.	\$ 182,560
o Boiler and Machinery FM Global				Actual cash value, broad form coverage per scheduled listing.	
Insurance purchased directly by the Commission:					
o Airport Liability including Products, Hangar Keeper's and Nonowned Aircraft Ace USA Property and Casualty Insurance Company	N00974870001	01/18/05	01/18/06	\$10,000,000 per occurrence; \$10,000,000 per completed operations \$10,000,000 Personal & Advertising Injury Aggregate Limit; \$5,000,000 Hangarskeepers' each loss limit \$5,000,000 Hangarskeepers' each aircraft limit	\$ 18,500
o Public Employees Blanket Bond Old Republic Surety Fidelity Bond	EPE/EPX-1139338	07/01/05	07/01/08	\$100,000	\$ 14,730
o Public Official Bond (Secretary-Treasurer) Fidelity and Deposit Company	0596 14 77B	07/01/05	07/01/08	\$500,000	\$ 5,400
o Public Official Bond (Executive Director)	3066 59 36	08/14/04	08/14/05	\$50,000	\$ 441
o Depositors Forgery Bond Fidelity and Deposit Company	CCP 0001730 03	07/01/05	07/01/08	\$50,000	\$ 1,325
o CSLP Baysox Club, LLC (Bowie Stadium) Gulf Insurance Group	CLP0461880 BA5737062	04/01/05	04/01/06	\$500,000 Building Contents \$7,075,000 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	\$ 39,484
o College Park Aviation Museum CGU Commercial Lines Policy	CPR651437	11/05/04	11/05/05	\$300,000 Berliner Helicopter \$310,000 1917 Curtis Jenny Plane	\$ 5,351
					\$ <u>300,291</u>

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, 2005

Recreational Facilities

MONTGOMERY COUNTY

	Conference Centers	Golf Courses	Ice Rinks	Indoor Tennis	Park Facilities	Totals
Operating Revenues	\$ 387,315	\$ 6,204,773	\$ 4,290,644	\$ 1,139,548	\$ 2,406,878	\$ 14,429,158
Operating Expenses Before Depreciation	471,100	6,111,925	3,824,337	751,887	1,534,441	12,693,690
Operating Income (Loss) Before Depreciation	(83,785)	92,848	466,307	387,661	872,437	1,735,468
Depreciation	30,766	723,083	728,939	50,083	116,946	1,649,817
Operating Income (Loss)	(114,551)	(630,235)	(262,632)	337,578	755,491	85,651
Nonoperating Revenues (Expenses)	-	(96,730)	(292,221)	30,093	13,461	(345,397)
Transfers In (Out)	80,518	45,185	26,568	4,519	4,519	161,309
Net Income (Loss)	\$ (34,033)	\$ (681,780)	\$ (528,285)	\$ 372,190	\$ 773,471	\$ (98,437)

PRINCE GEORGES 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	\$ 201,311	\$ 1,460,994	\$ 2,401,909	\$ 586,653	\$ 298,705	\$ 1,210,524	\$ 2,695,025	\$ 37,452	\$ 8,892,573
Operating Expenses Before Depreciation	284,041	3,059,261	2,774,426	1,013,316	255,823	1,266,455	5,747,359	279,274	14,679,955
Operating Income (Loss) Before Depreciation	(82,730)	(1,598,267)	(372,517)	(426,663)	42,882	(55,931)	(3,052,334)	(241,822)	(5,787,382)
Depreciation	114,464	546,010	108,298	89,418	83,151	11,674	1,215,385	53,239	2,221,639
Operating Income (Loss)	(197,194)	(2,144,277)	(480,815)	(516,081)	(40,269)	(67,605)	(4,267,719)	(295,061)	(8,009,021)
Nonoperating Revenues (Expenses)	-	-	-	-	5,431	-	18,371	16,080	39,882
Transfers In (Out)	293,600	1,686,181	68,636	353,212	28,812	52,700	2,937,582	320,400	5,741,123
Net Income (Loss)	\$ 96,406	\$ (458,096)	\$ (412,179)	\$ (162,869)	\$ (6,026)	\$ (14,905)	\$ (1,311,766)	\$ 41,419	\$ (2,228,016)

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

## **ACKNOWLEDGMENTS**

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

Alfred F. Warfield  
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and

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## **Photo Index**

### **Cover:**

The ShowPlace Arena, located on the property of the Prince George's Equestrian Center in Upper Marlboro, is a Victorian-styled multi-purpose sports, entertainment, tradeshow, equestrian and convention facility - with a flexible design that allows for a wide variety of events. The facility boasts over 35,000 square feet of exhibit space, seating for up to 5,800, and a variety of banquet and meeting rooms.

Major events hosted by the ShowPlace Arena each year have included: the Capital Challenge and Washington International Horse Shows, the Bill Pickett Rodeo, the Moscow State Circus, and the ever-popular American Rare Breed Association Dog Show.

### **Page 9:**

The Prince George's Equestrian Center hosts the annual County Fair, complete with old-fashioned carnival games and rides...Oakley Cabin, Montgomery County's premier African American historic site, provides a backdrop for special events throughout the year...A temporary inline skating course finds a home in Montgomery County parks...The Commission provides safe, accessible playgrounds and play opportunities for children at a large number of locations, including R.M. Watkins Regional Park... International soccer groups find the SoccerPlex in South Germantown Recreational Park the best place to play..."Senior Fitness Day" participants join in a session of Tai Chi...Park Police mounted units patrol Montgomery County's parks...The annual Festival Hispano at Lane Manor Park attracts thousands of participants with colorful entertainment, exciting cultural exhibits, fun-filled children's activities, and delicious ethnic cuisine.

### **Photo Credits:**

Steve Abramowitz (Prince George's County): Cover and pages 9, 20, 96, and 104.  
Francine Bethea (Montgomery County): Pages 1, 9, 92, 100, and 108.

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The Maryland-National Capital  
Park and Planning Commission



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