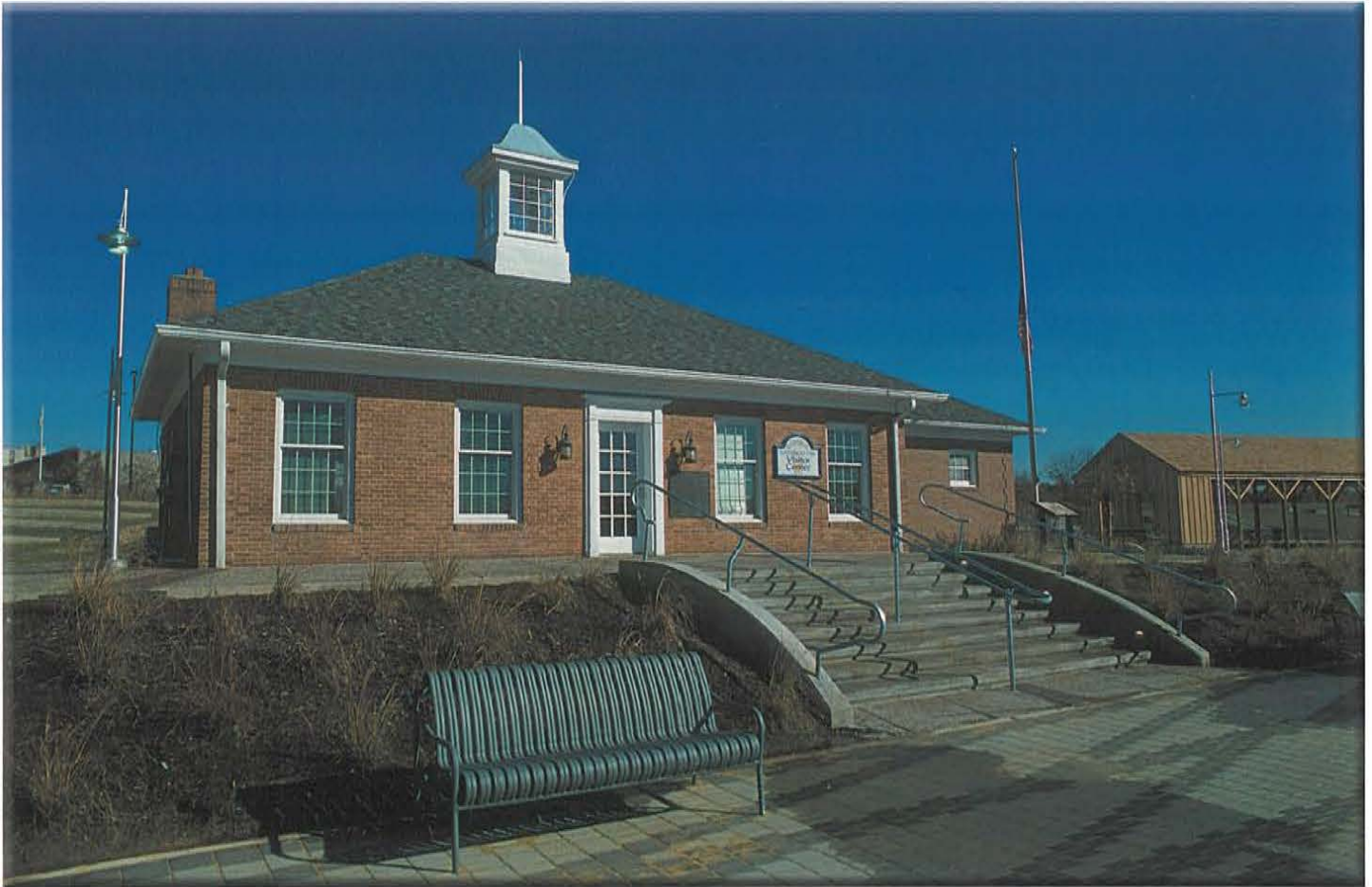


# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND ANNUAL REPORT  
of  
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION  
For the Fiscal Year Ended June 30, 2003**

**Commissioners**

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

**Officers**

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

**Department Directors**

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

***Prepared by the Department of Finance***

Patricia Colihan Barney, Secretary-Treasurer

***Finance Managers***

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

## TABLE OF CONTENTS

### Page

List of Officials

Title Page

### **PART I - INTRODUCTORY SECTION**

|  |    |
|--|----|
| Letter of Transmittal                        | 2  |
| Certificate of Achievement                   | 6  |
| Commission Background and Organization Chart | 7  |
| Program Highlights                           | 10 |

### **PART II - FINANCIAL SECTION**

|                              |    |
|------------------------------|----|
| Independent Auditors' Report | 21 |
|------------------------------|----|

#### **A. MANAGEMENT'S DISCUSSION AND ANALYSIS** 24

#### **B. BASIC FINANCIAL STATEMENTS**

|                 |  |    |
|-----------------|--|----|
| <u>Exhibits</u> | <b><u>Government-Wide Financial Statements</u></b> |    |
| 1               | Statement of Net Assets                            | 39 |
| 2               | Statement of Activities                            | 40 |

#### **Fund Financial Statements**

|    |   |    |
|----|---|----|
|    | Governmental Funds Financial Statements   |    |
| 3  | Balance Sheet   | 41 |
| 4  | Statement of Revenues, Expenditures and Changes in Fund Balances  | 42 |
| 5  | Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 43 |
| 6  | Statement of Revenues, Expenditures/Encumbrances and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund | 44 |
|    | Proprietary Funds Financial Statements  |    |
| 7  | Statement of Net Assets   | 45 |
| 8  | Statement of Revenues, Expenses and Changes in Fund Net Assets  | 46 |
| 9  | Statement of Cash Flows   | 47 |
|    | Fiduciary Funds Financial Statements  |    |
| 10 | Statement of Net Assets   | 48 |
| 11 | Statement of Changes in Net Assets  | 49 |

|                               |    |
|-------------------------------|----|
| Notes to Financial Statements | 52 |
|-------------------------------|----|

#### **C. REQUIRED SUPPLEMENTARY INFORMATION FOR DEFINED BENEFIT PENSION PLAN**

|                                      |    |
|--------------------------------------|----|
| Schedule of Funding Progress         | 87 |
| Schedule of Commission Contributions | 87 |

**PART II - FINANCIAL SECTION**, continued**D. COMBINING STATEMENTS AND SCHEDULES**Schedules

|    |  |     |
|----|--|-----|
|    | <u>Nonmajor Governmental Funds</u>   |     |
| 1  | Combining Balance Sheet  | 89  |
| 2  | Combining Statement of Revenues, Expenditures and Changes in Fund Balances   | 90  |
| 2a | Combining Statement of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – Special Revenue Funds | 91  |
|    | <u>Enterprise Funds</u>  |     |
| 3  | Schedule of Net Assets   | 93  |
| 4  | Schedule of Revenues, Expenses and Changes in Fund Net Assets  | 94  |
| 5  | Schedule of Cash Flows   | 95  |
|    | <u>Internal Service Funds</u>  |     |
| 6  | Combining Statement of Net Assets  | 97  |
| 7  | Combining Statement of Revenues, Expenses and Changes in Fund Net Assets   | 98  |
| 8  | Combining Statement of Cash Flows  | 99  |
|    | <u>Fiduciary Funds</u>   |     |
| 9  | Combining Statement of Net Assets  | 101 |
| 10 | Combining Statement of Changes in Net Assets   | 102 |

**PART III - STATISTICAL SECTION**Tables

|      |   |     |
|------|---|-----|
| T-1  | Net Assets by Category Entity-wide Basis - Last Two Fiscal Years  | 105 |
| T-2  | Change in Net Assets Entity-wide - Last Two Fiscal Years  | 106 |
| T-3  | General Governmental Expenditures by Function - Last Ten Fiscal Years   | 107 |
| T-4  | General Revenues by Source - Last Ten Fiscal Years  | 108 |
| T-5  | Property Tax Levies and Collections - Last Ten Fiscal Years   | 109 |
| T-6  | Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years   | 110 |
| T-7  | Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years   | 111 |
| T-8  | Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita - Last Ten Fiscal Years   | 112 |
| T-9  | Computation of Legal Debt Margin  | 113 |
| T-10 | Computation of Direct and Overlapping Debt  | 114 |
| T-11 | Demographic Statistics - Last Ten Fiscal Years  | 115 |
| T-12 | Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Expenditures - Last Ten Fiscal Years  | 116 |
| T-13 | Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years   | 117 |
| T-14 | Principal Taxpayers   | 118 |
| T-15 | Schedule of Insurance in Force  | 119 |
| T-16 | Supplemental Enterprise Information   | 120 |
|      | Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 121 |
|      | Acknowledgments   | 123 |
|      | Photo Index   | 124 |



---

♦ PART I ♦

INTRODUCTORY SECTION

---



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



# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 2073

September 26, 2003

## Commissioners:

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

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

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

State statutes require an annual audit by independent certified public accountants. The Commission selected the accounting firm of KPMG LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission for the fiscal year ended June 30, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Commission's financial statements for the fiscal year ended June 30, 2003 are fairly presented in conformance with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this Report.

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



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

### **The Commission**

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

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

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

### **Factors Affecting Financial Condition**

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

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

### **Major Initiatives**

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

### **Cash Management**

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

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

### **Risk Management**

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

### **Pension and Other Post Employment Benefits**

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

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

### **Other Information**

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

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

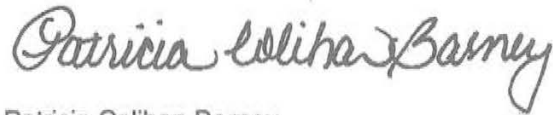
In addition, the Commission also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for fiscal year 2003. The Commission has received this award continuously since fiscal year 1987. In order to qualify for the Distinguished Budget Presentation Award, the Commission's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



### Acknowledgments

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

Respectfully submitted,

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

Patricia Colihan Barney  
Secretary-Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## The Maryland-National Capital Park and Planning Commission

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

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



President

Executive Director

## **Commission Background and Organization**

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

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

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

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

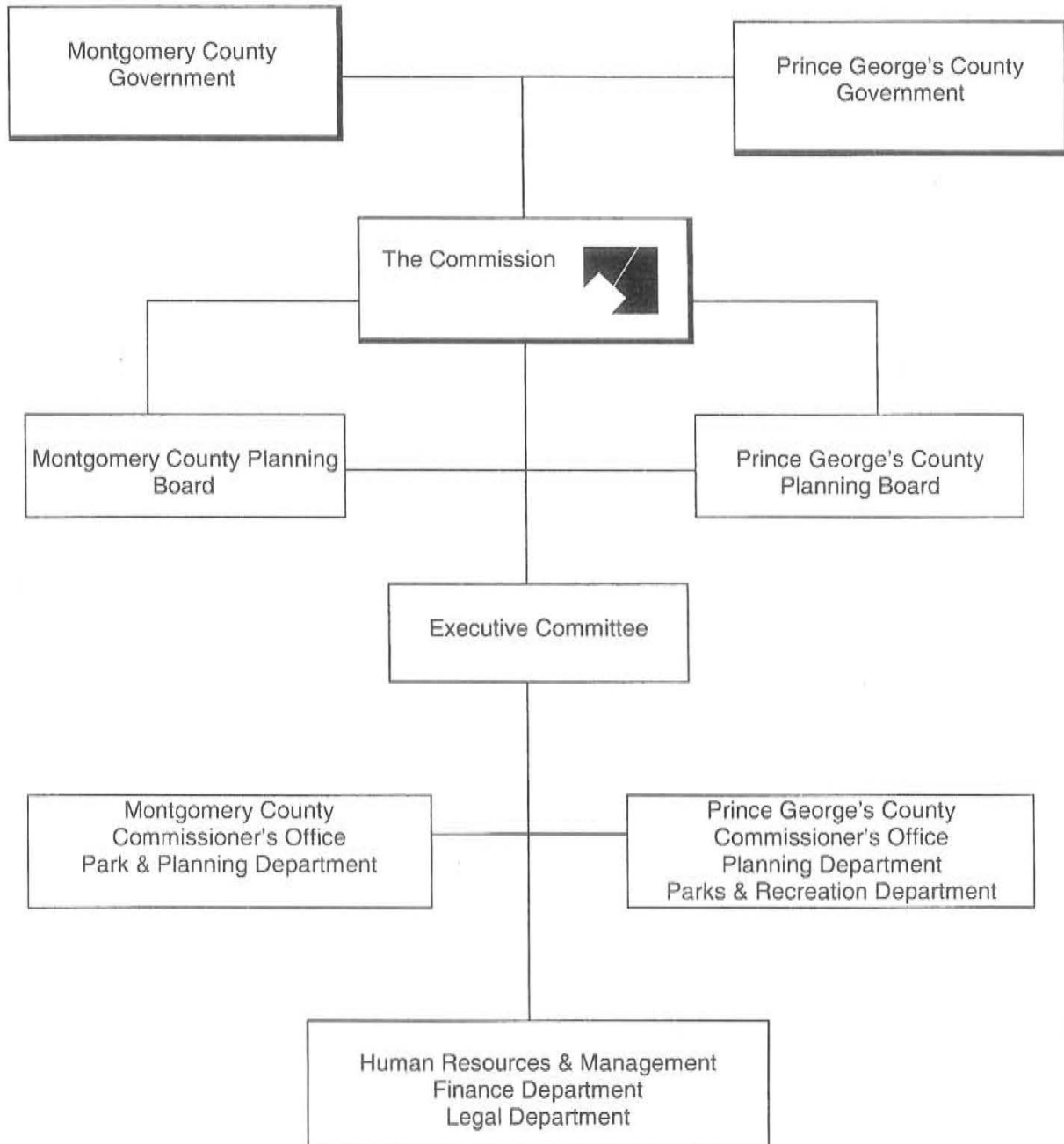
The Commission consists of ten members, five appointed by Montgomery County and five by Prince George's County. In Montgomery County, all five of the Commissioners are appointed by the County Council and confirmed by the County Executive. Montgomery County Commissioners may not be appointed for more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

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

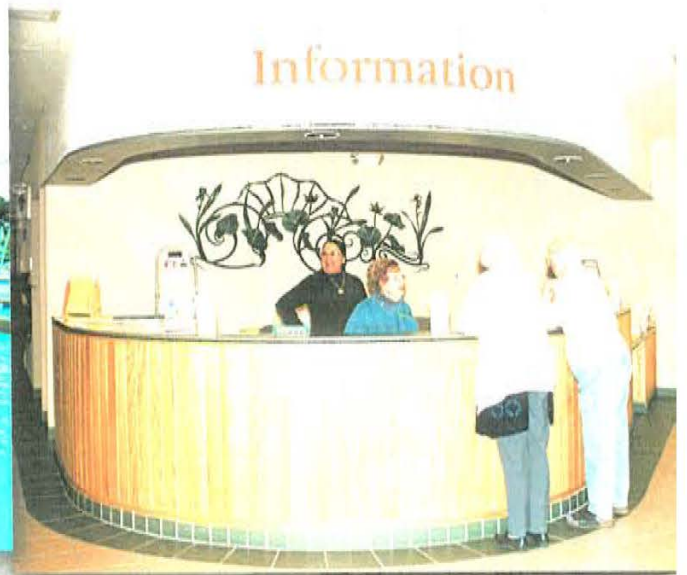
The Commission administers a park system that currently contains over 56,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its staff consists of over 2,079 career employees - planners, park and recreation administrators, park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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION  
ORGANIZATION CHART









## FY 2003 Program Highlights

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Prince George's County Planning Department

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

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

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

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

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

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



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

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

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

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

## **Montgomery County Department of Park and Planning**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Park Land Acquisition:** Including the Legacy Open Space properties mentioned previously, parkland acquisitions totaled more than 275 acres in FY 03, bringing the total acreage managed in Montgomery County Parks to more than 32,100 acres. Properties acquired as additions to existing parks included lands in Northwest Branch Stream Valley Park, Great Seneca Stream Valley Park, Sligo Mill Open Space Area, Patuxent River Watershed and Seven Locks Local Park. Several acquisitions represented initial purchase in new parks that did not exist prior to the fiscal year. These included Broad Run Stream Valley Park, Berryville Road Neighborhood Conservation Area, Germantown Commons, Chevy Chase Open Space, Serpentine Barrens Conservation Park and Wildcat Branch Stream Valley Park.

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



## Department of Human Resources and Management

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

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

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

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

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

## Department of Finance

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

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

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

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

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

**Financial Reporting:** For the 30<sup>th</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 FY02 Comprehensive Annual Financial Report (CAFR), prepared by the Finance Department. The CAFR was produced based on the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and efforts continue on additional compliance with the new requirements.

## **Office of General Counsel**

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

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



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

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

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

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

## **Merit System Board**

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

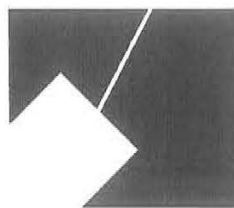
## **Employees' Retirement System**

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

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

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





---

# ♦ PART IIA ♦

## FINANCIAL SECTION

---

### Basic Financial Statements



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



2001 M Street NW  
Washington, DC 20036

## **Independent Auditors' Report**

To The Maryland-National Capital Park and Planning Commission:

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

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

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

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

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





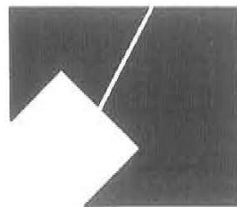


statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we express no opinion on them.

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

KPMG LLP

September 12, 2003



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

### Financial Highlights

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



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

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Commission include General Government, County Planning and Zoning, Park Operations and Maintenance, Recreation Programs and Interest on Long-term Debt. The business-type activity of the Commission is Recreational and Cultural Facilities.

