

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ANNUAL REPORT
of
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
For the Fiscal Year Ended June 30, 2004**

Commissioners

Elizabeth M. Hewlett, Chairman of the Commission
Derick P. Berlage, Vice-Chairman of the Commission
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James F. Harley
Wendy C. Perdue
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Officers

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Patricia Colihan Barney, Secretary-Treasurer
Adrian R. Gardner, General Counsel

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Marye Wells-Harley, Prince George's County Director of Parks and Recreation
Trudye Morgan Johnson, Department of Human Resources and Management
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Keith R. Phillip, Cash Management
John W. Waddell, Information Technology

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List of Officials

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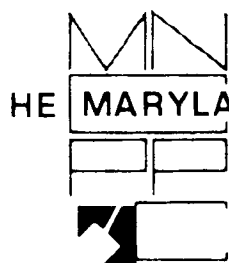
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♦ PART I ♦

INTRODUCTORY SECTION



The Prince George's Sports & Learning Complex outdoor stadium hosts a number of local and regional events



MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

September 17, 2004

Commissioners:

The Comprehensive Annual Financial Report of The Maryland-National Capital Park and Planning Commission ("the Commission") for the fiscal year ended June 30, 2004 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, 2004 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, 2004 are fairly presented in conformance with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this Report.

The Commission is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as revised and U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. This audit is issued separately. The Commission is also required to file a Uniform Financial Report with the Maryland State Department of Legislative Services by November 1 of each year.

The Commission

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

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

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

Factors Affecting Financial Condition

The Commission's financial condition is positive as a result of a stable primary revenue source and the Commission's conservative fiscal management policies. The assessable bases in both counties continue to experience modest growth, and collections, including interest and penalties as a percent of the levy, are consistently above 98%. The Commission prepares quarterly and long-term financial projections to help guide current year and future years' expenditures based upon anticipated revenue sources. In addition, the Commission adopted a comprehensive fund balance policy in fiscal year 2000 to provide a cushion against unforeseen expenditures or revenue shortfalls in each fund. At June 30, 2004 the Commission's General Fund budget basis ending fund balance was in excess of \$50.9 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 2004. The major accomplishments of the Commission are set forth in the Program Highlights section of this Report.

Cash Management

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

The Commission's accounting system operates under a pooled cash fund concept. This method reduces the efforts needed to manage cash and investments since bank accounts and investments are consolidated in a Treasurer's Fund instead of having separate bank accounts and investments for each fund. Investments of the Treasurer's Fund earned interest income of \$1,570,000 during fiscal year 2004. The average rate of return on the Commission's cash and investments during fiscal year 2004 was 1.03%.

Risk Management

The Commission is a participant in the Montgomery County Self-Insurance Program (the "Program") and is therefore self-insured for most claims filed by third parties. The Commission has an in-house Risk Management and Safety Office which develops and implements the internal loss control program to reduce workplace accidents and injuries. Commercial policies provide further liability and property loss coverage for claims arising out of real and personal property damage (over \$250,000), operation of a public airport, and other specific items of personal property.

Pension and Other Post Employment Benefits

The Commission sponsors a single employer defined benefit pension plan, The Maryland-National Capital Park and Planning Commission Employees' Retirement System (ERS), included in this report as the Employees' Retirement Pension Trust Fund. Each year an independent actuary engaged by the ERS calculates the amount of the annual contribution that the Commission must make to ERS to ensure that the plan will be able to fully meet its obligations to retired employees as they come due. As a matter of policy, the Commission fully funds each year's annual required contribution as determined by the actuary. As a result of this conservative funding policy, the Commission has succeeded, as of July 1, 2003 in funding 116.5% 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, 584 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 2004, and benefits totaling \$3,681,000 were paid from the fund. Benefits for 2005 are again to be paid by this fund until it is essentially depleted. The fund had net assets of \$2,775,000 at June 30, 2004.

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, 2003. 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 2004. The Commission has received this award continuously since fiscal year 1987. In order to qualify for the Distinguished Budget Presentation Award, the Commission's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

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

Respectfully submitted,

A handwritten signature in black ink that reads "Patricia Colihan Barney". The script is fluid and cursive, with the first name "Patricia" being the most prominent.

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, 2003

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.

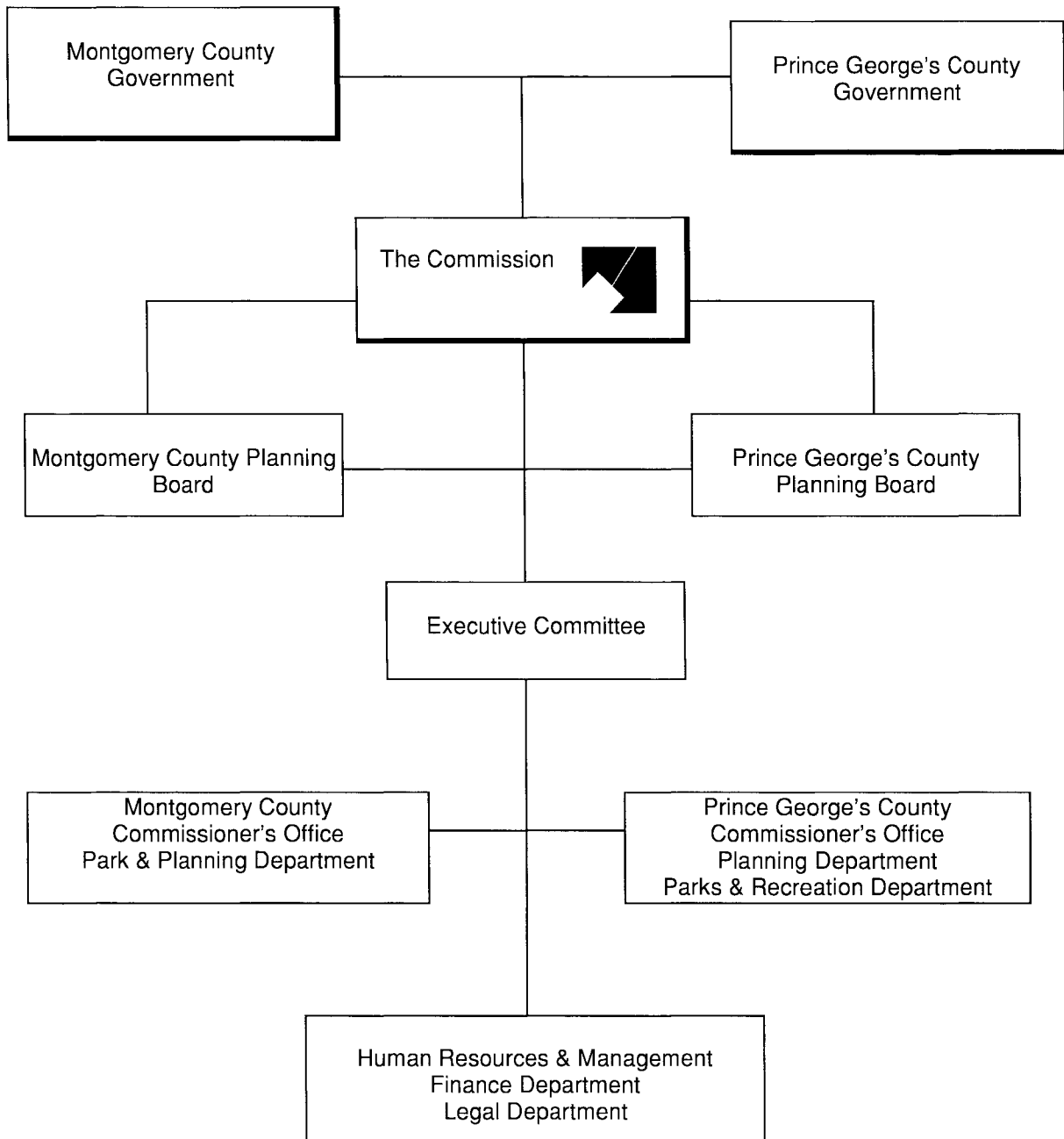
The Commission coordinates and acts on matters of interest to both Counties. Two regional offices are maintained, one in each County. The Commission meets once each month regularly, the site of the meetings alternating between the two regional offices. The members of the Commission from each County serve 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 56,800 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its staff consists of over 2,050 career employees - planners, park and recreation administrators, park police and administrative staff. In addition, it employs approximately 5,140 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 2004 Program Highlights