The government-wide financial statements can be found as Exhibits 1 and 2 of this report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Government-wide Financial Analysis

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

#### Commission's Net Assets (in millions of dollars)

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

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

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

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

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



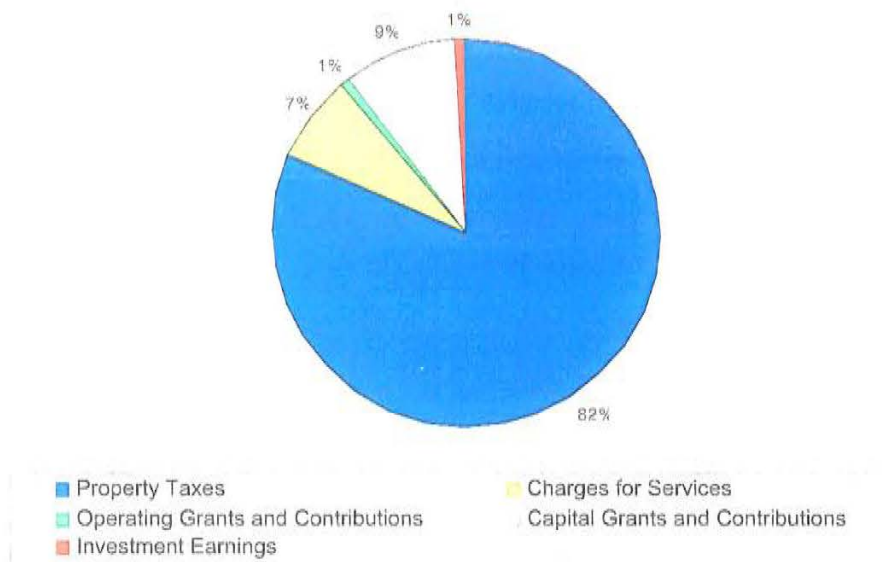
A summary of changes in net assets (in millions) follows.

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

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

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

Revenues by Source - Governmental Activities



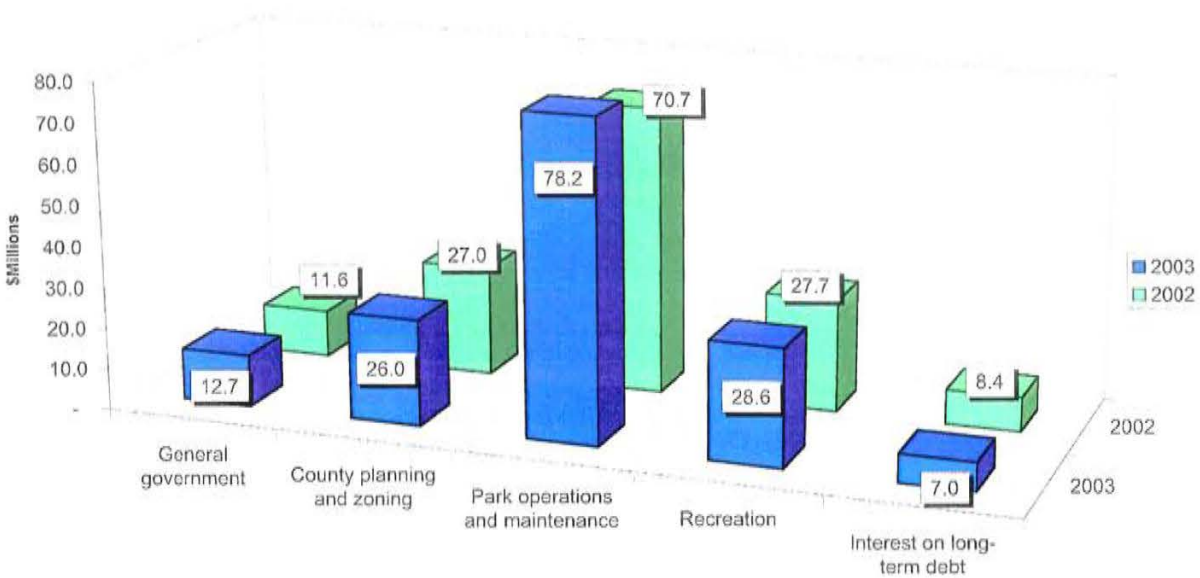
As the above diagram shows, property taxes make up 82% of Commission governmental revenues. Property tax revenues in fiscal year 2003 were approximately 1.8% in excess of anticipated amounts. Interest income was lower than anticipated due to the drop in interest rates on investments.

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

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

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

### Net Cost by Function - General Government

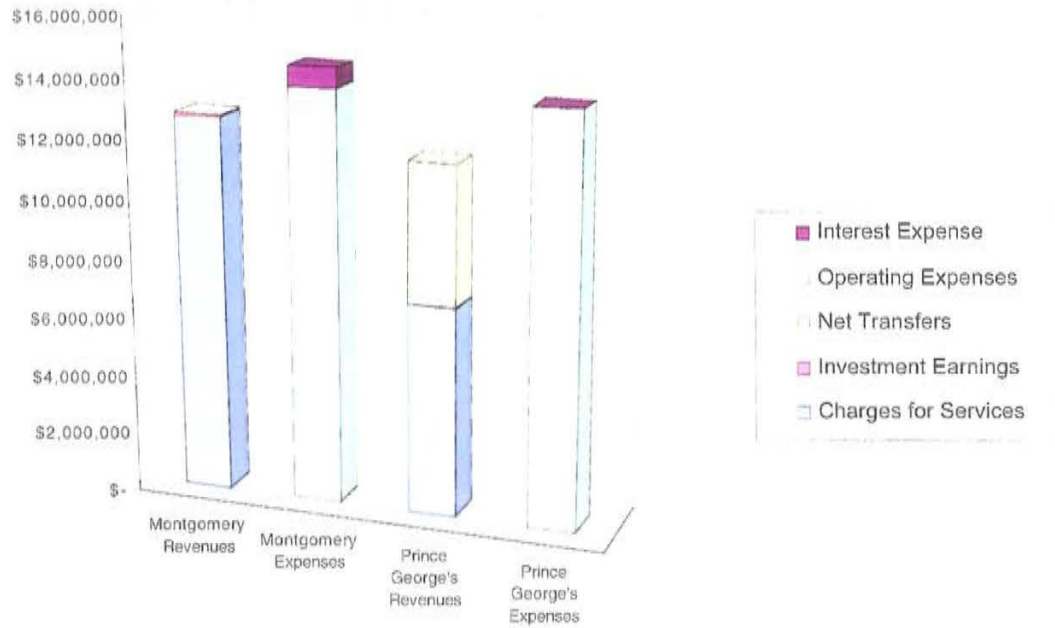


**Business-type Activities.** Business-type activities decreased the Commission's net assets by \$3.7million, reducing by 16% the total growth in the Commission's net assets. Key elements of this decrease are as follows:

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

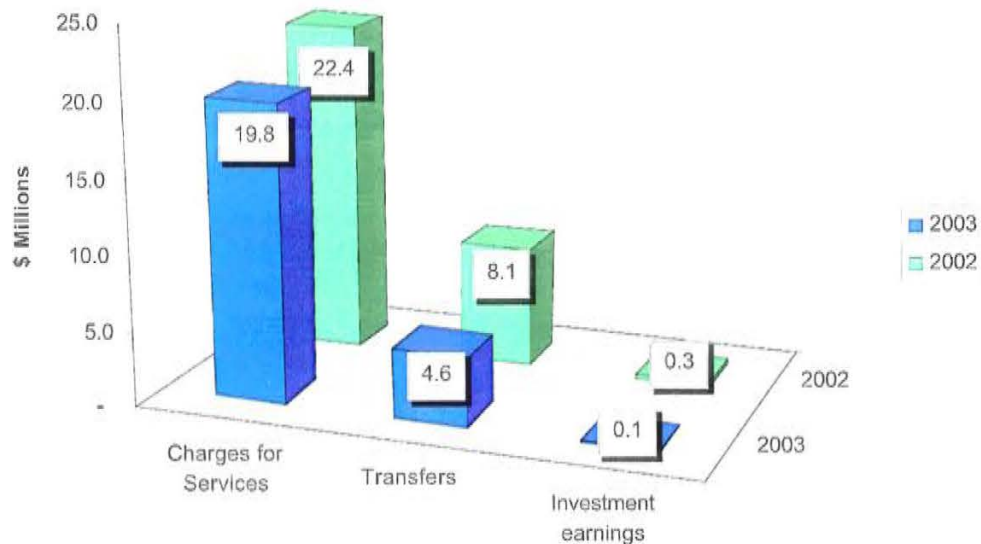


### Changes in Net Assets - Business-type Activities



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

### Revenues by Source - Business-type Activities



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

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

### **Financial Analysis of the Commission's Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

### General Fund Budgetary Highlights

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

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

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

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

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

### **Capital Asset and Debt Administration**

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

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

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

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

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

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

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

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

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

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

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

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

The Commission's Montgomery County revenue bonds and revenue notes payable totaled \$10.9 million as of June 30, 2003. The bonds and notes have a reported value of \$10.6 million, after considering the \$0.3 million of unamortized discount and are accounted for in the Enterprise Funds. The revenue bonds and notes are not general obligations of the Commission or Montgomery County and are payable solely from revenues generated from revenue producing facilities. Debt service expenditures for the revenue bonds and notes totaled \$1.1 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2003, and the related debt service requirements are set forth in the Notes to the Financial Statements.



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

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

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

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

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

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

**Montgomery County's Outstanding Debt**

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

**Prince George's County's Outstanding Debt**

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

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

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

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

### **Economic Factors and Next Year's Budgets and Rates**

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

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

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

### **Requests for Information**

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

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

**Exhibit 1**

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

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 2

Statement of Activities  
For the Year Ended June 30, 2003

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

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



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 3

Balance Sheet  
Governmental Funds  
June 30, 2003

|   | General       | Montgomery<br>County<br>Capital<br>Projects | Prince George's<br>County<br>Capital<br>Projects | Prince George's<br>County<br>Park Debt<br>Service | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------|---|--|---|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |               |   |  |   |                                |                                |
| Equity in Pooled Cash and Investments                     | \$ 59,477,493 | \$ 3,000,241                                | \$ 9,660,967                                     | \$ 706,396  | \$ 6,582,519                   | \$ 79,427,616                  |
| Receivables - Taxes (net of allowance for uncollectibles) | 2,899,710     | -   | -  | -   | -                              | 2,899,710                      |
| Receivables - Other (net of allowance for uncollectibles) | 193,759       | -   | 194,396  | -   | 37,233                         | 425,388                        |
| Due from County Governments                               | 1,088,410     | 2,328,951                                   | -  | -   | 374,297                        | 3,791,658                      |
| Due from Other Governments                                | 119,362       | 393,044                                     | 502,448  | -   | -                              | 1,014,854                      |
| Restricted Cash - Unspent Debt Proceeds                   | -             | 4,624,373                                   | 17,360,874                                       | -   | -                              | 21,985,247                     |
| Other   | 2,198         | -   | -  | -   | 5,130                          | 7,328                          |
| Total Assets  | \$ 63,780,932 | \$ 10,346,609                               | \$ 27,718,685                                    | \$ 706,396  | \$ 6,999,179                   | \$ 109,551,801                 |
| <b>LIABILITIES AND FUND BALANCES</b>                      |               |   |  |   |                                |                                |
| <b>Liabilities:</b>                                       |               |   |  |   |                                |                                |
| Accounts Payable  | \$ 5,212,275  | \$ 610,140                                  | \$ 560,539                                       | \$ -  | \$ 140,828                     | \$ 6,523,782                   |
| Accrued Liabilities                                       | 3,537,242     | -   | -  | 33,523  | 108,393                        | 3,679,158                      |
| Retainage Payable   | -             | 903,031                                     | 827,099  | -   | -                              | 1,730,130                      |
| Due to County Governments                                 | -             | -   | -  | -   | 5,002                          | 5,002                          |
| Deposits and Deferred Revenue                             | 5,375,528     | -   | -  | -   | 406,039                        | 5,781,567                      |
| Total Liabilities   | 14,125,045    | 1,513,171                                   | 1,387,638  | 33,523  | 660,262                        | 17,719,639                     |
| <b>Fund Balances:</b>                                     |               |   |  |   |                                |                                |
| Reserved for Encumbrances                                 | 9,828,316     | 7,574,722                                   | 6,468,341  | -   | 418,538                        | 24,290,017                     |
| Reserved for Debt Service                                 | -             | -   | -  | 672,873   | 32,012                         | 704,885                        |
| Unreserved, Designated for Subsequent Years               | 17,744,500    | -   | -  | -   | -                              | 17,744,500                     |
| Unreserved, Undesignated, Reported in:                    |               |   |  |   |                                |                                |
| General Fund  | 22,083,071    | -   | -  | -   | -                              | 22,083,071                     |
| Special Revenue Fund                                      | -             | -   | -  | -   | 5,888,267                      | 5,888,267                      |
| Capital Projects Fund                                     | -             | 1,258,716                                   | 19,862,706                                       | -   | -                              | 21,121,422                     |
| Total Fund Balances                                       | 49,655,887    | 8,833,438                                   | 26,331,047                                       | 672,873   | 6,338,917                      | 91,832,162                     |
| Total Liabilities and Fund Balances                       | \$ 63,780,932 | \$ 10,346,609                               | \$ 27,718,685                                    | \$ 706,396  | \$ 6,999,179                   | \$ 109,551,801                 |

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

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 4

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

|   | General              | Montgomery<br>County<br>Capital<br>Projects | Prince George's<br>County<br>Capital<br>Projects | Prince George's<br>County<br>Park Debt<br>Service | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---|--|---|--------------------------------|--------------------------------|
| <b>REVENUES</b>   |                      |   |  |   |                                |                                |
| Property Taxes  | \$ 180,604,705       | \$ -  | \$ -   | \$ -  | \$ 1,576,149                   | \$ 182,180,854                 |
| Intergovernmental -                                       |                      |   |  |   |                                |                                |
| Federal   | 166,064              | -   | 2,709  | -   | -                              | 168,773                        |
| State   | 357,276              | 1,415,781                                   | 5,882,530  | -   | -                              | 7,655,587                      |
| County  | 503,052              | 5,037,401                                   | -  | -   | 838,043                        | 6,378,496                      |
| Local   | 35,467               | -   | 19,912   | -   | 33,360                         | 88,739                         |
| Charges for Services                                      | 7,595,403            | -   | 10,972   | -   | 678,858                        | 8,285,233                      |
| Rentals and Concessions                                   | 3,221,285            | -   | -  | -   | 3,341,611                      | 6,562,896                      |
| Interest  | 840,140              | 59,750                                      | 368,058  | -   | 95,415                         | 1,361,363                      |
| Contributions   | -                    | -   | 20,000   | -   | 9,121                          | 29,121                         |
| Miscellaneous   | 582,647              | -   | 98,851   | -   | 418,857                        | 1,100,355                      |
| Total Revenues  | <u>193,906,039</u>   | <u>6,512,932</u>                            | <u>6,401,032</u>                                 | <u>-</u>  | <u>6,991,414</u>               | <u>213,811,417</u>             |
| <b>EXPENDITURES</b>                                       |                      |   |  |   |                                |                                |
| Current -   |                      |   |  |   |                                |                                |
| General Government  | 12,698,310           | -   | -  | -   | -                              | 12,698,310                     |
| Planning and Zoning                                       | 29,189,477           | -   | -  | -   | 198,097                        | 29,387,574                     |
| Park Operations and Maintenance                           | 98,618,980           | -   | -  | -   | 847,179                        | 99,466,159                     |
| Recreation  | 32,602,831           | -   | -  | -   | 4,864,677                      | 37,467,508                     |
| Debt Service -  |                      |   |  |   |                                |                                |
| Principal   | -                    | -   | -  | 28,375,000  | 2,960,000                      | 31,335,000                     |
| Interest  | -                    | -   | -  | 4,865,785   | 1,773,148                      | 6,638,933                      |
| Bond Issuance Costs                                       | -                    | -   | -  | 406,056   | 147,574                        | 553,630                        |
| Capital Outlay -  |                      |   |  |   |                                |                                |
| Park Acquisition  | -                    | 763,419                                     | 4,033,598  | -   | -                              | 4,797,017                      |
| Park Development  | -                    | 6,275,577                                   | 5,314,929  | -   | -                              | 11,590,506                     |
| Total Expenditures  | <u>173,109,598</u>   | <u>7,038,996</u>                            | <u>9,348,527</u>                                 | <u>33,646,841</u>                                 | <u>10,790,675</u>              | <u>233,934,637</u>             |
| Excess (Deficiency) of Revenues over (under) Expenditures | <u>20,796,441</u>    | <u>(526,064)</u>                            | <u>(2,947,495)</u>                               | <u>(33,646,841)</u>                               | <u>(3,799,261)</u>             | <u>(20,123,220)</u>            |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                      |   |  |   |                                |                                |
| Proceeds from General Obligation Bonds                    | -                    | 5,222,900                                   | -  | 21,200,000  | -                              | 26,422,900                     |
| Refunding Bonds Issued                                    | -                    | -   | -  | 21,110,000  | 8,482,100                      | 29,592,100                     |
| Premiums on Bonds Issued                                  | -                    | -   | -  | 172,273   | 109,534                        | 281,807                        |
| Payment to Refunding Bond Escrow Account                  | -                    | -   | -  | (21,109,592)                                      | (8,442,494)                    | (29,552,086)                   |
| Transfers In from Private Purpose Trust Funds             | -                    | -   | -  | -   | 9,874                          | 9,874                          |
| Transfers out to Private Purpose Trust Funds              | -                    | -   | -  | -   | (493,058)                      | (493,058)                      |
| Transfers In  | 3,297,891            | 185,000                                     | 2,469,936  | 12,947,033  | 3,681,157                      | 22,591,017                     |
| Transfer Out  | (23,531,990)         | (59,750)                                    | (581,627)  | -   | (222,936)                      | (24,396,303)                   |
| Total Other Financing Sources (Uses)                      | <u>(20,234,099)</u>  | <u>5,348,150</u>                            | <u>1,888,309</u>                                 | <u>34,319,714</u>                                 | <u>3,134,177</u>               | <u>24,456,251</u>              |
| Net Change in Fund Balances                               | 562,342              | 4,822,086                                   | (1,059,186)                                      | 672,873   | (665,084)                      | 4,333,031                      |
| Fund Balances - Beginning                                 | 49,093,545           | 4,011,352                                   | 27,390,233                                       | -   | 7,004,001                      | 87,499,131                     |
| Fund Balances - Ending                                    | <u>\$ 49,655,887</u> | <u>\$ 8,833,438</u>                         | <u>\$ 26,331,047</u>                             | <u>\$ 672,873</u>                                 | <u>\$ 6,338,917</u>            | <u>\$ 91,832,162</u>           |

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

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 5

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

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

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

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

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 6

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

|  | Budgeted Amounts       |                        |                      | Variance               |
|--|------------------------|------------------------|----------------------|------------------------|
|  | Original               | Final                  | Actual               | Positive<br>(Negative) |
| Revenues:                                      |                        |                        |                      |                        |
| Property Taxes                                 | \$ 177,397,810         | \$ 177,397,810         | \$ 180,604,705       | \$ 3,206,895           |
| Intergovernmental                              | 1,118,930              | 1,492,542              | 1,061,859            | (430,683)              |
| Charges for Services                           | 8,423,920              | 8,423,920              | 7,600,034            | (823,886)              |
| Rentals and Concessions                        | 2,821,150              | 2,821,150              | 3,216,654            | 395,504                |
| Interest                                       | 2,030,000              | 2,030,000              | 840,140              | (1,189,860)            |
| Miscellaneous                                  | 507,200                | 507,200                | 582,647              | 75,447                 |
| Total Revenues                                 | <u>192,299,010</u>     | <u>192,672,622</u>     | <u>193,906,039</u>   | <u>1,233,417</u>       |
| Expenditures/Encumbrances:                     |                        |                        |                      |                        |
| Current -                                      |                        |                        |                      |                        |
| General Government                             | 12,892,100             | 12,892,100             | 12,548,210           | 343,890                |
| County Planning and Zoning                     | 30,906,700             | 30,949,939             | 29,730,412           | 1,219,527              |
| Park Operation and Maintenance                 | 102,715,500            | 102,327,600            | 99,362,793           | 2,964,807              |
| Recreation Programs                            | 34,151,000             | 34,419,273             | 32,576,229           | 1,843,044              |
| Total Expenditures/Encumbrances                | <u>180,665,300</u>     | <u>180,588,912</u>     | <u>174,217,644</u>   | <u>6,371,268</u>       |
| Excess of Revenues over (under)                |                        |                        |                      |                        |
| Expenditures/Encumbrances                      | <u>11,633,710</u>      | <u>12,083,710</u>      | <u>19,688,395</u>    | <u>7,604,685</u>       |
| Other Financing Sources (Uses):                |                        |                        |                      |                        |
| Operating Transfers In                         | 1,790,000              | 1,790,000              | 3,297,891            | 1,507,891              |
| Operating Transfers Out                        | <u>(23,953,800)</u>    | <u>(24,403,800)</u>    | <u>(23,531,990)</u>  | <u>871,810</u>         |
| Total Other Financing Sources (Uses)           | <u>(22,163,800)</u>    | <u>(22,613,800)</u>    | <u>(20,234,099)</u>  | <u>2,379,701</u>       |
| Excess of Revenues and Other Financing Sources |                        |                        |                      |                        |
| over (under) Expenditures/Encumbrances         |                        |                        |                      |                        |
| and Other Financing Uses - Budget Basis        | <u>\$ (10,530,090)</u> | <u>\$ (10,530,090)</u> | <u>(545,704)</u>     | <u>\$ 9,984,386</u>    |
| Fund Balances - Budget Basis, July 1           |                        |                        | <u>40,373,275</u>    |                        |
| Fund Balances - Budget Basis, June 30          |                        |                        | <u>\$ 39,827,571</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, 2003**

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

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

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 8

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

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

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

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

**Exhibit 9**

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

|   | Business-type Activities- Enterprise Funds |                        |                     | Government Activities- Internal Service Funds |
|---|--|------------------------|---------------------|---|
|   | Recreational and Cultural Activities       |                        |                     |   |
|   | Montgomery County                          | Prince George's County | Totals              |   |
| Cash Flows from Operating Activities:                       |  |                        |                     |   |
| Receipts from Customers and Users                           | \$ 12,795,570                              | \$ 7,038,079           | \$ 19,833,649       | \$ 35,911,921                                 |
| Payments to Suppliers                                       | (4,680,753)                                | (3,861,070)            | (8,541,823)         | (21,783,111)                                  |
| Payments to Employees                                       | (5,608,387)                                | (7,384,629)            | (12,993,016)        | (11,865,161)                                  |
| Payments for Interfund Services Used                        | (860,000)                                  | (243,100)              | (1,103,100)         | (303,801)                                     |
| Payments for Administrative Charges                         | (1,195,419)                                | -                      | (1,195,419)         | -   |
| Net Cash Provided (Used) by Operating Activities            | <u>451,011</u>                             | <u>(4,450,720)</u>     | <u>(3,999,709)</u>  | <u>1,959,841</u>                              |
| Cash Flows from Noncapital Financing Activities:            |  |                        |                     |   |
| Operating Transfers In from Other Funds                     | 181,931                                    | 4,648,014              | 4,829,945           | -   |
| Operating Transfers Out to Other Funds                      | (175,000)                                  | -                      | (175,000)           | (74,731)                                      |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>6,931</u>                               | <u>4,648,014</u>       | <u>4,654,945</u>    | <u>(74,731)</u>                               |
| Cash Flows from Capital and Related Financing Activities:   |  |                        |                     |   |
| Acquisition and Construction of Capital Assets              | (819,468)                                  | (178,117)              | (997,585)           | (1,700,821)                                   |
| Principal Paid on Notes Payable                             | (732,920)                                  | -                      | (732,920)           | (1,358,901)                                   |
| Principal Paid on Revenue Bonds                             | (285,000)                                  | -                      | (285,000)           | -   |
| Interest Paid   | (642,344)                                  | -                      | (642,344)           | (227,921)                                     |
| Proceeds from Financing - Notes Payable                     | 131,593                                    | -                      | 131,593             | 2,668,401                                     |
| Net Cash Used by Capital and Related Financing Activities   | <u>(2,348,139)</u>                         | <u>(178,117)</u>       | <u>(2,526,256)</u>  | <u>(619,251)</u>                              |
| Cash Flows from Investing Activities:                       |  |                        |                     |   |
| Interest on Restricted Investments                          | 104,895                                    | -                      | 104,895             | -   |
| Interest on Investments                                     | (13,302)                                   | 32,218                 | 18,916              | 570,421                                       |
| Net Cash Provided by Investing Activities                   | <u>91,593</u>                              | <u>32,218</u>          | <u>123,811</u>      | <u>570,421</u>                                |
| Net Increase (Decrease) in Cash and Cash Equivalents        | (1,798,604)                                | 51,395                 | (1,747,209)         | 1,836,281                                     |
| Cash, Cash Equivalents and Restricted Cash, July 1          | <u>3,895,282</u>                           | <u>1,709,476</u>       | <u>5,604,758</u>    | <u>35,148,671</u>                             |
| Cash, Cash Equivalents and Restricted Cash, June 30         | <u>\$ 2,096,678</u>                        | <u>\$ 1,760,871</u>    | <u>\$ 3,857,549</u> | <u>\$ 36,984,951</u>                          |
| Explained as:   |  |                        |                     |   |
| Equity in Pooled Cash and Investments                       | \$ 1,455,113                               | \$ 1,760,871           | \$ 3,215,984        | \$ 36,984,951                                 |
| Restricted for Revenue Bond Covenants                       | 589,848                                    | -                      | 589,848             | -   |
| Restricted Revenue and Equipment Financing Proceeds         | 51,717                                     | -                      | 51,717              | -   |
|   | <u>\$ 2,096,678</u>                        | <u>\$ 1,760,871</u>    | <u>\$ 3,857,549</u> | <u>\$ 36,984,951</u>                          |

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

Exhibit 9  
continued

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



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 10

Statement of Net Assets  
Fiduciary Funds  
June 30, 2003

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

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

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

**Exhibit 11**

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### Table of Contents

|  | <u>Page</u> |
|--|-------------|
| <b>Note 1 - Summary of Significant Accounting Policies</b>   | <b>52</b>   |
| A. The Commission and Its Services   | 52          |
| B. Government-Wide and Fund Financial Statements   | 53          |
| C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  | 54          |
| D. Assets, Liabilities, and Net Assets or Equity   | 57          |
| <b>Note 2 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets</b> | <b>59</b>   |
| <b>Note 3 - Stewardship, Compliance, and Accountability</b>  | <b>60</b>   |
| <b>Note 4 - Detailed Notes on All Funds</b>  | <b>61</b>   |
| A. Cash and Investments  | 61          |
| B. Capital Assets  | 64          |
| C. Interfund Receivables, Payables and Transfers   | 66          |
| D. Operating Leases  | 67          |
| E. Long-Term Obligations   | 67          |
| <b>Note 5 - Other Information</b>  | <b>73</b>   |
| A. Self Insurance  | 73          |
| B. Related Party Transactions  | 74          |
| C. Contingencies   | 74          |
| D. Employees Retirement System and Pension Plans   | 74          |
| E. Other Postemployment Benefits   | 76          |
| F. Maryland State Retirement System (MSRS)   | 76          |
| <b>Note 6 - County Financial Data</b>  | <b>77</b>   |

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2003

### (1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) The Commission and Its Services

##### Background

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

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

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

##### Financial Reporting Entity

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

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



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

## **(B) Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Commission reports the following major governmental funds:

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

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

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

The Commission reports the following major enterprise funds:

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

Additionally, the Commission reports the following fund types:

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

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

The Commission reports the following fiduciary fund types:

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **(3) - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **(A) Budgetary Information**

The following procedures are used in establishing the annual budget.

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

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

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

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

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

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

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



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

#### (4) - DETAILED NOTES ON ALL FUNDS

##### (A) Cash and Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statement of Net Assets

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

Statement of Net Assets - Fiduciary Funds

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

They are composed of:

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

**(B) Capital Assets**

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

|   | July 1, 2002          | Increases            | Decreases         | Transfers          | June 30, 2003         |
|---|-----------------------|----------------------|-------------------|--------------------|-----------------------|
| Capital assets not being depreciated:       |                       |                      |                   |                    |                       |
| Land  | \$ 230,157,544        | \$ 13,308,027        | \$ (4,920)        | \$ -               | \$ 243,460,651        |
| Construction in progress                    | 17,443,351            | 10,506,793           | -                 | (8,329,138)        | 19,621,006            |
| Total capital assets not being depreciated  | <u>247,600,895</u>    | <u>23,814,820</u>    | <u>(4,920)</u>    | <u>(8,329,138)</u> | <u>263,081,657</u>    |
| Capital assets being depreciated:           |                       |                      |                   |                    |                       |
| Buildings and improvements                  | 150,088,202           | 220,989              | -                 | 7,138,036          | 157,447,227           |
| Infrastructure                              | 119,454,791           | -                    | -                 | 1,191,102          | 120,645,893           |
| Machinery and equipment                     | 53,345,251            | 3,889,463            | (902,194)         | -                  | 56,332,520            |
| Total capital assets being depreciated      | <u>322,888,244</u>    | <u>4,110,452</u>     | <u>(902,194)</u>  | <u>8,329,138</u>   | <u>334,425,640</u>    |
| Less accumulated depreciation for:          |                       |                      |                   |                    |                       |
| Buildings and improvements                  | (75,862,361)          | (4,601,943)          | -                 | -                  | (80,664,304)          |
| Infrastructure                              | (35,830,287)          | (2,170,214)          | -                 | -                  | (38,000,501)          |
| Machinery and equipment                     | (34,934,245)          | (4,692,843)          | 902,194           | -                  | (38,724,894)          |
| Total accumulated depreciation              | <u>(146,626,893)</u>  | <u>(11,665,000)</u>  | <u>902,194</u>    | <u>-</u>           | <u>(157,389,699)</u>  |
| Total capital assets being depreciated, net | <u>176,261,351</u>    | <u>(7,554,548)</u>   | <u>-</u>          | <u>8,329,138</u>   | <u>177,035,941</u>    |
| Governmental activities capital assets, net | <u>\$ 423,862,246</u> | <u>\$ 16,260,272</u> | <u>\$ (4,920)</u> | <u>\$ -</u>        | <u>\$ 440,117,598</u> |

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



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

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

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

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

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

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

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

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

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

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

Proprietary fund transfers are made up of the following:

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

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

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

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

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

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

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

#### **(E) Long-Term Obligations**

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

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

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

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

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

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

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

| Prince George's County General Obligation Bonds |                         |                     |                     |                     |                    |                    |   |
|---|-------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|---|
| Fiscal Year                                     | Governmental Activities |                     |                     |                     |                    |                    | Total Commission General Obligation Bonds |
|   | Total Park Principal    | Total Park Interest | Total Park Payments | Total ALA Principal | Total ALA Interest | Total ALA Payments |   |
| 2004  | \$ 7,715                | \$ 4,517            | \$ 12,232           | \$ 325              | \$ 116             | \$ 441             | \$ 16,904                                 |
| 2005  | 7,895                   | 4,136               | 12,031              | 320                 | 100                | 420                | 16,336                                    |
| 2006  | 8,065                   | 3,805               | 11,870              | 320                 | 84                 | 404                | 16,181                                    |
| 2007  | 8,145                   | 3,470               | 11,615              | 315                 | 68                 | 383                | 15,654                                    |
| 2008  | 8,235                   | 3,137               | 11,372              | 305                 | 53                 | 358                | 15,440                                    |
| 2009 - 2013                                     | 39,710                  | 10,485              | 50,195              | 885                 | 67                 | 952                | 67,374                                    |
| 2014 - 2018                                     | 24,160                  | 3,641               | 27,801              | -                   | -                  | -                  | 36,709                                    |
| 2019 - 2023                                     | 9,730                   | 545                 | 10,275              | -                   | -                  | -                  | 14,137                                    |
| Totals  | \$ 113,655              | \$ 33,736           | \$ 147,391          | \$ 2,470            | \$ 488             | \$ 2,958           | \$ 198,935                                |

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



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

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

Notes: (1) The CC-2 Bonds include Advance Refunding and Park Development Bonds

(2) Series AA Bonds are auction rate notes, with short-term interest rates reset every 35 days. At June 30, 2003 a rate of 1.05% was in effect.

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

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

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

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

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

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

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

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

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

Information related to the refunding bond issue follows.

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

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

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

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

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

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

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



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

**(F) Defeased Debt**

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

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

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

**(5) - OTHER INFORMATION**

**(A) Self Insurance**

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

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

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

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

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

The medical column excludes expenses that are fully insured.

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

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

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

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

#### **(C) Contingencies**

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

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

#### **(D) Employees' Retirement System and Pension Plans**

##### **Defined Benefit Pension Plan**

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

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

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

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

#### **Actuarial Methods for Defined Benefit Pension Plan**

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

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

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

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

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

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

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

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

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

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

#### **(E) Other Postemployment Benefits**

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

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

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

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

#### **(F) Maryland State Retirement System (MSRS)**

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



## **(6) - COUNTY FINANCIAL DATA**

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

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

|   | General Fund Accounts |                      |                      | Capital              | Other               | Total                |
|---|-----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
|   | Administration        | Park                 | Total                | Projects             | Governmental        | Governmental         |
|   |                       |                      |                      |                      | Funds               | Funds                |
| <b>ASSETS</b>   |                       |                      |                      |                      |                     |                      |
| Equity in Pooled Cash and Investments                     | \$ 4,244,902          | \$ 9,492,289         | \$ 13,737,191        | \$ 3,000,241         | \$ 849,354          | \$ 17,586,786        |
| Receivables - Taxes (net of allowance for uncollectibles) | 254,504               | 593,510              | 848,014              | -                    | -                   | 848,014              |
| Receivables - Other                                       | 3,921                 | 25,098               | 29,019               | -                    | 420                 | 29,439               |
| Due from County Government                                | 190,550               | 529,321              | 719,871              | 2,328,951            | 374,323             | 3,423,145            |
| Due from Other Governments                                | -                     | 113,556              | 113,556              | 393,044              | -                   | 506,600              |
| Restricted Cash - Unspent Debt Proceeds                   | -                     | -                    | -                    | 4,624,373            | -                   | 4,624,373            |
| Other   | 2,198                 | -                    | 2,198                | -                    | -                   | 2,198                |
| <b>Total Assets</b>                                       | <b>\$ 4,696,075</b>   | <b>\$ 10,753,774</b> | <b>\$ 15,449,849</b> | <b>\$ 10,346,609</b> | <b>\$ 1,224,097</b> | <b>\$ 27,020,555</b> |
| <b>LIABILITIES AND FUND BALANCES</b>                      |                       |                      |                      |                      |                     |                      |
| <b>Liabilities:</b>                                       |                       |                      |                      |                      |                     |                      |
| Accounts Payable  | \$ 485,929            | \$ 1,482,387         | \$ 1,968,316         | \$ 610,140           | \$ 160              | \$ 2,578,616         |
| Accrued Liabilities                                       | 394,611               | 896,329              | 1,290,940            | -                    | 24,042              | 1,314,982            |
| Retainage Payable   | -                     | -                    | -                    | 903,031              | -                   | 903,031              |
| Due to County Government                                  | -                     | -                    | -                    | -                    | 5,002               | 5,002                |
| Deposits and Deferred Revenue                             | 259,516               | 733,730              | 993,246              | -                    | 376,909             | 1,370,155            |
| <b>Total Liabilities</b>                                  | <b>1,140,056</b>      | <b>3,112,446</b>     | <b>4,252,502</b>     | <b>1,513,171</b>     | <b>406,113</b>      | <b>6,171,786</b>     |
| <b>Fund Balances:</b>                                     |                       |                      |                      |                      |                     |                      |
| Reserved for Encumbrances                                 | 1,252,687             | 2,152,000            | 3,404,687            | 7,574,722            | 200,023             | 11,179,432           |
| Reserved for Debt Service                                 | -                     | -                    | -                    | -                    | 29,259              | 29,259               |
| Unreserved, Designated for Subsequent Years               | 1,673,900             | 4,013,400            | 5,687,300            | -                    | -                   | 5,687,300            |
| Unreserved, Undesignated, Reported in:                    |                       |                      |                      |                      |                     |                      |
| General Fund  | 629,432               | 1,475,928            | 2,105,360            | -                    | -                   | 2,105,360            |
| Special Revenue Fund                                      | -                     | -                    | -                    | -                    | 588,702             | 588,702              |
| Capital Projects  | -                     | -                    | -                    | 1,258,716            | -                   | 1,258,716            |
| <b>Total Fund Balances</b>                                | <b>3,556,019</b>      | <b>7,641,328</b>     | <b>11,197,347</b>    | <b>8,833,438</b>     | <b>817,984</b>      | <b>20,848,769</b>    |
| <b>Total Liabilities and Fund Balances</b>                | <b>\$ 4,696,075</b>   | <b>\$ 10,753,774</b> | <b>\$ 15,449,849</b> | <b>\$ 10,346,609</b> | <b>\$ 1,224,097</b> | <b>\$ 27,020,555</b> |