The Commission experienced a “banner year” of outstanding accomplishment and service during fiscal year 2004 (FY 04), earning numerous accolades and awards from all around the country. Topping off the year was the receipt of our fifth National Gold Medal for Excellence in Parks and Recreation Management – more than any other agency in the entire United States! Other national awards included the National Recreation and Parks Association Kudos award for Best Overall Communicator; Government Finance Officers Association awards for excellence in budget presentation and financial reporting; Apex awards for excellence in publications; the Clean Water Partner award from the Environmental Protection Agency; the prestigious international 2004 Charter Award for Excellence from the Congress for the New Urbanism for the acclaimed Twinbrook Commons mixed-use project; awards from the National Association of Counties and National Association of County Information Officers for the community outreach and education workshop program, PlanningDotCom; and selection as a co-host and featured agency for the 2003 American Planning Association Conference in Washington, D.C.

On the state level, the Commission was proud to accept two Governor’s Vision Awards for Smart Growth, and Park Police won the Maryland Chiefs Challenge. College Park Aviation Museum was rated the best museum for families, and operator of the best program for preschoolers by *Maryland Family Magazine*. And, several of our historic rental properties were judged among the very best places for weddings by *Washingtonian Magazine*. The Commission again earned the Preferred Workplace Award from the Montgomery County Workforce Alliance, and was recognized by regional chapters of the Aircraft Owners and Pilots Association and the American Society of Landscape Architects. To honor the region’s victims of the 2002 sniper killings, “Reflection Terrace” is under construction at Brookside Gardens with funds raised by the Montgomery Parks Foundation.

Ever-increasing standards for outstanding customer service were pursued through successful technological innovations such as the SmartLink and SmartParks automated systems, PGAtlas data source and award-winning web sites, and the extensive training of an additional 250 personnel through our highly successful Leadership Institute. And, national accreditation was sought from the Commission for Accreditation of Park and Recreation Agencies (CAPRA) of the National Recreation and Park Association. To maximize staff resources, the Commission initiated a highly successful employee wellness program and a new Employer Assisted Housing program with Fannie Mae, and began planning its first environmentally-sensitive “green” building, a new headquarters mixed-use complex in downtown Silver Spring.

Prince George’s County Department of Parks and Recreation

Meeting Customer Needs Through Innovative Service: Building on past success, and recognized as a long-standing leader in the parks and recreation field, the Department of Parks and Recreation continued to provide the highest level of award-winning programming, services and facilities to approximately 840,000 residents in a diverse socio-economic area through a wise use of resources. The enormous success of SMARTlink, the Department’s automated registration program, grows with each season, with use for class registration up over 10% this past year; 96% of registrants were repeat customers. Continued growth is expected and additional business opportunities are being explored with on-line facility booking and point of sale modules. The Department’s web site (www.pgparcs.com) continued to be enhanced, offering a vast amount of varied information to the public.

Enhancing the Park System: Projects completed last year included: Prince George’s Sports & Learning Complex addition; Tucker Road Ice Rink enclosure; Fairland boundless playground; Walker Mill Regional Park trail and bridge; playground projects at Cottage City, Queenstown, Realtors’ Park, Riverside Drive, Tanglewood, and Seat Pleasant Parks and Mount Rainier Nature and Recreation Center; renovations to the Baden, Deerfield, Good Luck and Peppermill Community Centers; and the Clyde Watson boating area. Projects under design include: Fort Washington Forest Community Park School; Rosalie Island Wilson Bridge Deck Park; Watkins Regional Park entry road and bridge; and renovations or improvements to Bowie, Glenarden, Langley Park, Marlow Heights, Palmer Park and Upper Marlboro Community Centers, Marietta Mansion, Muirkirk South and Saddlebrook East Community Park developments, and Cedar Heights, Daisy Lane, Douglas Patterson and Cherry Hill Parks. Bladensburg Marina Bridge and renovations at Huntington and Prince George’s Plaza Community Centers are under construction. Funding from

Maryland Program Open Space, Maryland Department of Natural Resources, and a \$1 million Federal Wetland Construction Grant helped support some of these projects.

Staging Successful Community Events: Tens of thousands participated in popular annual events such as the 23rd annual Kinderfest, the Montpelier Spring Festival, Marlboro Day, the Harlem Renaissance Festival, and the 7th annual Teen Cotillion. The Festival of Lights at Watkins Regional Park dazzled more than 100,000 visitors with holiday light displays. The Department assisted with a multitude of community days throughout the county, working to promote community among both new and long-time residents.

Planning and Providing Recreational Opportunities for All: The Department completed its first Comprehensive Recreation Programming Plan, with an increased emphasis on programs addressing community health and wellness and the risk factors facing teens and youth, and became a model for the national “Hearts ‘n Parks” program, aimed at combating obesity. Thousands of recreation programs, including teen and senior centers, day camps, summer playgrounds, recreation classes, excursions, trips, and events were offered for all ages, including a wide range of services for people with disabilities. A myriad of fitness activities were made available, with over 38-miles of trails extended by the new Patuxent River Park trail. Countywide sports leagues and recreation opportunities for youth and adults continued to be administered by the Department, including activities through the Prince George’s County Boys and Girls Clubs, the Wayne K. Curry Sports & Learning Center, and the Fairland Athletic Complex.

Serving the County’s Youth: The Prince George’s Employees’ Child Care Center in Upper Marlboro and the child care facility at Glenridge Elementary School operated at full capacity, continuing to serve as facility and staff models for excellence in childcare. Lunches were served to needy children at numerous summer program sites; and pre-school, before- and after-care and Kids Day Out programs satisfied both parents’ and children’s need for safe, educational, and enjoyable activities. A wide variety of activities and pursuits were offered for teens, including the wildly popular Teen Cotillion program.

Supporting the Arts and Cultural Heritage: Historic rental properties continued to be in high demand and recognized as top regional sites for receptions and events; re-opening of historic Oxon Hill Manor was delayed by a devastating fire. Critically acclaimed, sold-out performances were hosted by our three arts facilities and Montpelier Cultural Arts Center featured a special Normandy Portraits exhibition in honor of national World War II commemorations and the 60th anniversary of the invasion of Normandy; the Charge’ d’Affaire of the French Embassy and area veterans attended the opening. Show Place Arena hosted the NCAA Division 1 Patriot League Conference Basketball Tournament. Birds I View, a countywide public art exhibition, was viewed by thousands of citizens and area tourists. On-line and live auction sale of the 75 artistically designed bluebird sculptures benefited arts-in-education programs in the County.

Preserving and Protecting Natural and Historical Resources: Public education about the County’s rich natural and historical resources continued at the Department’s historic museums, nature centers, and natural area parks, with Park Naturalists, Park Rangers, and Historians partnering with volunteers and the Prince George’s County Public Schools to provide programs for tens of thousands of students. Special community events, such as Gorgeous Prince George’s Day; Anacostia, Potomac, and Patuxent River clean ups; and Earth Day tree planting at Lake Artemesia; all promoted and enhanced commitment to our environment. College Park Aviation Museum received several prestigious awards and played a leadership role in the nationwide celebration of the Centennial of Flight. Surratt House Museum became part of the Maryland Tourism – Maryland Civil War Trail Project, and Riversdale House Museum grounds were transformed with extensive landscape improvements.

Keeping our Parks Secure: Our nationally accredited Park Police agency continued to develop crime prevention initiatives to provide a safe and secure environment throughout the park system. Officers maintained around-the-clock watch at all parks and facilities, using sophisticated technology such as Mobile Data Terminals in police vehicles, which allow direct access to local and national records databases and reduce time needed to verify information. Officers continued to assist with mentoring programs, the Drug Awareness Resistance Education (D.A.R.E.) program, the N.F.L. Punt Pass and Kick Competition, the COPS Camp for Kids and many other community events, and participated in several safety initiatives throughout the year such as “Click It or Ticket” for seat belt and child safety seat use. A Gang Awareness Training Module was developed to assist Commission staff and the community in identifying concerns related to gang activity. Graduates of the Park Police Community Volunteer Academy were trained to provide a valuable asset by assisting with a variety of tasks in the park system.

Maintaining Parks and Facilities: Construction and repair of facilities, and maintenance of the 24,400-acre park system, continued to be handled admirably by park maintenance and development staff. In the past year, staff added cleanup from Hurricane Isabel and several heavy snowstorms to their list of tasks, not only on park property, but public roadways as well. In cooperation with the Metropolitan Washington Air Quality Committee, and the Council of Governments, the Department has committed to Voluntary Control measures and operational changes in order to improve air quality throughout the area, including restriction of gas-powered equipment and refueling of vehicles on declared Code Purple and Code Red days, conversion of gasoline cans to approved California Air Resource Board cans to drastically reduce the amount of harmful emissions into the air, and purchase of our first gas-hybrid vehicle.

Prince George's County Planning Department

Providing Community Outreach & Public Information: PlanningDotCom, a community outreach and education program aimed at enhancing the public's knowledge of and participation in planning, zoning and development processes successfully completed its inaugural year. Video and compact discs of the program were produced and released to libraries and community organizations countywide. The program received multiple state and national awards and was featured, along with several other Commission projects and facilities, at the 2004 annual conference of the American Planning Association, which attracted more than 5,000 professionals in planning and related fields. As an additional means of public outreach and education, more than 4 million information services were accessed through the Department's web site, and an interactive web page for children was launched, www.mncppc.org/kidspage. The Department web site may be translated into eight languages and accessed, along with a variety of planning, zoning, and land-use information, through major portals in the walk-in Planning Information Services office, which served approximately 20,000 customers last year.

Contributing to Policy and Development Decisions: Research Center staff began implementation of an economic and fiscal impact model designed to analyze impacts of major development proposals and options in the county. This information is beneficial to elected and appointed officials and staff in evaluating impacts of various development scenarios on the county.

Planning for Quality Communities: Work continued on master plans, sectional map amendments (SMAs), zoning map amendments (ZMAs), specialized planning studies and Planning Assistance to Municipalities and Communities (PAMC) projects. Plan preparation proceeded on the Bowie and Vicinity, Gateway Arts District, Morgan Boulevard and Largo Town Center and Metro Areas, and Tuxedo Road-Arbor Street-Cheverly Metro Station Area Master Plans/SMA's. The Hyattsville Mixed Use-Town Center Development and the Suitland Mixed Use-Town Center Development Plans/ZMAs are also in preparation. Planning projects were completed for the Riverdale Park Mixed Use-Town Center, the Annapolis Road Corridor, the Bi-County Transitway-International Corridor, the Tuxedo Road/Arbor Street Commercial-Industrial Area, the Rural Tier, the Biennial Growth Policy Update and Seat Pleasant/Glenarden-Martin Luther King, Jr. Highway Signage. A West Hyattsville Metro Transit District Planning Study was continued, and new plans, a SMA, and planning studies were initiated for the Henson Creek-South Potomac Planning Areas, the New Carrollton Metro Transit District, and Senior Living.

Planning for Public Facilities: Staff prepared for the initiation of the Public Safety Master Plan by collecting data from the County Police, Fire, Correction, Emergency Preparedness, Homeland Security and Sheriff's Departments. Continued support was also provided to the School Construction Management Team, the Department of Environmental Resources on the Water and Sewer Plan Amendment cycles, and to the Fire Department in the form of data for use by its consultant in the study of service delivery, impact fees and adequate public facility ordinances.

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: The Gateway Arts District and Entertainment District Initiative; International Corridor; Peace Cross Redevelopment; and Suitland Manor Redevelopment. A Maryland Heritage Area Authority grant will be used to develop a narrative for the Anacostia Trails Heritage Area. Through the \$1 Home Program, RA purchased foreclosed properties from HUD for one dollar, and then sold them to qualified area nonprofit organizations for rehabilitation and sale to first time homeowners at the market rate.

Developing Efficient Transportation Systems: Transportation planners supported the updates of the Bowie and Henson Creek/South Potomac Master Plans, and major planning studies for the Bi-County Transitway, US 1 in College Park, Capital Beltway Corridor, I-95/Arena Drive Full-Time Access and the Intercounty Connector. Work continued on the update of the Countywide Master Plan of Transportation and the development of a new transportation model. Support was provided to the County's Bicycle and Trail Advisory Group, the Transit Services and Operations Plan, and the Transportation Planning Board Technical Committee. In addition, 53 traffic impact studies for development activities were processed.

Preserving and Protecting the Environment and Historic Properties: Development of a Countywide Green Infrastructure Plan continued, with focus group meetings hosted with citizens and stakeholders including municipalities and large civic associations, agriculture and forestry interests, citizen and environmental advocacy groups, the building industry and the Prince George's Chamber of Commerce. Photographic links to the GIS mapping of Historic Sites were provided, environmental settings to the Historic Sites GIS layer added, and documentation provided for the designation of Historic Sites through the Morlar and Gateway Sector Plans. Staff also provided reports and recommendations to the Historic Preservation Commission on Historic Site and Historic District proposals, as well as Historic Area Work Permits and Preservation Tax Credit applications.

Achieving Better Customer Service Through Technical Innovation: The document-imaging component of the Department's Permit Tracking application, including installation of a workstation for Park Planning staff, was completed. This allows for concurrent review of permit applications by all Commission staff in Prince George's County, improving efficiency and the speed of permit approval. Permit review status is also provided to applicants and the general public through a companion Internet application.

Instituting State-of-the-Art Mapping Systems: GIS staff worked closely with the Maryland State Department of Planning helping to improve state methodology for identifying residential development capacity. Several upgrades to the Department's GIS website, PGAtlas.com, were implemented, including a "Proximity" tool that enables users to find important community facilities, such as schools, libraries, hospitals and police stations, and their distances from any location in the County.

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. As anticipated, new Development Review fees put in place last year generated over \$1.5 million. Development Review staff are also providing support for a major County initiative to streamline government regulations, the Zoning Ordinance Task Force. Subcommittees continue work on streamlining the review process; major revisions to the use tables; new standards and zones for the Developed Tier, and preservation of rural character in the Rural Tier.

Montgomery County Department of Park and Planning

Planning for Metro Station Areas: The Department received a prestigious award from the Congress for the New Urbanism for a recent plan at the Twinbrook Metro Station to establish a unique community with biotechnology employment, neighborhood retail and residential uses. New sector plans for the Twinbrook and the Woodmont Triangle areas will continue the strong tradition of creative planning for Metro station areas, and the recently completed Planning Board Draft of the Sector Plan for Shady Grove proposes to transform this existing industrial area into a new community with residential, retail and office uses.

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

Protecting Rural Communities: Protecting agricultural and rural open space including portions of the Damascus and Olney areas is a focus of planning in Montgomery County. Strategies include expanding the Legacy Open Space Program, increasing the receiving areas to provide additional opportunities to transfer development rights, creating a new rural village zoning technique, and improving the existing rural neighborhood zone. To preserve the water resources of the Patuxent River, planners concentrate on increasing forest areas, reducing impervious areas, increasing setbacks from sensitive headwaters and streams, and directing development to existing town centers.