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

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

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

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



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

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

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

|   | General Fund Accounts |                      |                      |                      | Capital Projects     | Park Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|--------------------------|--------------------------|
|   | Administration        | Park                 | Recreation           | Total                |                      |                   |                          |                          |
| <b>ASSETS</b>   |                       |                      |                      |                      |                      |                   |                          |                          |
| Equity in Pooled Cash and Investments                     | \$ 10,155,214         | \$ 22,031,866        | \$ 13,553,222        | \$ 45,740,302        | \$ 9,660,967         | \$ 706,396        | \$ 5,733,165             | \$ 61,840,830            |
| Receivables - Taxes (net of allowance for uncollectibles) | 570,000               | 799,696              | 682,000              | 2,051,696            | -                    | -                 | -                        | 2,051,696                |
| Receivables - Other                                       | 10,301                | 140,911              | 13,528               | 164,740              | 194,396              | -                 | 36,813                   | 395,949                  |
| Due from County Government                                | 138,062               | 230,477              | -                    | 368,539              | -                    | -                 | (26)                     | 368,513                  |
| Due from Other Governments                                | -                     | -                    | 5,806                | 5,806                | 502,448              | -                 | -                        | 508,254                  |
| Restricted Cash - Unspent Debt Proceeds                   | -                     | -                    | -                    | -                    | 17,360,874           | -                 | -                        | 17,360,874               |
| Other   | -                     | -                    | -                    | -                    | -                    | -                 | 5,130                    | 5,130                    |
| <b>Total Assets</b>                                       | <b>\$ 10,873,577</b>  | <b>\$ 23,202,950</b> | <b>\$ 14,254,556</b> | <b>\$ 48,331,083</b> | <b>\$ 27,718,685</b> | <b>\$ 706,396</b> | <b>\$ 5,775,082</b>      | <b>\$ 82,531,246</b>     |
| <b>LIABILITIES AND FUND BALANCES</b>                      |                       |                      |                      |                      |                      |                   |                          |                          |
| <b>Liabilities:</b>                                       |                       |                      |                      |                      |                      |                   |                          |                          |
| Accounts Payable  | \$ 1,262,214          | \$ 1,088,598         | \$ 893,157           | \$ 3,243,959         | \$ 560,539           | -                 | \$ 140,668               | \$ 3,945,165             |
| Accrued Liabilities                                       | 393,872               | 955,862              | 896,508              | 2,246,302            | -                    | 33,523            | 84,351                   | 2,364,176                |
| Retainage Payable   | -                     | -                    | -                    | -                    | 827,099              | -                 | -                        | 827,099                  |
| Deposits and Deferred Revenue                             | 594,507               | 1,061,928            | 2,725,847            | 4,382,282            | -                    | -                 | 29,130                   | 4,411,412                |
| <b>Total Liabilities</b>                                  | <b>2,250,593</b>      | <b>3,106,378</b>     | <b>4,515,572</b>     | <b>9,872,543</b>     | <b>1,387,638</b>     | <b>33,523</b>     | <b>254,149</b>           | <b>11,547,853</b>        |
| <b>Fund Balances:</b>                                     |                       |                      |                      |                      |                      |                   |                          |                          |
| Reserved for Encumbrances                                 | 2,343,984             | 2,515,337            | 1,064,308            | 5,423,629            | 6,468,341            | -                 | 218,615                  | 13,110,585               |
| Reserved for Debt Service                                 | -                     | -                    | -                    | -                    | -                    | 672,873           | 2,753                    | 675,626                  |
| Unreserved, Designated for Subsequent Years               | 685,300               | 8,270,200            | 3,101,700            | 12,057,200           | -                    | -                 | -                        | 12,057,200               |
| Unreserved, Undesignated, Reported in:                    |                       |                      |                      |                      |                      |                   |                          |                          |
| General Fund  | 5,093,700             | 9,311,035            | 5,572,976            | 19,977,711           | -                    | -                 | -                        | 19,977,711               |
| Special Revenue Fund                                      | -                     | -                    | -                    | -                    | -                    | -                 | 5,299,565                | 5,299,565                |
| Capital Projects  | -                     | -                    | -                    | -                    | 19,862,706           | -                 | -                        | 19,862,706               |
| <b>Total Fund Balances</b>                                | <b>8,622,984</b>      | <b>20,096,572</b>    | <b>9,738,984</b>     | <b>38,458,540</b>    | <b>26,331,047</b>    | <b>672,873</b>    | <b>5,520,933</b>         | <b>70,983,393</b>        |
| <b>Total Liabilities and Fund Balances</b>                | <b>\$ 10,873,577</b>  | <b>\$ 23,202,950</b> | <b>\$ 14,254,556</b> | <b>\$ 48,331,083</b> | <b>\$ 27,718,685</b> | <b>\$ 706,396</b> | <b>\$ 5,775,082</b>      | <b>\$ 82,531,246</b>     |

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

|   | General Fund Accounts |                      |                     |                      | Capital Projects     | Park Debt Service   | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|--------------------------|--------------------------|
|   | Administration        | Park                 | Recreation          | Total                |                      |                     |                          |                          |
| <b>REVENUES</b>   |                       |                      |                     |                      |                      |                     |                          |                          |
| Property Taxes  | \$ 21,808,858         | \$ 63,400,272        | \$ 26,057,303       | \$ 111,356,433       | \$ -                 | \$ -                | \$ 623,893               | \$ 111,980,326           |
| Intergovernmental:  |                       |                      |                     |                      |                      |                     |                          |                          |
| Federal   | 2,131                 | 51,715               | 10,000              | 63,846               | 2,709                | -                   | -                        | 66,555                   |
| State   | 32,124                | 44,500               | 251,671             | 328,295              | 5,882,530            | -                   | -                        | 6,210,825                |
| County  | 345,139               | -                    | 56,602              | 401,741              | -                    | -                   | 358,250                  | 759,991                  |
| Local   | 8,984                 | -                    | -                   | 8,984                | 19,912               | -                   | -                        | 28,896                   |
| Charges for Services                                      | 923,943               | 357,811              | 4,598,422           | 5,980,176            | 10,972               | -                   | 583,040                  | 6,574,188                |
| Rentals and Concessions                                   | -                     | 1,524,393            | 306,929             | 1,831,322            | -                    | -                   | 3,341,611                | 5,172,933                |
| Interest  | 156,775               | 316,493              | 191,127             | 664,395              | 366,058              | -                   | 83,495                   | 1,113,948                |
| Contributions   | -                     | -                    | -                   | -                    | 20,000               | -                   | 9,121                    | 29,121                   |
| Miscellaneous   | 1,656                 | 176,950              | 100,626             | 279,232              | 98,851               | -                   | 348,452                  | 726,535                  |
| Total Revenues  | <u>23,279,610</u>     | <u>65,982,134</u>    | <u>31,672,680</u>   | <u>120,914,424</u>   | <u>6,401,032</u>     | <u>-</u>            | <u>5,347,862</u>         | <u>132,663,318</u>       |
| <b>EXPENDITURES</b>                                       |                       |                      |                     |                      |                      |                     |                          |                          |
| Current:  |                       |                      |                     |                      |                      |                     |                          |                          |
| General Government  | 6,715,060             | -                    | -                   | 6,715,060            | -                    | -                   | -                        | 6,715,060                |
| Planning and Zoning                                       | 15,143,747            | -                    | -                   | 15,143,747           | -                    | -                   | -                        | 15,143,747               |
| Park Operations and Maintenance                           | -                     | 50,955,159           | -                   | 50,955,159           | -                    | -                   | 305,439                  | 51,260,598               |
| Recreation  | -                     | -                    | 32,602,831          | 32,602,831           | -                    | -                   | 4,864,677                | 37,467,508               |
| Debt Service:   |                       |                      |                     |                      |                      |                     |                          |                          |
| Principal   | -                     | -                    | -                   | -                    | -                    | 28,375,000          | 330,000                  | 28,705,000               |
| Interest  | -                     | -                    | -                   | -                    | -                    | 4,865,785           | 132,482                  | 4,998,267                |
| Bond Issuance Costs                                       | -                     | -                    | -                   | -                    | -                    | 406,056             | 1,840                    | 407,896                  |
| Capital Outlay:   |                       |                      |                     |                      |                      |                     |                          |                          |
| Park Acquisition  | -                     | -                    | -                   | -                    | 4,033,588            | -                   | -                        | 4,033,588                |
| Park Development  | -                     | -                    | -                   | -                    | 5,314,929            | -                   | -                        | 5,314,929                |
| Total Expenditures  | <u>21,858,807</u>     | <u>50,955,159</u>    | <u>32,602,831</u>   | <u>105,416,797</u>   | <u>9,348,527</u>     | <u>33,646,841</u>   | <u>5,634,438</u>         | <u>154,046,503</u>       |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>1,420,803</u>      | <u>15,006,975</u>    | <u>(930,151)</u>    | <u>15,497,627</u>    | <u>(2,947,495)</u>   | <u>(33,646,841)</u> | <u>(285,576)</u>         | <u>(21,383,265)</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                       |                      |                     |                      |                      |                     |                          |                          |
| Proceeds from General Obligation Bonds                    | -                     | -                    | -                   | -                    | -                    | 21,200,000          | -                        | 21,200,000               |
| Refunding Bonds Issued                                    | -                     | -                    | -                   | -                    | -                    | 21,110,000          | -                        | 21,110,000               |
| Premiums on Bonds Issued                                  | -                     | -                    | -                   | -                    | -                    | 172,273             | -                        | 172,273                  |
| Payment to Refunding Bond Escrow Account                  | -                     | -                    | -                   | -                    | -                    | (21,109,592)        | -                        | (21,109,592)             |
| Transfers in from Private Purpose Trust Funds             | -                     | -                    | -                   | -                    | -                    | -                   | 2,578                    | 2,578                    |
| Transfers out to Private Purpose Trust Funds              | -                     | -                    | -                   | -                    | -                    | -                   | (160,725)                | (160,725)                |
| Transfers In  | 379,377               | 1,306,866            | 347,362             | 2,033,605            | 2,469,936            | 12,947,033          | -                        | 17,450,574               |
| Transfer Out  | -                     | (19,356,233)         | (388,600)           | (19,744,833)         | (581,627)            | -                   | (222,936)                | (20,549,396)             |
| Total Other Financing Sources (Uses)                      | <u>379,377</u>        | <u>(18,049,367)</u>  | <u>(41,238)</u>     | <u>(17,711,228)</u>  | <u>1,888,309</u>     | <u>34,319,714</u>   | <u>(381,083)</u>         | <u>18,115,712</u>        |
| Net Change in Fund Balances                               | <u>1,800,180</u>      | <u>(3,042,392)</u>   | <u>(971,389)</u>    | <u>(2,213,601)</u>   | <u>(1,059,186)</u>   | <u>672,873</u>      | <u>(667,659)</u>         | <u>(3,267,573)</u>       |
| Fund Balances - Beginning                                 | <u>6,822,804</u>      | <u>23,138,964</u>    | <u>10,710,373</u>   | <u>40,672,141</u>    | <u>27,390,233</u>    | <u>-</u>            | <u>6,188,592</u>         | <u>74,250,966</u>        |
| Fund Balances - Ending                                    | <u>\$ 8,622,984</u>   | <u>\$ 20,096,572</u> | <u>\$ 9,738,984</u> | <u>\$ 38,458,540</u> | <u>\$ 26,331,047</u> | <u>\$ 672,873</u>   | <u>\$ 5,520,933</u>      | <u>\$ 70,983,393</u>     |

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

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



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

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

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

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

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

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

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

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

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

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

---

# ♦ PART IIB ♦

## FINANCIAL SECTION

---

### Combining Statements and Schedules

#### Nonmajor Governmental Funds

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



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

### **SPECIAL REVENUE FUNDS**

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

### **DEBT SERVICE FUNDS**

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

THE MARYLAND-NATIONAL PARK AND PLANNING COMMISSION

Schedule 1

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003

|                                       | MONTGOMERY COUNTY     |            |                             |                         |   |              | PRINCE GEORGE'S COUNTY |                         |                             |   |              |  |
|---------------------------------------|-----------------------|------------|-----------------------------|-------------------------|---|--------------|------------------------|-------------------------|-----------------------------|---|--------------|--|
|                                       | Special Revenue Funds |            |                             | Park<br>Debt<br>Service | Advance<br>Land<br>Acquisition<br>Debt<br>Service | Total        | Special Revenue Funds  |                         |                             | Advance<br>Land<br>Acquisition<br>Debt<br>Service | Total        | Total<br>Nonmajor<br>Governmental<br>Funds |
|                                       | Planning              | Parks      | Total<br>Special<br>Revenue |                         |   |              | Planning               | Parks and<br>Recreation | Total<br>Special<br>Revenue |   |              |  |
| <b>ASSETS</b>                         |                       |            |                             |                         |   |              |                        |                         |                             |   |              |  |
| Equity in Pooled Cash and Investments | \$ 750,130            | \$ 57,059  | \$ 807,189                  | \$ 21,081               | \$ 21,084   | \$ 849,354   | \$ 440,606             | \$ 5,269,780            | \$ 5,730,386                | \$ 2,779  | \$ 5,733,165 | \$ 6,582,519                               |
| Accounts Receivable                   | -                     | 420        | 420                         | -                       | -   | 420          | -                      | 36,813                  | 36,813                      | -   | 36,813       | 37,233                                     |
| Due from County Government            | -                     | 363,497    | 363,497                     | -                       | 10,826  | 374,323      | -                      | -                       | -                           | (26)  | (26)         | 374,297                                    |
| Other                                 | -                     | -          | -                           | -                       | -   | -            | -                      | 5,130                   | 5,130                       | -   | 5,130        | 5,130                                      |
| Total Assets                          | \$ 750,130            | \$ 420,976 | \$ 1,171,106                | \$ 21,081               | \$ 31,910   | \$ 1,224,097 | \$ 440,606             | \$ 5,331,723            | \$ 5,772,329                | \$ 2,753  | \$ 5,775,082 | \$ 6,999,179                               |
| <b>LIABILITIES</b>                    |                       |            |                             |                         |   |              |                        |                         |                             |   |              |  |
| Accounts Payable                      | \$ 160                | -          | 160                         | -                       | -   | 160          | -                      | 140,668                 | 140,668                     | -   | 140,668      | 140,828                                    |
| Accrued Liabilities                   | 310                   | -          | 310                         | 21,081                  | 2,651   | 24,042       | -                      | 84,351                  | 84,351                      | -   | 84,351       | 108,393                                    |
| Due to County Government              | 5,002                 | -          | 5,002                       | -                       | -   | 5,002        | -                      | -                       | -                           | -   | -            | 5,002                                      |
| Deposits and Deferred Revenue         | 346,909               | 30,000     | 376,909                     | -                       | -   | 376,909      | -                      | 29,130                  | 29,130                      | -   | 29,130       | 408,039                                    |
| Total Liabilities                     | 352,381               | 30,000     | 382,381                     | 21,081                  | 2,651   | 406,113      | -                      | 254,149                 | 254,149                     | -   | 254,149      | 660,262                                    |
| <b>FUND BALANCES</b>                  |                       |            |                             |                         |   |              |                        |                         |                             |   |              |  |
| Reserved for Encumbrances             | 113,098               | 86,925     | 200,023                     | -                       | -   | 200,023      | 2,850                  | 215,765                 | 218,615                     | -   | 218,615      | 418,638                                    |
| Reserved for Debt Service             | -                     | -          | -                           | -                       | 29,259  | 29,259       | -                      | -                       | -                           | 2,753   | 2,753        | 32,012                                     |
| Unreserved, Undesignated              | 284,651               | 304,051    | 588,702                     | -                       | -   | 588,702      | 437,756                | 4,861,809               | 5,299,565                   | -   | 5,299,565    | 5,888,267                                  |
| Total Fund Balances                   | 397,749               | 390,976    | 788,725                     | -                       | 29,259  | 817,984      | 440,606                | 5,077,574               | 5,518,180                   | 2,753   | 5,520,933    | 6,338,917                                  |
| Total Liabilities and Fund Balances   | \$ 750,130            | \$ 420,976 | \$ 1,171,106                | \$ 21,081               | \$ 31,910   | \$ 1,224,097 | \$ 440,606             | \$ 5,331,723            | \$ 5,772,329                | \$ 2,753  | \$ 5,775,082 | \$ 6,999,179                               |



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

Schedule 2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
June 30, 2003**

|   | MONTGOMERY COUNTY     |            |                             |                         |   |             | PRINCE GEORGE'S COUNTY |                            |                             |   |              |  |
|---|-----------------------|------------|-----------------------------|-------------------------|---|-------------|------------------------|----------------------------|-----------------------------|---|--------------|--|
|   | Special Revenue Funds |            |                             | Park<br>Debt<br>Service | Advance<br>Land<br>Acquisition<br>Debt<br>Service | Total       | Special Revenue Funds  |                            |                             | Advance<br>Land<br>Acquisition<br>Debt<br>Service | Total        | Total<br>Nonmajor<br>Governmental<br>Funds |
|   | Planning              | Parks      | Total<br>Special<br>Revenue |                         |   |             | Planning               | Parks<br>and<br>Recreation | Total<br>Special<br>Revenue |   |              |  |
| REVENUES:   |                       |            |                             |                         |   |             |                        |                            |                             |   |              |  |
| Property Taxes  | \$ -                  | \$ -       | \$ -                        | \$ -                    | \$ 952,256  | \$ 952,256  | \$ -                   | \$ -                       | \$ -                        | \$ 623,893  | \$ 623,893   | \$ 1,576,149                               |
| Intergovernmental - County                                | -                     | 479,793    | 479,793                     | -                       | -   | 479,793     | 358,250                | -                          | 358,250                     | -   | 358,250      | 838,043                                    |
| Intergovernmental - Other                                 | -                     | 33,360     | 33,360                      | -                       | -   | 33,360      | -                      | -                          | -                           | -   | -            | 33,360                                     |
| Charges for Services                                      | 95,818                | -          | 95,818                      | -                       | -   | 95,818      | -                      | 583,040                    | 583,040                     | -   | 583,040      | 678,858                                    |
| Recreation Activities                                     | -                     | -          | -                           | -                       | -   | -           | -                      | 3,341,611                  | 3,341,611                   | -   | 3,341,611    | 3,341,611                                  |
| Interest  | 8,164                 | 3,736      | 11,920                      | -                       | -   | 11,920      | 2,996                  | 80,499                     | 83,495                      | -   | 83,495       | 95,415                                     |
| Contributions   | -                     | -          | -                           | -                       | -   | -           | -                      | 9,121                      | 9,121                       | -   | 9,121        | 9,121                                      |
| Miscellaneous   | 24,331                | 46,074     | 70,405                      | -                       | -   | 70,405      | -                      | 348,452                    | 348,452                     | -   | 348,452      | 418,857                                    |
| Total Revenues  | 128,333               | 562,963    | 691,298                     | -                       | 952,256   | 1,643,552   | 361,246                | 4,362,723                  | 4,723,969                   | 623,893   | 5,347,862    | 8,991,414                                  |
| EXPENDITURES:   |                       |            |                             |                         |   |             |                        |                            |                             |   |              |  |
| Principal Retirements                                     | -                     | -          | -                           | 2,205,000               | 425,000   | 2,630,000   | -                      | -                          | -                           | 330,000   | 330,000      | 2,960,000                                  |
| Interest  | -                     | -          | -                           | 1,425,240               | 215,426   | 1,640,666   | -                      | -                          | -                           | 132,482   | 132,482      | 1,773,148                                  |
| Bond Issuance Costs                                       | -                     | -          | -                           | 137,410                 | 8,324   | 145,734     | -                      | -                          | -                           | 1,840   | 1,840        | 147,574                                    |
| Planning and Zoning                                       | 198,097               | -          | 198,097                     | -                       | -   | 198,097     | -                      | -                          | -                           | -   | -            | 198,097                                    |
| Park Operations and Maintenance                           | -                     | 541,740    | 541,740                     | -                       | -   | 541,740     | -                      | 305,439                    | 305,439                     | -   | 305,439      | 847,179                                    |
| Recreation  | -                     | -          | -                           | -                       | -   | -           | -                      | 4,864,677                  | 4,864,677                   | -   | 4,864,677    | 4,864,677                                  |
| Total Expenditures  | 198,097               | 541,740    | 739,837                     | 3,767,650               | 648,750   | 5,156,237   | -                      | 5,170,116                  | 5,170,116                   | 464,322   | 5,634,438    | 10,790,675                                 |
| Excess (deficiency) of revenues over (under) expenditures | (69,764)              | 21,223     | (48,541)                    | (3,767,650)             | 303,506   | (3,512,685) | 361,246                | (807,393)                  | (446,147)                   | 159,571   | (286,576)    | (3,799,261)                                |
| OTHER FINANCING SOURCES (USES)                            |                       |            |                             |                         |   |             |                        |                            |                             |   |              |  |
| Refunding Bonds Issued                                    | -                     | -          | -                           | 6,932,100               | 1,550,000   | 8,482,100   | -                      | -                          | -                           | -   | -            | 8,482,100                                  |
| Premiums on Bonds Issued                                  | -                     | -          | -                           | 89,959                  | 19,575  | 109,534     | -                      | -                          | -                           | -   | -            | 109,534                                    |
| Payment to Refunding Bond Escrow Account                  | -                     | -          | -                           | (6,895,566)             | (1,546,928)                                       | (8,442,494) | -                      | -                          | -                           | -   | -            | (8,442,494)                                |
| Transfers In - Trust Fund                                 | -                     | -          | -                           | -                       | 7,296   | 7,296       | -                      | -                          | -                           | 2,578   | 2,578        | 9,874                                      |
| Transfers Out - Trust Fund                                | -                     | -          | -                           | -                       | (332,333)   | (332,333)   | -                      | -                          | -                           | (160,725)   | (160,725)    | (493,058)                                  |
| Transfers In  | -                     | 50,000     | 50,000                      | 3,641,157               | -   | 3,691,157   | -                      | -                          | -                           | -   | -            | 3,691,157                                  |
| Transfers Out   | -                     | -          | -                           | -                       | -   | -           | -                      | (222,936)                  | (222,936)                   | -   | (222,936)    | (222,936)                                  |
| Total Other Financing Sources (Uses)                      | -                     | 50,000     | 50,000                      | 3,767,650               | (302,390)   | 3,515,260   | -                      | (222,936)                  | (222,936)                   | (158,147)   | (381,083)    | 3,134,177                                  |
| Net change in fund balances                               | (69,764)              | 71,223     | 1,459                       | -                       | 1,116   | 2,575       | 361,246                | (1,030,329)                | (669,083)                   | 1,424   | (667,659)    | (665,084)                                  |
| Fund Balances - beginning                                 | 467,513               | 319,753    | 787,266                     | -                       | 28,143  | 815,409     | 79,360                 | 6,107,903                  | 6,187,263                   | 1,329   | 6,188,592    | 7,004,001                                  |
| Fund Balances - ending                                    | \$ 397,749            | \$ 390,976 | \$ 788,725                  | \$ -                    | \$ 29,259   | \$ 817,984  | \$ 440,606             | \$ 5,077,574               | \$ 5,518,180                | \$ 2,753  | \$ 5,520,933 | \$ 6,338,917                               |

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 2a

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

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

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



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

## ENTERPRISE FUNDS

---

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

## THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 3

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

|  | Recreational and Cultural Facilities |                  |                        |                  |                  |                  |
|--|--------------------------------------|------------------|------------------------|------------------|------------------|------------------|
|  | Montgomery County                    |                  | Prince George's County |                  | Totals           |                  |
|  | June 30,<br>2003                     | June 30,<br>2002 | June 30,<br>2003       | June 30,<br>2002 | June 30,<br>2003 | June 30,<br>2002 |
| <b>ASSETS</b>                                      |                                      |                  |                        |                  |                  |                  |
| Current Assets:                                    |                                      |                  |                        |                  |                  |                  |
| Equity in Pooled Cash and Investments              | \$ 1,455,113                         | \$ 3,312,016     | \$ 1,760,871           | \$ 1,709,476     | \$ 3,215,984     | \$ 5,021,492     |
| Restricted Cash, Cash Equivalents and Investments: |                                      |                  |                        |                  |                  |                  |
| Revenue Bond Covenant Accounts                     | 589,848                              | 583,266          | -                      | -                | 589,848          | 583,266          |
| Unspent Equipment Financing Proceeds               | 51,717                               | -                | -                      | -                | 51,717           | -                |
| Accounts Receivable                                | 3,647                                | 372              | 2,388                  | 2,327            | 6,035            | 2,699            |
| Inventories  | 854,621                              | 842,706          | 537,251                | 546,079          | 1,391,872        | 1,388,785        |
| Total Current Assets                               | 2,954,946                            | 4,738,360        | 2,300,510              | 2,257,882        | 5,255,456        | 6,996,242        |
| Capital Assets:                                    |                                      |                  |                        |                  |                  |                  |
| Land   | 11,584,468                           | 11,584,468       | 7,779,131              | 7,779,131        | 19,363,599       | 19,363,599       |
| Buildings and Improvements                         | 26,132,269                           | 25,306,606       | 65,055,716             | 65,055,716       | 91,187,985       | 90,362,322       |
| Machinery and Equipment                            | 4,720,278                            | 4,559,388        | 4,295,454              | 4,129,137        | 9,015,732        | 8,688,525        |
| Construction in Progress                           | 1,583,216                            | 1,773,131        | -                      | -                | 1,583,216        | 1,773,131        |
|  | 44,020,231                           | 43,223,593       | 77,130,301             | 76,963,984       | 121,150,532      | 120,187,577      |
| Less - Accumulated Depreciation                    | (10,193,409)                         | (8,624,158)      | (15,928,481)           | (13,759,042)     | (26,121,890)     | (22,383,200)     |
| Total Capital Assets (net of depreciation)         | 33,826,822                           | 34,599,435       | 61,201,820             | 63,204,942       | 95,028,642       | 97,804,377       |
| Total Assets                                       | 36,781,768                           | 39,337,795       | 63,502,330             | 65,462,824       | 100,284,098      | 104,800,619      |
| <b>LIABILITIES</b>                                 |                                      |                  |                        |                  |                  |                  |
| Current Liabilities:                               |                                      |                  |                        |                  |                  |                  |
| Accounts Payable                                   | 299,065                              | 388,098          | 243,713                | 286,538          | 542,778          | 676,636          |
| Accrued Salaries and Benefits                      | 154,631                              | 136,261          | 231,304                | 202,536          | 385,935          | 338,797          |
| Compensated Absences                               | 210,050                              | 200,096          | 166,364                | 158,223          | 376,414          | 358,319          |
| Interest Payable                                   | 116,240                              | 126,400          | -                      | -                | 116,240          | 126,400          |
| Revenue Collected in Advance                       | 548,900                              | 435,705          | 138,697                | 154,766          | 687,597          | 590,471          |
| Current Portion of Revenue Bonds Payable           | 300,000                              | 285,000          | -                      | -                | 300,000          | 285,000          |
| Current Portion of Revenue Notes Payable           | 684,444                              | 674,444          | -                      | -                | 684,444          | 674,444          |
| Current Portion of Notes Payable                   | 86,711                               | 58,477           | -                      | -                | 86,711           | 58,477           |
| Total Current Liabilities                          | 2,400,041                            | 2,304,481        | 780,078                | 804,063          | 3,180,119        | 3,108,544        |
| Noncurrent Liabilities:                            |                                      |                  |                        |                  |                  |                  |
| Revenue Bonds Payable                              | 2,831,433                            | 3,099,370        | -                      | -                | 2,831,433        | 3,099,370        |
| Revenue Notes Payable                              | 6,747,224                            | 7,431,668        | -                      | -                | 6,747,224        | 7,431,668        |
| Notes Payable                                      | 203,688                              | 158,807          | -                      | -                | 203,688          | 158,807          |
| Compensated Absences                               | 239,547                              | 238,617          | 354,451                | 311,547          | 593,998          | 550,164          |
| Payable to Advance Land Acquisition Trust Fund     | -                                    | -                | 3,829,363              | 3,829,363        | 3,829,363        | 3,829,363        |
| Total Noncurrent Liabilities                       | 10,021,892                           | 10,928,462       | 4,183,814              | 4,140,910        | 14,205,706       | 15,069,372       |
| Total Liabilities                                  | 12,421,933                           | 13,232,943       | 4,963,892              | 4,944,973        | 17,385,825       | 18,177,916       |
| <b>NET ASSETS</b>                                  |                                      |                  |                        |                  |                  |                  |
| Invested in Capital Assets, Net of Related Debt    | 23,025,039                           | 22,891,669       | 57,372,457             | 59,375,579       | 80,397,496       | 82,267,248       |
| Restricted for Debt Service                        | 589,848                              | 583,266          | -                      | -                | 589,848          | 583,266          |
| Unrestricted                                       | 744,948                              | 2,629,917        | 1,165,981              | 1,142,272        | 1,910,929        | 3,772,189        |
| Total Net Assets                                   | \$ 24,359,835                        | \$ 26,104,852    | \$ 58,538,438          | \$ 60,517,851    | \$ 82,898,273    | \$ 86,622,703    |

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 4

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

|   | Recreational and Cultural Facilities |                      |                        |                      |                      |                      |
|---|--------------------------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
|   | Montgomery County                    |                      | Prince George's County |                      | Totals               |                      |
|   | Year Ended June 30,                  |                      | Year Ended June 30,    |                      | Year Ended June 30,  |                      |
|   | 2003                                 | 2002                 | 2003                   | 2002                 | 2003                 | 2002                 |
| Operating Revenues:                                   |                                      |                      |                        |                      |                      |                      |
| Sales   | \$ 1,343,769                         | \$ 1,632,353         | \$ 1,268,004           | \$ 1,485,366         | \$ 2,611,773         | \$ 3,117,719         |
| Charges for Services                                  | 8,730,639                            | 10,017,145           | 3,789,223              | 4,426,115            | 12,519,862           | 14,443,260           |
| Rentals and Concessions                               | 2,611,242                            | 2,588,223            | 1,996,982              | 2,271,056            | 4,608,224            | 4,859,279            |
| Total Operating Revenues                              | <u>12,685,650</u>                    | <u>14,237,721</u>    | <u>7,054,209</u>       | <u>8,182,537</u>     | <u>19,739,859</u>    | <u>22,420,258</u>    |
| Operating Expenses:                                   |                                      |                      |                        |                      |                      |                      |
| Cost of Goods Sold                                    | 815,033                              | 991,372              | 998,229                | 1,075,355            | 1,813,262            | 2,066,727            |
| Personal Services                                     | 5,637,641                            | 5,669,364            | 7,464,442              | 6,893,854            | 13,102,083           | 12,563,218           |
| Supplies and Materials                                | 1,678,246                            | 1,817,310            | 1,230,011              | 1,214,859            | 2,908,257            | 3,031,969            |
| Communications  | 131,142                              | 116,996              | 205,794                | 245,438              | 336,936              | 362,434              |
| Utilities   | 737,127                              | 645,292              | 4,835                  | -                    | 741,962              | 645,292              |
| Maintenance   | 307,010                              | 353,140              | 434,166                | 692,676              | 741,176              | 1,046,016            |
| Contractual Services                                  | 1,501,624                            | 1,263,108            | 813,649                | 586,236              | 2,315,273            | 1,849,344            |
| Other Services and Charges                            | 259,463                              | 321,034              | 381,489                | 671,813              | 640,952              | 992,847              |
| Administrative Services                               | 1,195,419                            | 1,190,389            | -                      | -                    | 1,195,419            | 1,190,389            |
| Depreciation  | 1,592,080                            | 1,471,882            | 2,181,239              | 2,236,205            | 3,773,319            | 3,710,087            |
| Total Operating Expenses                              | <u>13,854,785</u>                    | <u>13,839,887</u>    | <u>13,713,854</u>      | <u>13,618,436</u>    | <u>27,568,639</u>    | <u>27,458,323</u>    |
| Operating Income (Loss)                               | <u>(1,169,135)</u>                   | <u>397,834</u>       | <u>(6,659,645)</u>     | <u>(5,435,899)</u>   | <u>(7,828,780)</u>   | <u>(5,038,065)</u>   |
| Nonoperating Revenues (Expenses):                     |                                      |                      |                        |                      |                      |                      |
| Investment Earnings                                   | 91,593                               | 231,041              | 32,218                 | 30,771               | 123,811              | 261,812              |
| Interest Expense, net of Amortization                 | (674,407)                            | (730,809)            | -                      | -                    | (674,407)            | (730,809)            |
| Loss on Sale of Asset                                 | -                                    | (13,938)             | -                      | -                    | -                    | (13,938)             |
| Total Nonoperating Revenue (Expense)                  | <u>(582,814)</u>                     | <u>(513,706)</u>     | <u>32,218</u>          | <u>30,771</u>        | <u>(550,596)</u>     | <u>(482,935)</u>     |
| Income (Loss) before Transfers                        | <u>(1,751,949)</u>                   | <u>(115,872)</u>     | <u>(6,627,427)</u>     | <u>(5,405,128)</u>   | <u>(8,379,376)</u>   | <u>(5,521,000)</u>   |
| Transfers of General Government Land                  | -                                    | 3,793,139            | -                      | -                    | -                    | 3,793,139            |
| Transfers In - Park Account                           | 86,000                               | 86,000               | 4,162,200              | 3,854,107            | 4,248,200            | 3,940,107            |
| Transfer In - Recreation Account                      | -                                    | -                    | 388,600                | 388,566              | 388,600              | 388,566              |
| Transfer In - Internal Service Fund - Group Insurance | 78,173                               | -                    | 97,214                 | -                    | 175,387              | -                    |
| Transfer In - Private Purpose Trust                   | 17,759                               | -                    | -                      | -                    | 17,759               | -                    |
| Transfer Out- CIP Fund                                | (175,000)                            | -                    | -                      | -                    | (175,000)            | -                    |
| Change in Net Assets                                  | <u>(1,745,017)</u>                   | <u>3,763,267</u>     | <u>(1,979,413)</u>     | <u>(1,162,455)</u>   | <u>(3,724,430)</u>   | <u>2,600,812</u>     |
| Total Net Assets - Beginning                          | <u>26,104,852</u>                    | <u>22,341,585</u>    | <u>60,517,851</u>      | <u>61,680,306</u>    | <u>86,622,703</u>    | <u>84,021,891</u>    |
| Total Net Assets - Ending                             | <u>\$ 24,359,835</u>                 | <u>\$ 26,104,852</u> | <u>\$ 58,538,438</u>   | <u>\$ 60,517,851</u> | <u>\$ 82,898,273</u> | <u>\$ 86,622,703</u> |