Focusing on Geographic Information Systems and Research: Sharing and expanding the GIS is the focus of the IS/GIS team. New technologies and the County's fibernet connection enabled GIS to be accessible in real time throughout the County's agencies, while linking GIS with the Hansen system provided improved access to development information. Research work included: the annual economy study, analysis of the 2003 Census Update Survey results, demographic and market studies supporting master plans, completion of the Residential Capacity Study, staff support of affordable housing initiatives, and growth policy issues. Staff manages the Planning Board's website, www.mc-mncppc.org, including new online transactions such as golf tee-times and nature center program reservations.

Protecting Open Space for the Future: The County's "Forever Green" initiatives found that 47% of all County land is protected from development by agricultural zoning, parkland, forest conservation and other easements. Staff completed acquisition of 127 acres of sensitive natural resources, drinking water protection lands, greenway connections and urban open space. Easements on an additional 280 acres resulted in a total of more than 2,800 acres protected to date. The Commission purchased the 48.9-acre Carman property, part of an extension to Rachel Carson Conservation Park, and acquired 13.4 acres in the Great Seneca Stream Valley Park. Through State programs, 250 acres surrounding two Legacy Open Space heritage sites are now in conservation easement and successfully protected; Capitol View Park and the Darby House and Store sites are under contract and set to close in FY05.

Keeping Montgomery County Moving: The Department is the County's source of transportation forecasting and analysis, and continues to strive for the best approaches to knowledge-based decision-making with the recently-developed congestion monitoring report. In the past year, staff: updated guidelines for local area transportation review to reflect Council policy; reviewed the Bi-County Transitway, Corridor Cities Transitway, Capital Beltway and Intercounty Connector; and developed a new transportation model providing peak hour and average daily traffic forecasts and permitting incorporation of changes in the regional transportation network. Commitment to pedestrians and bikers was demonstrated through a comprehensive amendment to the County's bikeway system Master Plan, completion of sections of the natural surface Seneca trail, and development of the Woodstock equestrian center trail.

Promoting Development Patterns Concurrent with Environmental Protection: The Upper Rock Creek Master Plan as approved contains a strong environmental emphasis to protect water quality and designates Upper Rock Creek as a "Special Protection Area" to limit impervious surfaces in its zoning. In Olney and Damascus, guidelines sustain and improve ecological systems and environmental quality. As the regulatory agency and administrator for the County's Forest Conservation Law, the Department pursued a goal of planting native trees grown on park nurseries on 600 additional acres each year.

Conserving our Past: Recent projects include: completion of a ground-breaking study on the history and significance of the mid-20th century design/development projects of Charles M. Goodman; work on Park-owned historic sites, including renovation at the Joseph White House, completion of a feasibility study for adaptive reuse of the Woodlawn Stone Barn, and an awarding-winning renovation of the Woodlawn Tenant House; and continuing review of additional sites for local historic designation. Staff is taking the lead in Heritage Tourism to reinforce the conservation and interpretation of significant historic resources. The GIS layer developed for historic resources in the county serves as a model for other communities, and links archival information with mapping of the resources.

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, and computerized application forms have been developed, moving toward electronic submission of applications and electronic transmission of application data to various reviewing agencies. A novel Housing Affordability Impact Statement monitors all new developments through the approval process.

Serving the Community: Park Permit staff drafted proposals to manage and support special events requested and sponsored by customers, and set criteria and fees for the operation of summer camps and sports clinics operated by private operators on parkland. Technology staff extended on-line permitting to include local ball fields practice applications, and staff is learning Workplace Spanish to improve customer service. Participation was coordinated in the annual Holiday parade, dedication of Flower Hill Local Park and 10 playground re-openings. A public awareness campaign and customer comment tracking system were developed for the "Carry-in, Carry-out" program. Assessment of our award-winning volunteer program was initiated, and expansion promoted, with staff training and development workshops conducted in the use and management of volunteers.

Creating SmartParks Technology: SmartParks is a computerized maintenance management system that has centralized the inventory records of park facilities and property, including land records, natural resources and built infrastructure. SmartParks is also a Work Order Management system that will enable an accurate tracking of maintenance costs and the streamlining of service delivery. This program uses state-of-the-art computer technology, including GIS, GPS, and distributive data collection and retrieval.

Acquiring Parkland: Including Legacy Open Space properties, parkland acquisitions totaled more than 287 acres in FY04, bringing the total acreage managed in Montgomery County Parks to nearly 32,400 acres. Properties acquired as additions to existing parks include land in: Wheaton Regional Park; Northwest Branch Recreational Park; Chevy Chase Open Space; Rock Creek, Northwest Branch, Little Seneca and Great Seneca Stream Valley Parks; Little Seneca Greenway; Piney Grove Serpentine Barrens Conservation Park; Upper Paint Branch Watershed; Agricultural History Farm Park; Rachel Carson Conservation Park; and an initial purchase for Callithea Farm Special Park.

Managing the Parks' Capital Improvements Program (CIP): Accomplishments include: Shirley Povich Field renovation at Cabin John Regional Park; improvements at Meadowbrook Stables and Manor Oaks Local Park; resurfacing Little Falls Parkway; lighting at Wheaton Regional Park, Blair High School baseball field and Crystal Rock Trail; storm water management ponds, 13 tennis courts, 4 basketball courts, and play equipment at 10 parks. Facility plans were completed for Winding Creek and Broad Acres Local Parks. Construction is underway on: Montgomery Village and Jesup Blair Local Parks, Black Hill Maintenance Facility, Woodstock Equestrian Park, the National Capital Trolley Museum car barn, and play equipment replacement at eight parks.

Promoting Park Safety: Park Police continue to focus on safety and crime prevention through community involvement and initiatives such as: the Volunteers' Speed Recognition Program, which identifies speeders in targeted locations throughout the County; a variable message board/speed trailer to aid in enforcement and education; and activation of a new radio system for direct communication with Montgomery County Police. In addition, an officer is assigned to the Region Gang Task Force to address gang problems in the Metropolitan area. A second re-accreditation process is underway with the Commission on Accreditation for Law Enforcement Agencies, Inc.

Managing Park Regions: A new Boundless Playground was installed at Martin Luther King, Jr. Recreational Park, and major renovations were made possible to the Shirley Povich Field in Cabin John Regional Park by a partnership with Georgetown University. Coordination, trail preparation, and maintenance services were provided for many special events. Staff repaired facilities damaged by Hurricane Isabel, including the Wheaton train track and storm drains at Little Falls Bike Path, and worked with Maryland's Department of Natural Resources to secure the lake in Wheaton Regional Park after the discovery of a snakehead fish. Non-native and invasive plants were removed from Rachel Carson Conservation Park for dedication of the Rachel Carson Trail. And, the "Carry-in, Carry-out" program was supported by removing trashcans from local and stream valley parks and installing educational signage.

Conserving Natural Resources: Brookside Gardens was the site for: the first Green Matters Symposium on invasive exotic plants, with 13 sponsors and more than 200 attendees; the Garden of Lights, which attracted over 37,000 visitors and earned a place on AOL's list of top 10 holiday light shows in the USA; and installation of the County's first Heart Smart Trail. Natural Resources staff and the Friends of Sligo Creek secured a \$4,000 grant to treat Sligo Creek Park for non-native invasive plants, and coordinated staff training and removal of plants from two stream valley parks. Weed Warriors' 200 trained volunteers contributed over 12,000 hours in the past five years. Pope Farm Nursery produced almost 20,000 annual and perennial plants, and hosted an Open House featuring new plant introductions of the National Arboretum, and an Arbor Day Celebration attracting more than 2,000 tree lovers.