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

**Schedule 5**

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

|   | Recreational and Cultural Facilities |                    |                        |                |                     |                    |
|---|--------------------------------------|--------------------|------------------------|----------------|---------------------|--------------------|
|   | Montgomery County                    |                    | Prince George's County |                | Year Ended June 30, |                    |
|   | Year Ended June 30,                  |                    | Year Ended June 30,    |                | Year Ended June 30, |                    |
|   | 2003                                 | 2002               | 2003                   | 2002           | 2003                | 2002               |
| <b>Cash Flows from Operating Activities:</b>  |                                      |                    |                        |                |                     |                    |
| Receipts from Customers and Users   | \$ 12,795,570                        | \$ 14,168,938      | \$ 7,038,079           | \$ 8,230,688   | \$ 19,833,649       | \$ 22,399,624      |
| Payments to Suppliers   | (4,880,753)                          | (4,431,749)        | (3,881,070)            | (4,239,990)    | (8,541,823)         | (8,671,738)        |
| Payments to Employees   | (5,608,387)                          | (5,733,422)        | (7,384,629)            | (6,841,755)    | (12,993,016)        | (12,575,177)       |
| Payments for Interfund Services Used  | (860,000)                            | (860,200)          | (243,100)              | (233,800)      | (1,103,100)         | (1,094,000)        |
| Payments for Administrative Charges   | (1,195,419)                          | (1,190,389)        | -                      | -              | (1,195,419)         | (1,190,389)        |
| Net Cash Provided (Used) by Operating Activities  | 451,011                              | 1,953,176          | (4,450,720)            | (3,084,857)    | (3,999,709)         | (1,131,681)        |
| <b>Cash Flows from Noncapital Financing Activities:</b>   |                                      |                    |                        |                |                     |                    |
| Operating Transfers In from Other Funds   | 181,931                              | 86,000             | 4,648,014              | 4,242,673      | 4,829,945           | 4,328,673          |
| Operating Transfers Out to Other Funds  | (175,000)                            | -                  | -                      | -              | (175,000)           | -                  |
| Net Cash Provided (Used) by Noncapital Financing Activities   | 6,931                                | 86,000             | 4,648,014              | 4,242,673      | 4,654,945           | 4,328,673          |
| <b>Cash Flows from Capital and Related Financing Activities:</b>  |                                      |                    |                        |                |                     |                    |
| Acquisition and Construction of Capital Assets  | (819,468)                            | (2,459,831)        | (178,117)              | (350,177)      | (997,585)           | (2,810,008)        |
| Principal Paid on Notes Payable   | (732,920)                            | (715,235)          | -                      | -              | (732,920)           | (715,235)          |
| Principal Paid on Revenue Bonds   | (285,000)                            | (270,000)          | -                      | -              | (285,000)           | (270,000)          |
| Interest Paid   | (642,344)                            | (698,746)          | -                      | -              | (642,344)           | (698,746)          |
| Proceeds from Financing - Notes Payable   | 131,593                              | -                  | -                      | -              | 131,593             | -                  |
| Net Cash Provided (Used) by Capital and Related Financing Activities  | (2,348,139)                          | (4,143,812)        | (178,117)              | (350,177)      | (2,526,256)         | (4,493,989)        |
| <b>Cash Flows from Investing Activities:</b>  |                                      |                    |                        |                |                     |                    |
| Interest on Restricted Investments  | 104,895                              | 191,501            | -                      | -              | 104,895             | 191,501            |
| Interest on Investments   | (13,302)                             | 39,540             | 32,218                 | 30,771         | 18,916              | 70,311             |
| Net Cash Provided (Used) by Investing Activities  | 91,593                               | 231,041            | 32,218                 | 30,771         | 123,811             | 261,812            |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | <b>(1,798,604)</b>                   | <b>(1,873,595)</b> | <b>51,395</b>          | <b>838,410</b> | <b>(1,747,209)</b>  | <b>(1,035,185)</b> |
| Cash, Cash Equivalents and Restricted Cash, July 1  | 3,895,282                            | 5,768,877          | 1,709,476              | 871,066        | 5,604,758           | 6,639,943          |
| Cash, Cash Equivalents and Restricted Cash, June 30   | \$ 2,096,678                         | \$ 3,895,282       | \$ 1,760,871           | \$ 1,709,476   | \$ 3,857,549        | \$ 5,604,758       |
| <b>Displayed as:</b>  |                                      |                    |                        |                |                     |                    |
| Equity in Pooled Cash and Investments   | \$ 1,455,113                         | \$ 3,312,016       | \$ 1,760,871           | \$ 1,709,476   | \$ 3,215,984        | \$ 5,021,492       |
| Restricted for Revenue Bond Covenants   | 589,848                              | 583,266            | -                      | -              | 589,848             | 583,266            |
| Restricted Revenue and Equipment Financing Proceeds   | 51,717                               | -                  | -                      | -              | 51,717              | -                  |
|   | \$ 2,096,678                         | \$ 3,895,282       | \$ 1,760,871           | \$ 1,709,476   | \$ 3,857,549        | \$ 5,604,758       |
| <b>Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:</b>   |                                      |                    |                        |                |                     |                    |
| Operating Income (Loss)   | \$ (1,169,135)                       | \$ 397,834         | \$ (6,659,645)         | \$ (5,435,899) | (7,828,780)         | \$ (5,038,065)     |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>                                  |                                      |                    |                        |                |                     |                    |
| Depreciation  | 1,592,080                            | 1,471,882          | 2,181,239              | 2,238,205      | 3,773,319           | 3,710,087          |
| <b>Changes in Assets and Liabilities:</b>   |                                      |                    |                        |                |                     |                    |
| (Increase) Decrease in Accounts Receivable  | (3,275)                              | 1,335              | (61)                   | 3,501          | (3,336)             | 4,836              |
| (Increase) Decrease in Inventories, at Cost   | (11,915)                             | (55,085)           | 8,828                  | 32,587         | (3,087)             | (22,496)           |
| Increase (Decrease) in Accounts Payable   | (89,033)                             | 184,752            | (44,825)               | (20,000)       | (133,858)           | 164,752            |
| Increase (Decrease) in Accrued Salaries and Benefits  | 18,370                               | 14,641             | 28,768                 | 10,549         | 47,138              | 25,190             |
| Increase (Decrease) in Compensated Absences   | 10,884                               | 17,734             | 51,045                 | 41,550         | 61,929              | 59,284             |
| Increase (Decrease) in Interest Payable   | (10,160)                             | (9,797)            | -                      | -              | (10,160)            | (9,797)            |
| Increase (Decrease) in Revenue Collected in Advance   | 113,195                              | (70,120)           | (18,069)               | 44,650         | 97,126              | (25,470)           |
| Total Adjustments   | 1,620,146                            | 1,555,342          | 2,208,925              | 2,351,042      | 3,829,071           | 3,906,384          |
| Net Cash Provided (Used) by Operating Activities  | \$ 451,011                           | \$ 1,953,176       | \$ (4,450,720)         | \$ (3,084,857) | \$ (3,999,709)      | \$ (1,131,681)     |
| <b>Noncash investing, capital and financing activities:</b>   |                                      |                    |                        |                |                     |                    |
| In fiscal year 2002, land with a historical cost of \$3,793,139 was transferred from the General Government to the Montgomery Enterprise Fund |                                      |                    |                        |                |                     |                    |



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

## INTERNAL SERVICE FUNDS

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

### Capital Equipment Funds

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

### Executive Office Building Fund

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

### Employee Benefits Funds

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

### Risk Management Funds

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 6

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

|  | MONTGOMERY COUNTY    |                      |                    |                  |                  | PRINCE GEORGE'S COUNTY          |                      |                    |                  |                  | TOTALS           |                  |
|--|----------------------|----------------------|--------------------|------------------|------------------|---------------------------------|----------------------|--------------------|------------------|------------------|------------------|------------------|
|  | Capital<br>Equipment | Employee<br>Benefits | Risk<br>Management | TOTALS           |                  | Executive<br>Office<br>Building | Employee<br>Benefits | Risk<br>Management | TOTALS           |                  | June 30,<br>2003 | June 30,<br>2002 |
|  | June 30,<br>2003     | June 30,<br>2002     | June 30,<br>2003   | June 30,<br>2002 | June 30,<br>2003 | June 30,<br>2002                | June 30,<br>2003     | June 30,<br>2002   | June 30,<br>2003 | June 30,<br>2002 | June 30,<br>2003 | June 30,<br>2002 |
| <b>ASSETS</b>  |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Current Assets:  |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Equity in Pooled Cash and Investments                  | \$ 2,045,371         | \$ 9,315,242         | \$ 4,628,248       | \$ 15,969,861    | \$ 15,991,944    | \$ 356,450                      | \$ 9,550,905         | \$ 10,036,384      | \$ 19,945,739    | \$ 19,156,728    | \$ 35,935,600    | \$ 35,148,672    |
| Restricted Cash, Cash Equivalents and Investments:     |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Unspent Revenue Bond and Equipment Financing           |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Proceeds   | 1,049,354            | -                    | -                  | 1,049,354        | -                | -                               | -                    | -                  | -                | -                | 1,049,354        | -                |
| Accounts Receivable                                    | -                    | -                    | 250                | 250              | 250              | -                               | -                    | -                  | -                | 250              | 250              | 500              |
| Due from County Government                             | -                    | -                    | 93,543             | 93,543           | 82,232           | -                               | -                    | 93,543             | 93,543           | 82,232           | 187,066          | 164,464          |
| Due from Other Funds - 115 Trust                       | -                    | 466,351              | -                  | 466,351          | -                | -                               | 466,351              | -                  | 466,351          | -                | 932,702          | -                |
| Deposits and Other                                     | -                    | 1,680                | 19,581             | 21,561           | 28,558           | -                               | 1,682                | 19,851             | 21,561           | 28,559           | 43,122           | 57,116           |
| Total Current Assets                                   | 3,094,725            | 9,784,273            | 4,741,922          | 17,620,920       | 16,132,984       | 356,450                         | 10,018,936           | 10,151,808         | 20,527,194       | 19,267,768       | 38,148,114       | 35,370,752       |
| Noncurrent Assets:                                     |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Capital Assets:  |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Land   | -                    | -                    | -                  | -                | -                | 748,497                         | -                    | -                  | 748,497          | 748,497          | 748,497          | 748,497          |
| Buildings and Improvements                             | 102,469              | -                    | -                  | 102,469          | 102,459          | 2,649,865                       | -                    | -                  | 2,649,865        | 2,649,865        | 2,752,334        | 2,752,334        |
| Machinery and Equipment                                | 17,465,064           | -                    | 154,204            | 17,619,268       | 18,143,066       | 26,326                          | -                    | 199,783            | 226,109          | 95,739           | 17,845,377       | 16,238,805       |
| Less-Accumulated Depreciation                          | (12,232,377)         | -                    | (52,494)           | (12,284,871)     | (10,860,725)     | (1,021,414)                     | -                    | (57,053)           | (1,078,467)      | (948,990)        | (13,363,336)     | (11,810,715)     |
| Total Capital Assets (net of accumulated depreciation) | 5,335,156            | -                    | 101,710            | 5,436,866        | 5,384,810        | 2,403,274                       | -                    | 142,730            | 2,546,004        | 2,544,111        | 7,982,870        | 7,928,921        |
| Total Assets   | 8,429,881            | 9,784,273            | 4,843,632          | 23,057,786       | 21,487,794       | 2,759,724                       | 10,018,936           | 10,294,538         | 23,073,198       | 21,811,879       | 46,130,984       | 43,299,673       |
| <b>LIABILITIES</b>                                     |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Current Liabilities:                                   |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Accounts Payable                                       | 107,949              | 120,914              | 5,597              | 234,460          | 134,894          | 9,925                           | 120,914              | 58,398             | 189,237          | 44,009           | 423,697          | 178,903          |
| Current Portion of Claims Payable                      | -                    | 332,419              | 642,763            | 975,182          | 764,410          | -                               | 332,419              | 646,476            | 978,895          | 1,355,116        | 1,964,077        | 2,120,532        |
| Accrued Salaries and Benefits                          | -                    | 113,876              | 7,585              | 121,461          | 82,555           | 3,111                           | 112,964              | 7,585              | 123,660          | 104,887          | 245,121          | 187,442          |
| Current Portion of Notes Payable                       | 1,685,556            | -                    | -                  | 1,685,556        | 1,258,905        | 145,000                         | -                    | -                  | 145,000          | 90,000           | 1,830,556        | 1,358,905        |
| Current Portion of Compensated Absences                | -                    | 3,887,500            | 4,547              | 3,892,047        | 3,652,290        | 2,757                           | 4,187,400            | 4,547              | 4,194,704        | 3,955,663        | 7,895,751        | 7,607,953        |
| Due to County Government                               | -                    | -                    | 5,032              | 5,032            | -                | -                               | -                    | 5,032              | -                | -                | 10,054           | -                |
| Interest Payable                                       | 27,932               | -                    | -                  | 27,932           | -                | 44,304                          | -                    | -                  | 44,304           | 18,674           | 72,235           | 18,674           |
| Total Current Liabilities                              | 1,821,437            | 4,254,709            | 665,524            | 5,741,670        | 5,903,060        | 205,097                         | 4,753,697            | 722,038            | 5,680,832        | 5,569,349        | 12,422,502       | 11,472,409       |
| Noncurrent Liabilities:                                |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Claims Payable - Net of Current Portion                | -                    | 490,799              | 1,928,287          | 2,419,086        | 2,200,628        | -                               | 490,799              | 1,939,433          | 2,430,232        | 3,371,074        | 4,849,318        | 5,571,702        |
| Notes Payable - Net of Current Portion                 | 3,290,635            | -                    | -                  | 3,290,635        | 2,307,783        | 1,530,000                       | -                    | -                  | 1,530,000        | 1,675,000        | 4,820,635        | 3,982,763        |
| Compensated Absences - Net of Current Portion          | -                    | 2,219,100            | 20,432             | 2,239,532        | 2,090,597        | 10,227                          | 2,807,100            | 20,433             | 2,837,760        | 2,642,697        | 5,077,292        | 4,723,294        |
| Total Noncurrent Liabilities                           | 3,290,635            | 2,709,899            | 1,948,719          | 7,949,253        | 6,598,008        | 1,540,227                       | 3,297,899            | 1,959,866          | 6,797,992        | 7,688,771        | 14,747,245       | 14,277,779       |
| Total Liabilities                                      | 5,112,072            | 6,964,608            | 2,614,243          | 14,690,923       | 12,492,068       | 1,745,324                       | 8,051,596            | 2,681,904          | 12,478,824       | 13,258,120       | 27,169,747       | 25,750,188       |
| <b>NET ASSETS</b>                                      |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Invested in Capital Assets, Net of Related Debt        | 1,408,319            | -                    | 101,710            | 1,510,029        | 1,808,122        | 728,274                         | -                    | 142,730            | 871,004          | 779,111          | 2,381,033        | 2,587,233        |
| Unrestricted   | 1,909,490            | 2,819,665            | 2,127,679          | 6,856,834        | 7,187,604        | 286,126                         | 1,967,340            | 7,469,904          | 9,723,370        | 7,774,648        | 18,580,204       | 14,952,252       |
| Total Net Assets                                       | \$ 3,317,809         | \$ 2,819,665         | \$ 2,229,389       | \$ 8,366,863     | \$ 8,995,726     | \$ 1,014,400                    | \$ 1,967,340         | \$ 7,612,634       | \$ 10,594,374    | \$ 8,553,759     | \$ 20,961,237    | \$ 17,549,485    |