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

Department of Human Resources and Management

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

Organizational Development: In FY04, the Department promoted the *One Commission: A Preferred Workplace* initiative through the coordination and guidance of organizational development activities and programs. Activities included implementation of a successful mentoring program, concept introduction of a workforce planning process, and continued senior leadership workshops resulting in implementation of revised employee awards and recognition methods, improvements to the performance management system and increased Commission-wide marketing efforts. In addition, the Commission continued an outstanding Leadership Institute Supervisory training program. The Commission's Leadership Institute has graduated 600 supervisors to date. As a vital part of this training, the Department supports the implementation of Capstone Projects. Capstone projects for FY04 include an Employee Wellness Program, Team Building Fitness Day, Mentor Characteristics and Qualifications, The Commission Connection, A World of Communication for One Commission, One Commission Green Pages, One Commission Events Calendar, Surplus Equipment and Vehicles and Dependent Scholarship Program. The Department has provided co-ordination to the comprehensive process to apply for accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA). Work continued on communication through the employee speak-out forum, *Have Your Say*, monthly publication of the supervisory help guide entitled *TIPS*, and use of a messaging tree for priority information flow. The Department provides leaders to the cross-functional Diversity Council and conducts Diversity Training.

Employee/Labor Relations: The Department implemented a new, three-year collective bargaining agreement for employees in the Service/Labor, Trades and Office/Clerical Bargaining Units. Work in labor relations included joint labor/management task force resolution of identified, specific workplace issues as agreed upon as a provision of the new contract.

Continuous Improvement in Management and Employee Services: Other accomplishments included participation on a multi-agency committee to explore strategies and actions to curb escalating medical costs and best practices on cost containment, participation in a multi-agency request for proposals on the prescription drugs, expansion of the successful employment program for persons with disabilities, implementation of the upgraded of the Personnel/Payroll System 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 FY04, four classification series were revised containing 25 specifications and affecting over 270 employees and 35 reclassification actions were processed during two open windows. The Department continued leading Emergency Preparedness efforts by coordinating the crisis management plans and completed the Access Proximity system for facility security at the Commission Administration sites and began rolling the system out at major maintenance facilities. Staff also completed a comprehensive Risk Management and Safety Manual designed to contain loss reporting instructions, safety rules and regulations, safety training guidelines, current insurance coverage information, and related topics of interest to line management and staff.

Recognized Efforts: On behalf of the Commission, the Department has received: the recognition award as a *Workplace of Excellence* from the Work-Life Alliance for the 3rd year and the *Distinguished Budget Presentation Award* from the Government Finance Officers' Association for the 17th 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 providing financial guidance to operating departments, financial reporting and policy development; processing of payroll, disbursements and purchasing transactions; investment management; debt issuance; internal audit, and information systems management.

Financing Capital Projects and Equipment: In FY04, the Department coordinated the sale of \$37.525 million Prince George's County Park Acquisition and Development Bonds. The bonds provided funding of \$14.720 million for new projects. The balance of the proceeds was used to refund outstanding debt resulting in a net present value savings of \$1.044 million. The Department also coordinated the refunding of \$5.953 million of revenue bonds which resulting in a net present value savings of \$.306 million and the elimination of future balloon payments.

Safeguarding Commission Assets: The Internal Audit Division continued its efforts to monitor and improve internal controls and compliance with Commission policy through the completion of 134 audits of Commission activities and facilities. To further protect Commission assets, a Fraud, Waste and Abuse Practice was developed and is currently undergoing the review process. Positive Pay initiative was expanded to include disbursements to cut down on fraud. A peer review process was established to augment the internal audits of the purchase card program.

Automating/Streamlining Efforts: The department continued implementing recommendations from the Commission-wide procurement study. Acquisition planning meetings have been instituted, and a new procurement manual incorporating streamlining initiatives has been drafted. Phase II of the automated purchasing module was completed and all purchase orders are now processed in the automated system. Phase III, which allows for online approval of purchase orders and invoices, has been expanded and now includes 34% of all purchase order activity. This automation is the first step in moving toward an e-procurement environment. The implementation of a new personnel/payroll system was completed, which included conversion of historical data, development of interfaces, a new time entry process, creation of pay rules, and improved reporting capabilities. The department continued to provide guidance for the planning and implementation of systems with financial components, including the golf course point of sale system, SmartParks and SmartLink.

Information Systems Support: The Department's IT Division continues to support and maintain more than 70 different applications, primarily the financial, human resources and payroll systems, but also numerous other program support systems. During the year, major efforts included the implementation of: a Storage Area Network (SAN) to increase the amount and improve the reliability of the online storage system, an improved tape back-up system, the new personnel/payroll system requiring extensive hardware, software and database support, network performance upgrades, and security enhancements to both the network and user desktop computers.

Financial Reporting: For the 31st 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 FY03 Comprehensive Annual Financial Report (CAFR), prepared by the Finance Department.

Office of General Counsel

The Office of the General Counsel (Legal Department) provides a comprehensive program of legal services to the Commission, supporting virtually every facet of the Commission's work program. This Department guides the Commission's internal corporate operations; advises staff and the Planning Boards as they navigate their important quasi-judicial and regulatory responsibilities; advocates on the Commission's behalf in litigation before the state and federal courts; and participates in cross-functional teams assembled periodically to develop creative solutions to new challenges facing the Commission.

Supporting Improvement in the Regulation of Land Use: In Prince George's County, the Office of General Counsel is intimately involved in a "Zoning Task Force" initiative convened by the County Government to re-tool the Zoning Ordinance, and explore transfers of development rights and other policy improvements under consideration to implement current General Plan objectives. In Montgomery County, Commission attorneys are spearheading an effort to streamline the process for review and approval of documents to establish homeowner association jurisdiction within the procedures for subdivision approval.

Building a Quality of Life One Transaction at a Time: Commission attorneys represented staff in the negotiation and development of dozens of complex agreements and memoranda of understanding. By year-end, the Office of the General Counsel provided legal review and advice relating to more than 1,300 Commission contracts, change orders, agreements, amendments, legal memoranda and various other legal documents. Some of these transactions include: negotiation of complicated purchase and escrow documents to utilize the Advanced Land Acquisition Revolving Fund for the \$6 million purchase of the 100-acre "Nash Property" in Bowie; an agreement with Maryland Community Baseball for development of a new baseball stadium and related facilities at Blair High School; a significant amendment to the SoccerPlex lease in South Germantown Recreational Park; and, a lease agreement with Montgomery County's Revenue Authority to allow the construction of an aquatic center to be located within the Commission's South Germantown Recreational Park.

Protecting the Public Interest in Litigation: The Office of General Counsel also represents the interest of the Commission in the vast majority of cases that require action in the courts. During FY04, Commission staff attorneys either handled or managed approximately 50 existing cases and more than 40 newly filed cases. A sampling of the important cases includes the following: A multi-jurisdiction federal securities fraud case pending in the District Court for the Southern District of New York that seeks recovery from losses suffered by the Commission's Employee Retirement System as a result of the various "WorldCom" securities scandals, winning a reported decision by the Maryland Court of Special Appeals that upholds action by the Montgomery County Planning Board to approve a preliminary plan of subdivision for the Stonemill Square Shopping Center conditioned on acceptance of a parking facility plan rendered by the Montgomery County Department of Permitting Services, and winning a decision by the Maryland Court of Special Appeals that upholds action by the Prince George's County Planning Board to deny approval of a specific design plan for a proposed convenience store in the rural tier of Prince George's County.

Enhancing Corporate Technology Development and Training: The Legal Department also provided support for a number of important corporate initiatives such as counseling key operating and oversight managers in various transactions intended to: implement enhanced software applications for the Commission's web site and intranet portals; acquire and implement SmartParks maintenance cost metric systems; integrate commercial banking systems designed to prevent fraudulent payments by check; and negotiate a favorable arrangement under cooperative local government purchasing rules to re-tool the Commission's voice telephone service system.