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 7

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

|  | MONTGOMERY COUNTY    |                      |                    |                  |                  | PRINCE GEORGE'S COUNTY          |                      |                    |                  |                  | TOTALS           |                  |
|--|----------------------|----------------------|--------------------|------------------|------------------|---------------------------------|----------------------|--------------------|------------------|------------------|------------------|------------------|
|  |                      |                      | TOTALS             |                  |                  |                                 |                      | TOTALS             |                  |                  |                  |                  |
|  | Capital<br>Equipment | Employee<br>Benefits | Risk<br>Management | June 30,<br>2003 | June 30,<br>2002 | Executive<br>Office<br>Building | Employee<br>Benefits | Risk<br>Management | June 30,<br>2003 | June 30,<br>2002 | June 30,<br>2003 | June 30,<br>2002 |
| Operating Revenues:  |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Charges for Services   | \$ 1,483,360         | \$ 15,001,781        | \$ 1,070,000       | \$ 17,555,141    | \$ 17,736,048    | \$ 756,500                      | \$ 16,070,858        | \$ 2,178,000       | \$ 19,007,358    | \$ 18,093,358    | \$ 36,562,499    | \$ 35,829,404    |
| Claim Recoveries   | -                    | -                    | 110,192            | 110,192          | 107,247          | 100                             | -                    | 180,229            | 180,309          | 129,010          | 290,501          | 236,257          |
| Total Operating Revenues   | 1,483,360            | 15,001,781           | 1,180,192          | 17,665,333       | 17,843,295       | 756,600                         | 16,070,858           | 2,358,229          | 19,187,667       | 18,222,368       | 36,853,000       | 36,065,661       |
| Operating Expenses:  |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Personal Services  | -                    | 5,397,868            | 261,848            | 5,659,736        | 5,122,320        | 123,781                         | 6,510,257            | 261,852            | 6,895,900        | 6,189,156        | 12,555,836       | 11,311,476       |
| Supplies and Materials   | 155,468              | -                    | 29,710             | 185,178          | 63,668           | 82,645                          | -                    | 21,139             | 103,784          | 80,212           | 288,962          | 143,880          |
| Contractual Services -<br>Montgomery County Self<br>Insurance Program, Net | -                    | -                    | 1,436,593          | 1,436,593        | 1,501,590        | -                               | -                    | 399,547            | 399,547          | 1,259,492        | 1,836,140        | 2,761,082        |
| Claims Incurred  | -                    | 4,227,761            | -                  | 4,227,761        | 4,039,095        | -                               | 4,227,761            | -                  | 4,227,761        | 4,580,595        | 8,455,522        | 8,619,690        |
| Insurance  | -                    | 5,066,262            | 3,664              | 5,059,826        | 4,587,201        | -                               | 5,066,262            | (45,786)           | 5,010,476        | 4,697,069        | 10,070,402       | 9,284,270        |
| Other Services and Charges   | 25,900               | 59,741               | 214,710            | 300,351          | 395,663          | 449,076                         | 59,740               | 45,303             | 555,119          | 676,393          | 855,470          | 1,072,256        |
| Depreciation   | 1,502,232            | -                    | 16,167             | 1,518,399        | 1,486,394        | 107,750                         | -                    | 20,725             | 128,475          | 112,902          | 1,646,874        | 1,599,296        |
| Total Operating Expenses   | 1,683,600            | 14,741,652           | 1,962,692          | 18,387,944       | 17,196,131       | 763,252                         | 16,854,020           | 703,790            | 17,321,062       | 17,595,619       | 35,709,006       | 34,791,950       |
| Operating Income (Loss)  | (200,240)            | 260,129              | (782,500)          | (722,611)        | 647,162          | (4,652)                         | 216,838              | 1,654,419          | 1,866,605        | 626,549          | 1,143,994        | 1,273,711        |
| Nonoperating Revenues (Expenses):  |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Interest Income  | 73,853               | 119,425              | 76,554             | 269,832          | 332,154          | 5,564                           | 132,185              | 162,843            | 300,592          | 475,167          | 570,424          | 807,321          |
| Interest Expense   | (137,603)            | -                    | -                  | (137,603)        | (223,192)        | (90,327)                        | -                    | -                  | (30,327)         | (224,545)        | (227,830)        | (447,737)        |
| Total Nonoperating Revenues (Expenses)                                     | (63,750)             | 119,425              | 76,554             | 132,229          | 108,962          | (84,763)                        | 132,185              | 162,843            | 270,265          | 250,622          | 342,494          | 359,584          |
| Income (Loss) Before Contributions and Transfers                           | (263,990)            | 379,554              | (705,946)          | (590,382)        | 756,124          | (89,415)                        | 349,023              | 1,817,262          | 2,076,870        | 877,171          | 1,486,488        | 1,633,295        |
| Operating Transfers In (Out) :   |                      |                      |                    |                  |                  |                                 |                      |                    |                  |                  |                  |                  |
| Interfund Transfers In - Trust Funds                                       | -                    | 1,378,583            | -                  | 1,378,583        | 400,000          | -                               | 1,378,582            | -                  | 1,378,582        | 400,000          | 2,757,165        | 600,000          |
| Interfund Transfers In   | -                    | -                    | 5,568              | 5,568            | -                | 2,225                           | -                    | 5,569              | 7,794            | -                | 13,362           | -                |
| Interfund Transfers (Out)  | -                    | (1,422,632)          | -                  | (1,422,632)      | -                | -                               | (1,422,631)          | -                  | (1,422,631)      | -                | (2,845,263)      | -                |
| Net Operating Transfers  | -                    | (44,049)             | 5,568              | (38,461)         | 400,000          | 2,225                           | (44,049)             | 5,569              | (36,255)         | 400,000          | (74,736)         | 600,000          |
| Change in Net Assets   | (263,990)            | 335,505              | (700,378)          | (628,863)        | 1,156,124        | (87,190)                        | 304,974              | 1,822,831          | 2,040,615        | 1,277,171        | 1,411,752        | 2,433,295        |
| Total Net Assets, July 1   | 3,581,799            | 2,464,160            | 2,525,767          | 8,565,726        | 7,839,602        | 1,101,590                       | 1,662,366            | 5,789,803          | 8,553,759        | 7,276,538        | 17,549,485       | 15,116,190       |
| Total Net Assets, June 30  | \$ 3,317,809         | \$ 2,819,665         | \$ 2,229,389       | \$ 8,366,863     | \$ 8,995,726     | \$ 1,014,400                    | \$ 1,597,340         | \$ 7,612,634       | \$ 10,594,374    | \$ 8,553,759     | \$ 18,961,237    | \$ 17,549,485    |

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

|   | MONTGOMERY COUNTY    |                      |                    |               | PRINCE GEORGE'S COUNTY          |                      |                    |               |               |
|---|----------------------|----------------------|--------------------|---------------|---------------------------------|----------------------|--------------------|---------------|---------------|
|   | Capital<br>Equipment | Employee<br>Benefits | Risk<br>Management | TOTAL         | Executive<br>Office<br>Building | Employee<br>Benefits | Risk<br>Management | TOTAL         | TOTAL         |
| Cash Flows from Operating Activities:   |                      |                      |                    |               |                                 |                      |                    |               |               |
| Receipts from Customers and Users   | \$ 1,483,360         | \$ 14,538,218        | \$ 1,173,090       | \$ 17,194,668 | \$ 758,600                      | \$ 15,607,295        | \$ 2,351,357       | \$ 18,717,252 | \$ 35,911,920 |
| Payments to Suppliers   | (150,408)            | (8,864,737)          | (1,468,610)        | (10,483,755)  | (533,839)                       | (8,864,736)          | (1,900,784)        | (11,299,359)  | (21,783,114)  |
| Payments to Employees   | -                    | (5,153,977)          | (268,161)          | (5,422,138)   | (118,563)                       | (6,056,285)          | (268,175)          | (6,443,023)   | (11,865,161)  |
| Payments for Interfund Services Used  | (25,900)             | (36,100)             | (102,300)          | (164,300)     | (1,100)                         | (36,100)             | (102,300)          | (139,500)     | (303,800)     |
| Net Cash Provided by Operating Activities   | 1,307,052            | 483,404              | (665,981)          | 1,124,475     | 105,098                         | 650,174              | 80,098             | 835,370       | 1,959,845     |
| Cash Flows from Noncapital Financing Activities:  |                      |                      |                    |               |                                 |                      |                    |               |               |
| Operating Transfers In From Other Funds   | -                    | (44,049)             | 5,568              | (38,481)      | 2,225                           | (44,049)             | 5,569              | (36,255)      | (74,736)      |
| Net Cash Provided (Used) by Noncapital Financing Activities   | -                    | (44,049)             | 5,568              | (38,481)      | 2,225                           | (44,049)             | 5,569              | (36,255)      | (74,736)      |
| Cash Flows from Capital and Related Financing Activities:   |                      |                      |                    |               |                                 |                      |                    |               |               |
| Acquisition of Capital Assets   | (1,485,664)          | -                    | (84,791)           | (1,570,455)   | -                               | -                    | (130,370)          | (130,370)     | (1,700,825)   |
| Principal Paid on Notes Payable   | (1,268,904)          | -                    | -                  | (1,268,904)   | (90,000)                        | -                    | -                  | (90,000)      | (1,358,904)   |
| Interest Paid on Notes Payable  | (137,603)            | -                    | -                  | (137,603)     | (90,326)                        | -                    | -                  | (90,326)      | (227,929)     |
| Proceeds from Financing - Notes Payable - Net   | 2,668,407            | -                    | -                  | 2,668,407     | -                               | -                    | -                  | -             | 2,668,407     |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                  | (223,764)            | -                    | (84,791)           | (308,555)     | (180,326)                       | -                    | (130,370)          | (310,696)     | (619,251)     |
| Cash Flows from Investing Activities:   |                      |                      |                    |               |                                 |                      |                    |               |               |
| Interest on Investments   | 73,853               | 119,425              | 76,554             | 269,832       | 5,564                           | 132,185              | 162,843            | 300,592       | 570,424       |
| Net Cash Provided (Used) by Investing Activities  | 73,853               | 119,425              | 76,554             | 269,832       | 5,564                           | 132,185              | 162,843            | 300,592       | 570,424       |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 1,157,141            | 558,780              | (668,650)          | 1,047,271     | (67,439)                        | 738,310              | 118,140            | 789,011       | 1,836,282     |
| Cash and Cash Equivalents, July 1   | 1,937,584            | 8,757,462            | 5,296,898          | 15,991,944    | 423,889                         | 8,812,595            | 9,920,244          | 19,156,728    | 35,148,672    |
| Cash and Cash Equivalents, June 30  | \$ 3,094,725         | \$ 9,316,242         | \$ 4,628,248       | \$ 17,039,215 | \$ 356,450                      | \$ 9,550,905         | \$ 10,038,384      | \$ 19,945,739 | \$ 36,984,954 |
| Operating Income (Loss)   | \$ (200,240)         | \$ 260,129           | \$ (782,500)       | \$ (722,611)  | \$ (4,652)                      | \$ 216,838           | \$ 1,654,419       | \$ 1,866,605  | \$ 1,143,994  |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: |                      |                      |                    |               |                                 |                      |                    |               |               |
| Depreciation  | 1,502,232            | -                    | 16,167             | 1,518,399     | 107,750                         | -                    | 20,725             | 128,475       | 1,646,874     |
| Changes in Assets and Liabilities:  |                      |                      |                    |               |                                 |                      |                    |               |               |
| (Increase) Decrease in Accounts Receivable  | -                    | -                    | -                  | -             | -                               | -                    | 250                | 250           | 250           |
| (Increase) Decrease in Due from County Government   | -                    | -                    | (11,311)           | (11,311)      | -                               | -                    | (11,311)           | (11,311)      | (22,822)      |
| (Increase) Decrease in Deposits and Other   | -                    | 2,788                | 4,209              | 6,997         | -                               | 2,788                | 4,209              | 6,997         | 13,994        |
| (Increase) Decrease in Due from Other Funds   | -                    | (466,351)            | -                  | (466,351)     | -                               | (466,351)            | -                  | (466,351)     | (932,702)     |
| Increase (Decrease) in Accounts Payable   | (22,872)             | 120,914              | 1,524              | 99,566        | (28,848)                        | 120,914              | 53,163             | 145,229       | 244,795       |
| Increase (Decrease) in Claims Payable   | -                    | 137,803              | (49,858)           | 87,945        | -                               | 137,803              | (859,182)          | (721,379)     | (633,434)     |
| Increase (Decrease) in Accrued Salaries and Benefits  | -                    | 36,811               | 2,095              | 38,906        | 1,707                           | 14,972               | 2,094              | 18,773        | 57,679        |
| Increase (Decrease) in Compensated Absences   | -                    | 207,100              | (8,408)            | 198,692       | 3,511                           | 439,000              | (8,407)            | 434,104       | 632,798       |
| Increase (Decrease) in Interest Payable   | 27,932               | -                    | -                  | 27,932        | 25,630                          | -                    | -                  | 25,630        | 53,562        |
| Increase (Decrease) in Incurred But Unreported Clms   | -                    | 184,210              | 157,069            | 341,279       | -                               | 184,210              | (579,394)          | (395,184)     | (53,905)      |
| Increase (Decrease) in Other Accrued Liabilities  | -                    | -                    | -                  | -             | -                               | -                    | (201,500)          | (201,500)     | (201,500)     |
| Increase (Decrease) in Due to County Government   | -                    | -                    | 5,032              | 5,032         | -                               | -                    | 5,032              | 5,032         | 10,064        |
| Net Cash Provided (Used) by Operating Activities  | \$ 1,307,052         | \$ 483,404           | \$ (665,981)       | \$ 1,124,475  | \$ 105,098                      | \$ 650,174           | \$ 80,098          | \$ 835,370    | \$ 1,959,845  |





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

## **FIDUCIARY FUNDS**

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

### *Pension Trust Funds*

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

### *Private Purpose Trust Funds*

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

### *Agency Funds*

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 9

Combining Statement of Net Assets  
Fiduciary funds  
June 30, 2003

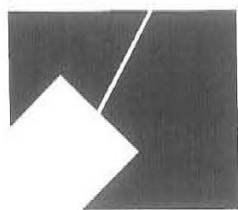
|  | PENSION TRUST FUNDS        |  |                           | PRIVATE PURPOSE TRUST FUNDS |                        |                                   | AGENCY FUNDS     |            |                    |                       |
|--|----------------------------|--|---------------------------|-----------------------------|------------------------|-----------------------------------|------------------|------------|--------------------|-----------------------|
|  | Employees' Retirement Fund | Employees' Post Employment Benefits Fund | Total Pension Trust Funds | Montgomery County           | Prince George's County | Total Private Purpose Trust Funds | State Retirement | Montgomery | Total Agency Funds | Total Fiduciary Funds |
| <b>ASSETS</b>  |                            |  |                           |                             |                        |                                   |                  |            |                    |                       |
| Equity in Pooled Cash and Investments                                    | \$ -                       | \$ -                                     | \$ -                      | \$ 4,284,331                | \$ 8,747,946           | \$ 13,032,277                     | \$ 2,817,612     | \$ 537,717 | \$ 3,355,329       | \$ 16,387,606         |
| Cash and Marketable Securities   | 450,511,965                | 7,025,098                                | 457,537,063               | -                           | -                      | -                                 | -                | -          | -                  | 457,537,063           |
| Restricted Cash: Unspent Bond Proceeds                                   | -                          | -  | -                         | 584,278                     | 259,588                | 843,866                           | -                | -          | -                  | 843,866               |
| Collateral for Securities Lending Transactions                           | 43,782,139                 | -  | 43,782,139                | -                           | -                      | -                                 | -                | -          | -                  | 43,782,139            |
| Accounts Receivable  | 1,829,141                  | -  | 1,829,141                 | -                           | 2,000                  | 2,000                             | -                | -          | -                  | 1,831,141             |
| Due from Other Governments   | -                          | 27,627                                   | 27,627                    | -                           | -                      | -                                 | -                | -          | -                  | 27,627                |
| Deposits and Other   | 109,444                    | -  | 109,444                   | -                           | -                      | -                                 | -                | -          | -                  | 109,444               |
| Receivable From Enterprise Fund  | -                          | -  | -                         | -                           | 3,829,363              | 3,829,363                         | -                | -          | -                  | 3,829,363             |
| Land Held for Transfer   | -                          | -  | -                         | 25,311,110                  | 11,913,244             | 37,224,354                        | -                | -          | -                  | 37,224,354            |
| Other  | -                          | -  | -                         | -                           | 481,665                | 481,665                           | -                | -          | -                  | 481,665               |
| Total Assets   | 496,232,689                | 7,052,725                                | 503,285,414               | 30,179,719                  | 25,233,806             | 55,413,525                        | 2,817,612        | 537,717    | 3,355,329          | 562,054,268           |
| <b>LIABILITIES</b>   |                            |  |                           |                             |                        |                                   |                  |            |                    |                       |
| Accounts Payable   | 871,424                    | -  | 871,424                   | -                           | 1,497                  | 1,497                             | 2,817,612        | 1,900      | 2,819,512          | 3,692,433             |
| Due to Group Insurance Internal Service Fund                             | -                          | 932,702                                  | 932,702                   | -                           | -                      | -                                 | -                | -          | -                  | 932,702               |
| Obligation for Collateral Received under Securities Lending transactions | 43,782,139                 | -  | 43,782,139                | -                           | -                      | -                                 | -                | -          | -                  | 43,782,139            |
| Deposits   | -                          | -  | -                         | -                           | -                      | -                                 | -                | 535,817    | 535,817            | 535,817               |
| Total Liabilities  | 44,653,563                 | 932,702                                  | 45,586,265                | -                           | 1,497                  | 1,497                             | 2,817,612        | 537,717    | 3,355,329          | 48,943,091            |
| <b>NET ASSETS</b>  |                            |  |                           |                             |                        |                                   |                  |            |                    |                       |
| Assets Held in Trust for:  |                            |  |                           |                             |                        |                                   |                  |            |                    |                       |
| Land Held for Transfer   | -                          | -  | -                         | 25,311,110                  | 15,742,607             | 41,053,717                        | -                | -          | -                  | 41,053,717            |
| Pension Benefits   | 451,579,126                | -  | 451,579,126               | -                           | -                      | -                                 | -                | -          | -                  | 451,579,126           |
| Other Postemployment Benefits  | -                          | 6,120,023                                | 6,120,023                 | -                           | -                      | -                                 | -                | -          | -                  | 6,120,023             |
| Other Purposes   | -                          | -  | -                         | 4,868,609                   | 9,489,702              | 14,358,311                        | -                | -          | -                  | 14,358,311            |
| Total Net Assets   | \$ 451,579,126             | \$ 6,120,023                             | \$ 457,699,149            | \$ 30,179,719               | \$ 25,232,309          | \$ 55,412,028                     | \$ -             | \$ -       | \$ -               | \$ 513,111,177        |

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 10

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

|  | PENSION TRUST FUNDS        |  |                | PRIVATE PURPOSE TRUST FUNDS |                        |               |
|--|----------------------------|--|----------------|-----------------------------|------------------------|---------------|
|  | Employees' Retirement Fund | Employees' Post Employment Benefits Fund | Totals         | Montgomery County           | Prince George's County | Totals        |
| <b>ADDITIONS:</b>  |                            |  |                |                             |                        |               |
| Contributions:   |                            |  |                |                             |                        |               |
| Employer   | \$ 540,369                 | \$ -                                     | \$ 540,369     | \$ -                        | \$ -                   | \$ -          |
| Plan Members   | 3,583,083                  | -  | 3,583,083      | -                           | -                      | -             |
| Private Donations  | -                          | -  | -              | 16,829                      | 38,831                 | 55,660        |
| Total Contributions                                      | 4,123,452                  | -  | 4,123,452      | 16,829                      | 38,831                 | 55,660        |
| Receipts from Commission Debt Service Funds              | -                          | -  | -              | 332,333                     | 160,725                | 493,058       |
| Investment Earnings:                                     |                            |  |                |                             |                        |               |
| Interest   | 9,575,757                  | 1,777                                    | 9,577,534      | 55,446                      | 157,997                | 213,443       |
| Dividends  | 1,820,092                  | 286,677                                  | 2,106,769      | -                           | -                      | -             |
| Net increase (decrease) in the Fair Value of Investments | 16,361,166                 | (223,652)                                | 16,137,514     | -                           | -                      | -             |
| Total Investment Earnings                                | 27,757,015                 | 64,802                                   | 27,821,817     | 55,446                      | 157,997                | 213,443       |
| Less Investment Expense                                  |                            |  |                |                             |                        |               |
| Investment Advisory and Management Fees                  | (1,609,970)                | (31,970)                                 | (1,641,940)    | -                           | -                      | -             |
| Net Income from Investing Activities                     | 26,147,045                 | 32,832                                   | 26,179,877     | 55,446                      | 157,997                | 213,443       |
| Securities Lending Activity                              |                            |  |                |                             |                        |               |
| Securities Lending Income                                | 714,806                    | -  | 714,806        | -                           | -                      | -             |
| Securities Lending Fees                                  | (642,489)                  | -  | (642,489)      | -                           | -                      | -             |
| Net Income from Securities Lending Activity              | 72,317                     | -  | 72,317         | -                           | -                      | -             |
| Total Net Investment Income                              | 26,219,362                 | 32,832                                   | 26,252,194     | 55,446                      | 157,997                | 213,443       |
| Total Additions  | 30,342,814                 | 32,832                                   | 30,375,646     | 404,608                     | 357,553                | 762,161       |
| <b>DEDUCTIONS</b>  |                            |  |                |                             |                        |               |
| Benefits   | 13,734,100                 | -  | 13,734,100     | -                           | -                      | -             |
| Refunds of Contributions                                 | 349,645                    | -  | 349,645        | -                           | -                      | -             |
| Administrative expenses                                  | 1,047,466                  | -  | 1,047,466      | -                           | -                      | -             |
| Transfers to Group Insurance Internal Service Fund       | -                          | 2,757,165                                | 2,757,165      | -                           | -                      | -             |
| Transfers to Commission Debt Service Funds               | -                          | -  | -              | 7,296                       | 2,578                  | 9,874         |
| Transfers to Enterprise Fund                             | -                          | -  | -              | 17,759                      | -                      | 17,759        |
| Other  | -                          | -  | -              | 8,218                       | 65,197                 | 73,415        |
| Total Deductions   | 15,131,211                 | 2,757,165                                | 17,888,376     | 33,273                      | 67,775                 | 101,048       |
| Change in Net Assets                                     | 15,211,603                 | (2,724,333)                              | 12,487,270     | 371,335                     | 289,778                | 661,113       |
| Net Assets - Beginning                                   | 436,367,523                | 8,844,356                                | 445,211,879    | 29,808,384                  | 24,942,531             | 54,750,915    |
| Net Assets - Ending                                      | \$ 451,579,126             | \$ 6,120,023                             | \$ 457,699,149 | \$ 30,179,719               | \$ 25,232,309          | \$ 55,412,028 |





---

♦ PART III ♦

STATISTICAL SECTION

---



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



# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-1

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

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

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

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

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

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-2

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

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

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

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

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-3

## General Governmental Expenditures by Function Last Ten Fiscal Years

### MONTGOMERY COUNTY

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

### PRINCE GEORGE'S COUNTY

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

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

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

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-4

## General Revenues by Source Last Ten Fiscal Years

### MONTGOMERY COUNTY

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

### PRINCE GEORGE'S COUNTY

| Fiscal Year | Property Taxes | Inter-Governmental | Charges for Services | Interest Earnings | Other        | Total          | General Obligation Bonds Sold |
|-------------|----------------|--------------------|----------------------|-------------------|--------------|----------------|-------------------------------|
| 1994        | \$ 91,143,535  | \$ 4,331,934       | \$ 6,622,486         | \$ 2,376,165      | \$ 4,426,002 | \$ 108,900,122 | \$ 14,500,000 (1)             |
| 1995        | 92,571,349     | 7,308,602          | 6,988,014            | 3,733,213         | 6,323,419    | 116,924,597    | -                             |
| 1996        | 94,857,674     | 1,933,128          | 6,731,893            | 3,653,354         | 5,189,727    | 112,365,776    | 30,025,000 (2)                |
| 1997        | 96,816,650     | 5,360,060          | 7,106,102            | 4,217,988         | 10,581,819   | 124,082,619    | 33,000,000                    |
| 1998        | 98,538,298     | 2,125,267          | 7,402,645            | 5,875,336         | 5,231,154    | 119,172,700    | 28,325,000 (3)                |
| 1999        | 101,308,740    | 10,368,201         | 7,496,543            | 5,208,609         | 7,158,655    | 131,540,748    | 21,000,000 (2)                |
| 2000        | 103,640,212    | 8,130,897          | 7,414,320            | 4,891,099         | 6,559,164    | 130,635,692    | -                             |
| 2001        | 104,417,411    | 4,808,601          | 8,753,412            | 4,004,692         | 6,165,111    | 128,149,227    | -                             |
| 2002        | 107,930,218    | 5,920,707          | 11,193,063           | 1,946,482         | 11,031,588   | 138,022,058    | 18,700,000                    |
| 2003        | 111,980,326    | 7,066,267          | 10,363,411           | 1,146,166         | 9,193,575    | 139,749,745    | 42,310,000 (5)                |

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

(1) Issued to retire Bond Anticipation Notes

(2) Refunding Bonds

(3) Includes \$21,000,000 to refinance a short-term note

(4) Includes Refunding and New Money issues

(5) Includes Refunding and Refinancing Bond issues

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

TABLE T-5

Property Tax Levies and Collections  
Last Ten Fiscal Years

MONTGOMERY COUNTY

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

PRINCE GEORGE'S COUNTY

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

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



# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-6

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

(Dollars in Thousands)

## MONTGOMERY COUNTY

| Fiscal Year | Real Property  |                        | Total (1)      |                        | Ratio of Total Assessed Value To Total Estimated Actual Value |
|-------------|----------------|------------------------|----------------|------------------------|---|
|             | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value |   |
| 1994        | \$ 25,462,671  | \$ 66,171,182          | \$ 28,823,025  | \$ 69,531,537          | 41.45 %   |
| 1995        | 25,796,030     | 67,107,259             | 29,172,981     | 70,484,210             | 41.39   |
| 1996        | 26,057,529     | 66,677,402             | 29,575,004     | 70,194,878             | 42.13   |
| 1997        | 26,603,652     | 68,284,529             | 30,392,876     | 72,073,752             | 42.17   |
| 1998        | 27,274,641     | 69,295,328             | 30,929,092     | 72,949,779             | 42.40   |
| 1999        | 27,906,080     | 71,480,738             | 31,664,627     | 75,239,284             | 42.09   |
| 2000        | 28,674,554     | 74,907,403             | 32,553,857     | 78,786,706             | 41.32   |
| 2001        | 29,649,013     | 79,021,889             | 33,726,861     | 83,099,737             | 40.59   |
| 2002        | (2) 77,574,948 | 84,229,042             | 81,776,292     | 88,440,386             | 92.46   |
| 2003        | 82,407,338     | 93,432,356             | 86,635,192     | 97,660,210             | 88.71   |

## PRINCE GEORGE'S COUNTY

| Fiscal Year | Real Property  |                        | Total (1)      |                        | Ratio of Total Assessed Value To Total Estimated Actual Value |
|-------------|----------------|------------------------|----------------|------------------------|---|
|             | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value |   |
| 1994        | \$ 13,501,439  | \$ 34,929,206          | \$ 15,829,304  | \$ 37,257,071          | 42.49 %   |
| 1995        | 13,961,904     | 35,575,591             | 16,381,236     | 37,994,922             | 43.11   |
| 1996        | 14,188,944     | 35,404,010             | 16,678,956     | 37,894,021             | 44.01   |
| 1997        | 14,319,088     | 35,827,507             | 16,991,422     | 38,499,841             | 44.13   |
| 1998        | 14,393,723     | 36,104,232             | 17,159,141     | 38,869,650             | 44.15   |
| 1999        | 14,630,433     | 36,423,659             | 17,525,979     | 39,319,204             | 44.57   |
| 2000        | 14,869,426     | 37,244,023             | 17,891,768     | 40,266,365             | 44.43   |
| 2001        | 15,173,826     | 38,267,541             | 18,182,904     | 41,276,619             | 44.05   |
| 2002        | (2) 39,091,456 | 39,326,338             | 42,190,779     | 42,425,661             | 99.45   |
| 2003        | 40,794,370     | 42,546,271             | 43,832,133     | 45,584,034             | 96.16   |

- Note: (1) Total includes real property, business personal property, public utility operating property and domestic shares.  
(2) Beginning in Fiscal Year 2002 all real property in the State of Maryland is assessed at 100 percent of actual value. Previously the valuation was assessment at 40% of actual value.

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

TABLE T-7

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

**M-NCPPC TAXES**

**MONTGOMERY COUNTY**

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

**PRINCE GEORGE'S COUNTY**

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

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

(1) Rates shown are for Real/Personal.

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

Tax rates were adjusted so that change was revenue neutral.

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

# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-8

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

## MONTGOMERY COUNTY

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

## PRINCE GEORGE'S COUNTY

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

Notes: (1) Metropolitan District only - 000's omitted.

(2) Above figures for net bonded debt exclude indebtedness related to Advance Land Acquisition Acquisition, which is intended to be a revolving fund - 000's omitted.

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-9

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

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

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

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

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

TABLE T-10

Computation of Direct and Overlapping Debt

June 30, 2003

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

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

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



# THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-11

## Demographic Statistics Last Ten Fiscal Years

### MONTGOMERY COUNTY

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

### PRINCE GEORGE'S COUNTY

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

#### Notes:

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-12

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

MONTGOMERY COUNTY

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

PRINCE GEORGE'S COUNTY

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

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

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-13

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

MONTGOMERY COUNTY

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

PRINCE GEORGE'S COUNTY

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

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

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

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

TABLE T-14

Principal Taxpayers

June 30, 2003

MONTGOMERY COUNTY

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

PRINCE GEORGE'S COUNTY

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-15

SCHEDULE OF INSURANCE IN FORCE  
AS OF JUNE 30, 2003

| TYPE OF COVERAGE AND NAME OF COMPANY   | POLICY/BOND<br>NUMBER   | POLICY/BOND<br>PERIOD<br>FROM TO | COVERAGE   | ANNUAL<br>PREMIUM |
|--|-------------------------|----------------------------------|--|-------------------|
| Self Insured in Conjunction with<br>Montgomery County Self Insurance Fund:   |                         |                                  |  |                   |
| o Workers' Compensation and Employer's<br>Liability  |                         |                                  | Maryland State and \$100,000<br>Employer's Liability; Special<br>Police Capital Centre; \$50,000<br>accident, \$500,000 disease  |                   |
| o Comprehensive General and Auto Liability<br>o Public Official Liability<br>o Police Professional Liability<br>o Automobile Physical Damage | N/A                     | 7/1/1970                         |  |                   |
| o Excess Liability<br>Commonwealth Ins. Co.  | CEC-10007               | 10/15/01 10/15/02                | \$5Million excess over \$3 Million   | \$ 40,470         |
| Insured in Conjunction with Montgomery<br>County Self Insurance Fund:  |                         |                                  |  |                   |
| o Exhibition Floater<br>Travelers Indemnity Co.  | TJCMB225T952593         | 07/01/02 07/01/03                | \$250,000 all risk on display \$20,000,<br>(blanket aggregate); \$10,000 any<br>one item, \$250 deductible; \$25,000<br>any one conveyance   | \$ 850            |
| o All Risk Real and Personal Property<br><br>Boiler and Machinery<br>FM Global   | LP 396                  | 07/01/02 07/01/03                | Actual cash value, broad form<br>coverage per scheduled listing<br>with \$5,000 S.I.R. per occurrence<br><br>\$500,000,000 loss limit<br>\$250,000 deductible per occurrence<br>Includes Data, Programs and Software,<br>Flood and Earthquake. The B&M has a<br>\$50,000 deductible.<br>Actual cash value, broad form<br>coverage per scheduled listing. | \$ 101,430        |
| Insurance purchased directly by the Commission:  |                         |                                  |  |                   |
| o Airport Liability including Products,<br>Hangar Keeper's and Nonowned Aircraft<br>Associated Aviation Underwriters                         | ALI 607100              | 01/18/03 01/18/04                | \$10,000,000 per occurrence;<br>\$10,000,000 per completed operations<br>\$2,000,000 Personal & Advertising Injury Aggregate Limit;<br>\$500,000 Hangarskeepers' each loss limit<br>\$500,000 Hangarskeepers' each aircraft limit  | \$ 75,175         |
| o Public Employees Blanket Bond<br>Old Republic Surety Fidelity Bond   | EPE/EPX-1139338         | 07/01/02 07/01/03                | \$100,000  | \$ 4,910          |
| o Public Official Bond<br>(Secretary-Treasurer)<br>Fidelity and Deposit Company  | 0596 14 77B             | 07/01/02 07/01/05                | \$500,000  | \$ 1,800          |
| o Public Official Bond (Executive<br>Director)<br>Fidelity and Deposit Company   | 3066 59 36              | 08/14/02 08/14/03                | \$50,000   | \$ 175            |
| o Depositors Forgery Bond<br>Fidelity and Deposit Company  | CCP 0001730 03          | 07/01/02 07/01/05                | \$50,000   | \$ 442            |
| o CSLP Baysox Club, LLC<br>(Bowie Stadium)<br>Gulf Insurance Group   | CLP0461890<br>BA5737062 | 04/01/03 04/01/04                | \$500,000 Building Contents<br>\$6,500,000 Building<br>\$2,000,000 General Liability<br>\$1,000,000 Automobile Liability<br>Auto Physical Damage: \$500 Collision deductible<br>\$100 Comprehensive deductible<br>\$100,000 Garage Keepers Liability: \$250 deductible   | \$ 44,239         |
| o College Park Aviation Museum<br>CGU Commercial Lines Policy  | CPR651437               | 11/05/02 11/05/03                | \$300,000 Berliner Helicopter<br>\$310,000 1917 Curtis Jenny Plane   | \$ 5,351          |
| Miscellaneous Bonds purchased directly by the Commission   |                         |                                  |  |                   |
| o License and Permit Bond<br>Peerless Insurance Company  | 18896677                | 03/31/03 03/31/04                | \$5,000 Driveway Entrance 6724 Needwood Rd., Rockville   | \$ 100            |
| o Acceleration & Deceleration Bond<br>Peerless Insurance Company   | 18896679                | 04/08/03 04/08/04                | \$12,500 6724 Needwood Road  | \$ 125            |
| o Driveway Permit Bond   | ELI1138391              | 02/29/03 02/26/04                | \$3,500 6710 Needwood Road   | \$ 100            |
|  |                         |                                  |  | \$ 275,167        |

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



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Table T-16

SUPPLEMENTAL ENTERPRISE INFORMATION

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

Recreational Facilities

MONTGOMERY COUNTY

|  | Conference<br>Centers | Golf<br>Courses | Ice<br>Rinks | Indoor<br>Tennis | Park<br>Facilities | Totals         |
|--|-----------------------|-----------------|--------------|------------------|--------------------|----------------|
| Operating Revenues                             | \$ 366,179            | \$ 5,597,998    | \$ 4,068,197 | \$ 1,096,707     | \$ 1,556,569       | \$ 12,685,650  |
| Operating Expenses Before Depreciation         | 484,660               | 8,159,226       | 3,587,393    | 757,368          | 1,274,058          | 12,262,705     |
| Operating Income (Loss)<br>Before Depreciation | (118,481)             | (561,228)       | 480,804      | 339,339          | 282,511            | 422,945        |
| Depreciation                                   | 35,101                | 673,417         | 710,791      | 55,273           | 117,498            | 1,592,080      |
| Operating Income (Loss)                        | (153,582)             | (1,234,645)     | (229,987)    | 284,066          | 165,013            | (1,169,135)    |
| Nonoperating Revenues (Expenses)               | -                     | (220,236)       | (454,378)    | 56,260           | 35,540             | (582,814)      |
| Transfer of General Government Land            | -                     | -               | -            | -                | -                  | -              |
| Operating Transfers In (Out)                   | 80,260                | 54,291          | 22,859       | 4,268            | (154,746)          | 6,932          |
| Net Income (Loss)                              | \$ (73,322)           | \$ (1,400,590)  | \$ (661,506) | \$ 344,594       | \$ 45,807          | \$ (1,745,017) |

PRINCE GEORGE'S COUNTY

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

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



2001 M Street NW  
Washington, DC 20036

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

To The Maryland-National Capital Park and Planning Commission:

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

Compliance

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

Internal Control Over Financial Reporting

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





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

KPMG LLP

September 12, 2003

## ACKNOWLEDGMENTS

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

Alfred F. Warfield  
Barbara A. Walsh  
and

Ali Darroodi

Andrea Davey

Paula J. Dawson

Tanya R. Hankton

John M. Heater

Marion G. Joyce

Richard E. King

Deloris Kirby

Leticia S. Manlapaz

Keith R. Phillip

Carol C. Schaper

Latisha A. Sweetney

Kathleen B. Tsai

Virgilio P. Vehemente

Mary L. Williford

**Cover:**

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

**Page 9:**

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

**Photo Credits:**

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



---

THE MARYLAND-NATIONAL CAPITAL  
PARK AND PLANNING COMMISSION



8787 Georgia Avenue  
Silver Spring, Maryland 20910  
14741 Governor Oden Bowie Drive  
Upper Marlboro, Maryland 20772

---