Providing a Valuable Resource for the Maryland General Assembly: The Office of the General Counsel continued its role as the Commission's spearhead in the Maryland General Assembly. Among other accomplishments during the year, Commission attorneys successfully organized a statewide legislative initiative that won amendment of certain laws working to impede or preclude local efforts to apply dedicated State funding to acquire and develop park open space. The Legal Department also provided advice to Maryland legislators on subjects ranging from the community significance of skateboard parks in suburban neighborhoods, to the relative advantages of supporting historic rehabilitation by providing a tax credit versus a grant program.

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 FY04, the Board continued to maintain its caseload on a current and timely basis.

Employees' Retirement System

The Employees' Retirement System (ERS), administered by an 11-member Board of Trustees, in accordance with the Trust Agreement between the Board and the Commission, is a contributory defined benefit pension system with four plans, qualified under the Internal Revenue Code Section 401(a). The administrative operations are the responsibility of the ERS Staff and Board-appointed Administrator, who reports directly to the Chairman of the Board of Trustees.

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

ERS Trust Fund assets closed the year with a fair market value in excess of \$503 million. The FY04 annualized rate of return on investment was an overall gain of approximately 14.6%. The Board of Trustees actions for the year included adoption of Trustee Training Guidelines, a Manager Monitoring Policy, and Trustee Rules of Procedure; selection of a new international equity manager and small-mid cap growth manager; and continued comprehensive communications to all members including publishing the System's Annual Summary Report and conducting concentrated worksite and full day retirement planning workshops for participants.

♦ PART IIA ♦

FINANCIAL SECTION

Basic Financial Statements



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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, 2004, 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, 2004, 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 schedule of funding progress 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 17, 2004 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP

September 17, 2004



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, 2004.

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, 2004 by \$544.7 million (net assets). Of this amount, \$94.2 million may be used to meet the Commission's ongoing obligations.
- The Commission's net assets grew by \$38.0 million during fiscal year 2004. This is largely a result of \$17.9 million of capital grants and contributions, and growth in property tax revenues (\$22.4 million) in excess of growth in Governmental Activities expenses (\$8.4 million), as the Commission put cost savings procedures in place during the year and began rebuilding a future facility reserve in Prince George's County.
- As of June 30, 2004, the Commission's governmental funds reported combined ending fund balances of \$104.2 million, an increase of \$12.3 million. Of this amount, \$26.2 million is reserved for contracts already issued (encumbrances) and \$22.5 million is designated for use in the fiscal year 2005 budget and as contingency reserves.
- The Commission's General Fund balance at June 30, 2004 was \$58.8 million, an increase of \$9.2 million during the year. The unreserved fund balance of \$50.9 million is approximately 24% of fiscal year 2004 expenditures and transfers out. Of this amount, \$28.4 million (14% of fiscal year 2004 expenditures and transfers out) is unreserved and undesignated.

- The assets of the enterprise funds exceeded liabilities by \$88.1 million, an increase of \$5.2 million.
- The Commission's general obligation bonded debt increased by \$4.7 million as new debt incurred by refunding selected previous issues (\$22.8 million) and a new issue of \$14.7 million exceeded the refunded bonds (\$21.5 million) and scheduled principal payments.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each county's Recreational and Cultural Facilities, both of which are considered to be major funds of the Commission. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements, Schedules 7 - 9 in the Combining and Individual Statements Section of this report.

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$544.7 million at the close of the most recent fiscal year. A summary of the Commission's net assets (in millions) at June 30, 2004 and 2003 follows:

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2003-2004
	2004	2003	2004	2003	2004	2003	
Assets							
Current and Other Assets	\$ 179.9	\$ 147.7	\$ 5.0	\$ 5.3	\$ 184.9	\$ 153.0	20.8%
Capital Assets	489.4	440.1	95.7	95.0	585.1	535.1	9.3%
Total Assets	669.3	587.8	100.7	100.3	770.0	688.1	11.9%
Liabilities							
Current Portion of Long-term							
Liabilities	22.9	24.3	1.5	1.5	24.4	25.8	-5.4%
Long-term Liabilities	158.2	152.9	9.3	14.2	167.5	167.1	0.2%
Other Liabilities	31.6	18.6	1.8	1.7	33.4	20.3	64.5%
Total Liabilities	212.7	195.8	12.6	17.4	225.3	213.2	5.7%
Net Assets:							
Invested in Capital Assets,							
Net of Related Debt	364.6	305.8	85.9	80.4	450.5	386.2	16.6%
Restricted for Debt Service	-	-	-	0.6	-	0.6	-100.0%
Unrestricted	92.0	86.2	2.2	1.9	94.2	88.1	6.9%
Total Net Assets	\$ 456.6	\$ 392.0	\$ 88.1	\$ 82.9	\$ 544.7	\$ 474.9	14.7%

Other liabilities increased 64.5% from last year because the June 30, 2004 balance included a \$12.0 million payable to the Prince George's County Board of Education related to our share of construction of Park Schools. This represents several years of construction costs which the Board invoiced the Commission for late in the fiscal year. Net assets restricted for debt service was eliminated, as the related debt was refinanced, and the new financing does not require a reserve.

By far the largest portion of the Commission's net assets of \$450.5 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Commission's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$94.2 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 both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

A summary of changes in net assets (in millions) for the years ended June 30, 2004 and 2003 follows:

Commission's Changes in Net Assets (in millions)							Total Percentage Change 2004-2003
	Governmental Activities		Business-type Activities		Total		
	2004	2003	2004	2003	2004	2003	
Program Revenues:							
Charges for Services	\$ 20.3	\$ 16.0	\$ 22.1	\$ 19.8	\$ 42.4	\$ 35.8	18.4%
Operating Grants and Contributions	1.7	1.9	-	-	1.7	1.9	-10.5%
Capital Grants and Contributions	14.1	20.9	3.8	-	17.9	20.9	-14.4%
General Revenues:							
Property Taxes	204.2	181.9	-	-	204.2	181.9	12.3%
Interest	1.4	1.9	0.1	0.1	1.5	2.0	-25.0%
Total Revenues	241.7	222.6	26.0	19.9	267.7	242.5	10.4%
Expenses:							
General Government	12.5	12.7	-	-	12.5	12.7	-1.6%
County Planning and Zoning	29.8	29.1	-	-	29.8	29.1	2.4%
Park Operations and Maintenance	112.8	104.5	-	-	112.8	104.5	7.9%
Recreation Programs	39.1	38.1	-	-	39.1	38.1	2.6%
Recreational and Cultural Facilities	-	-	30.0	28.2	30.0	28.2	6.4%
Interest on Long-term Debt	5.5	7.0	-	-	5.5	7.0	-21.4%
Total Expenses	199.7	191.4	30.0	28.2	229.7	219.6	4.6%
Increase (Decrease) in Net Assets Before Transfers	42.0	31.2	(4.0)	(8.3)	38.0	22.9	65.9%
Transfers	(9.2)	(4.6)	9.2	4.6	-	-	
Increase (Decrease) in Net Assets	32.8	26.6	5.2	(3.7)	38.0	22.9	
Net Assets - beginning, 2004 restated	423.8	365.4	82.9	86.6	506.7	452.0	
Net Assets - ending	\$ 456.6	\$ 392.0	\$ 88.1	\$ 82.9	\$ 544.7	\$ 474.9	

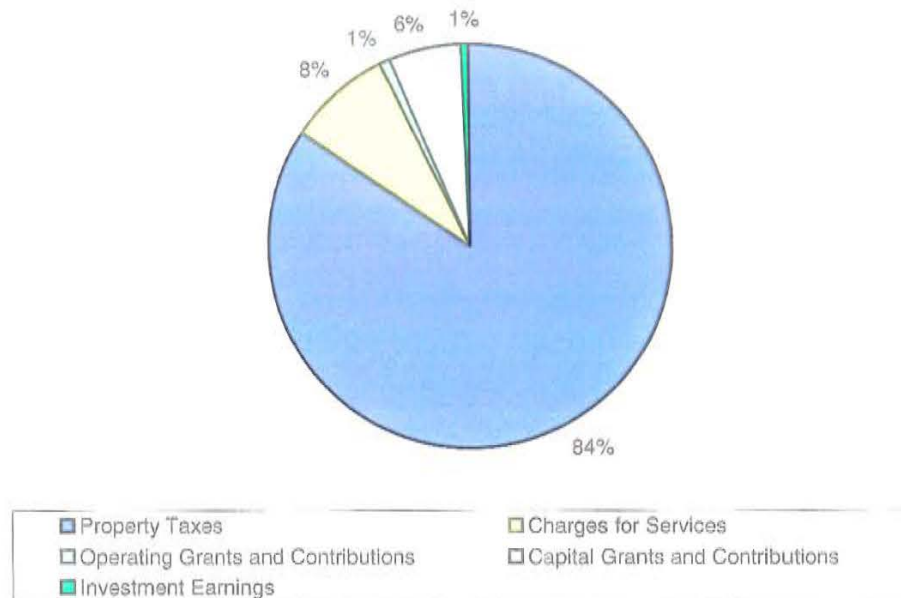
As described in Note 1B of Notes to Financial Statements, Net Assets were restated as of July 1, 2003 for the cumulative effect of adding certain infrastructure assets

During the current fiscal year the Commission's net assets increased by \$38.0 million. This increase was due to receipts of capital grants of \$14.1 million, a contribution from a Private Purpose Trust Fund of \$3.8 million, and revenues in excess of ongoing expenses of \$20.0 million. Charges for Services increased in both governmental and business-type activities, primarily due to return to favorable weather conditions compared to poor weather experienced in the prior year. Property tax revenues increased due to a tax increase in Prince George's County used primarily to fund the capital improvement program and allow future facility acquisition and development. These increases are discussed in more detail when reviewing each activity individually.

Interest income was lower due to extremely low interest rates available for investments. Interest expense decreased as a result of debt refinancing in fiscal years 2003 and 2004.

Governmental activities. Governmental activities increased the Commission's net assets by \$32.8 million, thereby accounting for 86% of the total growth in the net assets of the Commission. This increase is primarily attributable to capital grants receipts of \$14.1 million, added to an excess of ongoing revenues over ongoing expenses of \$27.9 million, which were offset by the transfers to business-type activities of \$9.2 million.

Revenues by Source - Governmental Activities



As the above diagram shows, property taxes make up 84% of Commission governmental revenues. Interest income was lower than anticipated due to the continued low 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 18.0% of governmental activities expenses.

The net cost of Park Operations and Maintenance increased 7.9% from last year primarily because capital grants and contributions were \$6.8 million less than the prior year. Interest on long-term debt declined due to lower interest costs on refunded debt and variable rate debt.

	2004		2003		Percentage Change 2004 - 2003	
	Total Cost Of	Net Cost Of	Total Cost Of	Net Cost Of	Total Cost Of	Net Cost Of
	Services	Services	Services	Services	Services	Services
General Government	\$ 12,498	\$ 12,498	\$ 12,678	\$ 12,678	-1.4%	-1.4%
County Planning and Zoning	29,792	25,400	29,120	26,062	2.3%	-2.5%
Park Operations and Maintenance	112,778	92,673	104,485	78,163	7.9%	18.6%
Recreation Programs	39,175	27,624	38,058	28,647	2.9%	-3.6%
Interest on Long-term Debt	5,483	5,483	6,994	6,994	-21.6%	-21.6%
Total	<u>\$ 199,726</u>	<u>\$ 163,678</u>	<u>\$ 191,335</u>	<u>\$ 152,544</u>	4.4%	7.3%

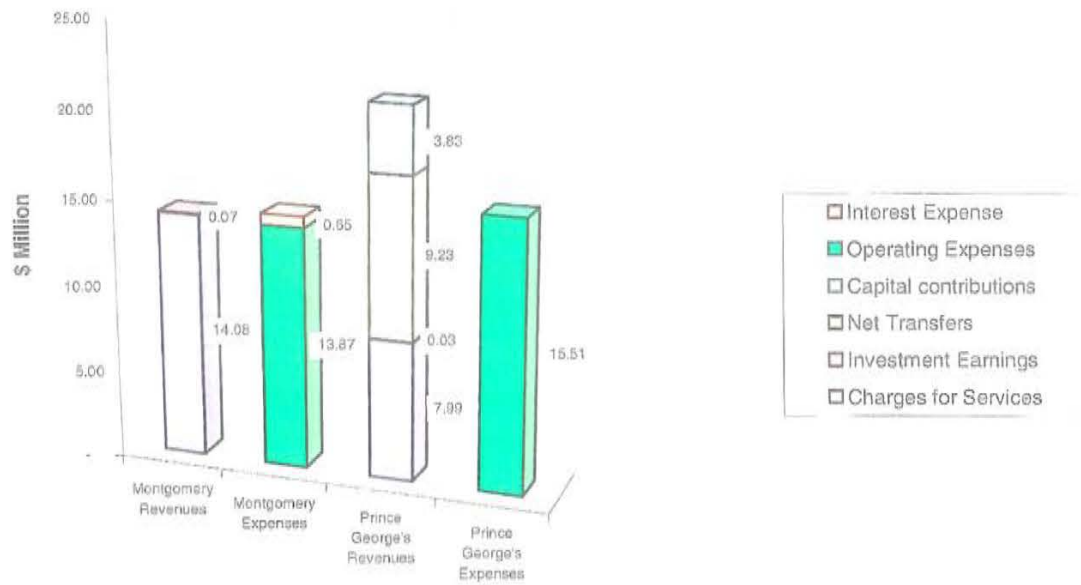
Net Cost by Function - General Government



Business-type Activities. Business-type activities increased the Commission's net assets by \$5.2 million, thereby accounting for 14% of the total growth in the net assets of the Commission. Key elements of this increase are as follows:

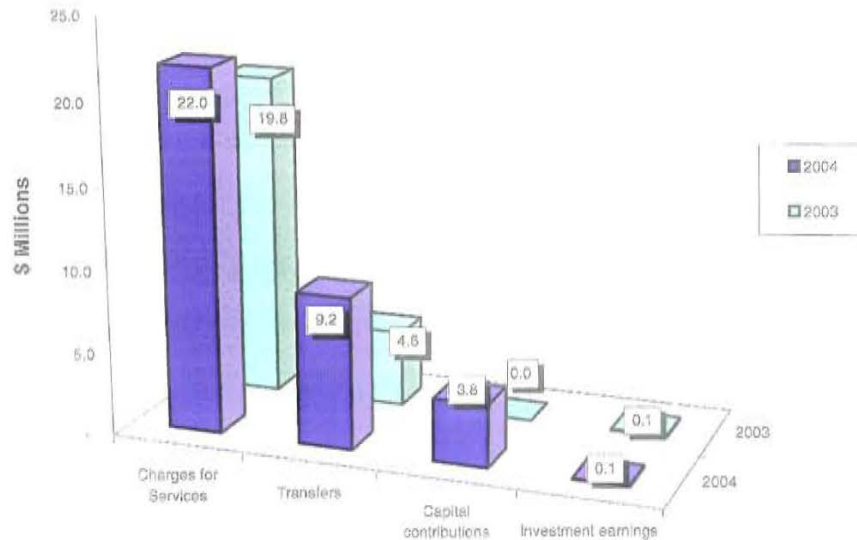
- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services and interest income by \$7.9 million.
- Governmental activities contributed \$9.2 million to support the enterprise activities. The support is primarily \$5.4 million of operating support and \$3.8 million of assets for the Prince George's County business-type activities.
- A contribution from the Prince George's County Private Purpose Trust Fund totaled \$3.8 million in land

Changes in Net Assets - Business-type Activities



The operating losses occurred primarily as a result of operations at the Prince George's County Sports and Learning Center and the Equestrian Center/Multipurpose Arena. More detail is provided later in the Proprietary Funds discussion.

Revenues by Source - Business-type Activities



Charges for services make up the major portion of revenues for the business-type operations, although support from governmental operations (transfers) also makes up a significant portion, including in 2004 land development contributed to the enterprise by the governmental operations. Capital contributions are significant in fiscal year 2004 because of land contributed by the Prince George's County Private Purpose Trust Fund.

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

Financial Analysis of the Commission's Funds

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

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$104.2 million, an increase of \$12.3 million in comparison with the prior year. Approximately 52% of this total amount, or \$54.4 million, constitutes unreserved and undesignated fund balance, which is available for spending in future years, with \$19.6 million of this balance in the capital project funds. The remaining fund balances are reserved to indicate that they are not available for new spending as \$26.2 million has been committed to liquidate contracts and purchase orders, \$1.0 million has been committed to pay debt service, and \$22.5 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 \$28.4 million, while total fund balance was \$58.8 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 14% of the total general fund expenditures and transfers out, while total fund balance represents 28% of the same amount.

The fund balance of the Commission's General Fund increased by \$9.2 million during the current fiscal year. Key factors in this increase are as follows:

- Property taxes were \$2.0 million less than anticipated, primarily due to a bankruptcy filing by a major taxpayer. A significant portion of this receivable is expected to be collected in the future.
- Charges for Services were \$1.2 million more than anticipated.
- A growth of \$2.2 million was planned in the budget for fiscal year 2004
- A control of expenditures generated \$7.0 million savings to provide funding for future years budgets
- Debt refinancing and use of a variable rate debt financing resulted in savings of \$0.7 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 \$2.4 million

The capital project funds for Montgomery and Prince George's counties have total fund balances of \$8.0 million and \$29.3 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 a decrease of \$0.8 million in Montgomery County, and an increase of \$3.0 million in Prince George's County due to the \$14.7 million bond sale and \$7.0 million in pay-as-you-go funding, which exceeded expenditures. 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 \$1.0 million and those for the Prince George's County fund amounted to \$1.2 million. The total change in net assets for the funds was a \$.4 million decrease and a \$5.6 million increase, respectively.

Summary comparative results of the financial operations of the Enterprise Funds for fiscal years 2004 and 2003 follow (\$000's):

	Montgomery County		Prince George's County	
	<u>FY2004</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2003</u>
Operating Revenues	\$ 14,078	\$ 12,686	\$ 7,994	\$ 7,054
Operating Expenses, Excluding Depreciation	<u>12,193</u>	<u>12,263</u>	<u>13,284</u>	<u>11,532</u>
Operating Income (Loss), Excluding Depreciation	1,885	423	(5,290)	(4,478)
Depreciation	<u>1,677</u>	<u>1,592</u>	<u>2,231</u>	<u>2,181</u>
Operating Income (Loss)	208	(1,169)	(7,521)	(6,659)
Nonoperating Revenue (Expense)	(582)	(583)	29	32
Transfers	(11)	7	13,061	4,648
	<u>\$ (385)</u>	<u>\$ (1,745)</u>	<u>\$ 5,569</u>	<u>\$ (1,979)</u>

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

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	<u>FY 2004</u>	<u>FY 2003</u>	<u>Change</u>	<u>FY 2004</u>	<u>FY 2003</u>	<u>Change</u>
Conference Centers	\$ 356	\$ 366	\$ (10)	\$ (88)	\$ (118)	\$ 30
Golf Courses	6,248	5,598	650	293	(562)	855
Ice Rinks	4,214	4,068	146	596	481	115
Indoor Tennis	1,141	1,097	44	385	339	46
Park Facilities	<u>2,119</u>	<u>1,557</u>	<u>562</u>	<u>699</u>	<u>283</u>	<u>416</u>
Total	<u>\$ 14,078</u>	<u>\$ 12,686</u>	<u>\$ 1,392</u>	<u>\$ 1,885</u>	<u>\$ 423</u>	<u>\$ 1,462</u>

The Montgomery County Enterprise Fund revenues increased by \$1.4 million and operating income, excluding depreciation, increased by \$1.5 million. Significant changes occurred at a few of the facilities. The golf course revenues increased \$650,000 and operating income, excluding depreciation, increased by \$855,000. The weather was much improved over 2003, and cost controls put into place began to take effect. Park facilities' revenue increased by \$562,000 and operating income increased by \$416,000 due to better weather, as well as the reopening of the Wheaton Carousel which was closed for repairs for most of 2003. The ice rinks continued the improvements begun in 2003, as revenues increased by \$146,000, and the operating income excluding depreciation increased by \$115,000.

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

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY 2004	FY 2003	Change	FY 2004	FY 2003	Change
Airport	\$ 193	\$ 124	\$ 69	\$ (133)	\$ (63)	\$ (70)
Equestrian Center/Arena	1,449	1,241	208	(1,291)	(1,357)	66
Golf Courses	2,237	2,078	159	(374)	(316)	(58)
Ice Rinks	410	247	163	(384)	(195)	(189)
Regional Parks	273	271	2	8	14	(6)
Trap and Skeet Center	1,086	1,082	4	(17)	(89)	72
Sports and Learning Complex	2,315	1,986	329	(2,807)	(2,258)	(549)
Bladensburg Marina	31	25	6	(292)	(214)	(78)
Total	<u>\$ 7,994</u>	<u>\$ 7,054</u>	<u>\$ 940</u>	<u>\$ (5,290)</u>	<u>\$ (4,478)</u>	<u>\$ (812)</u>

The Prince George's County Enterprise Fund revenues increased by \$940,000 and the operating loss, excluding depreciation, increased by \$812,000. The major changes occurred in the Golf Courses and the Sports and Learning Complex. The Golf Courses revenues recovered from low 2003 results, increasing by \$159,000; the Sports and Learning Complex revenues increased by \$329,000 as the facility enjoyed increased utilization. Expenses increased overall, primarily due to assuming all utility costs, which previously were paid by the general fund. Both the Equestrian Center/Arena and the Sports and Learning Complex performed near budget. By policy the fee structures at both facilities are designed for maximum participation with General Fund support.

General Fund Budgetary Highlights

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

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

	Administrative Account	Park Account
Unfavorable property tax collections	\$ (47.1)	\$ (180.6)
Favorable charges for services	566.2	125.7
Unfavorable intergovernmental revenue	(119.6)	(218.8)
Unfavorable investment revenue	(56.0)	(60.0)
Favorable other revenue	0.8	251.2
Total favorable (unfavorable) revenue variance	<u>344.3</u>	<u>(82.5)</u>
Expenditure savings	886.2	1,545.3
Unfavorable other financing sources	(24.1)	(180.5)
Total favorable budgetary variance	<u>\$ 1,206.4</u>	<u>\$ 1,282.3</u>

Property tax collections were below budget primarily due the bankruptcy filing by a large taxpayer, which impacted both Counties' tax collections. Increases in charges for services were the result of greater than expected subdivision reviews in the Administrative Account, and increased activity in the Park Account. Other revenue in the Park Account was a result of insurance recoveries and fines collected in excess of budget. The expenditure savings were primarily the result of the commitment to the County to realize a 2% budget savings, which was exceeded in both accounts, to be utilized in the fiscal year 2005 budget and non-departmental savings from liquidation of prior year encumbrances of \$277,000 in the Administrative Account and \$153,000 in the Park Account.

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

	Administrative Account	Park Account
Prior year fund balance:		
Designated for Contingencies	\$ 813.5	\$ 1,620.9
Added to Budget during the year	(160.0)	(90.0)
Undesignated	629.4	1,475.9
Favorable budget variance	1,206.4	1,282.3
Total ending fund balance, budget basis	<u>\$ 2,489.3</u>	<u>\$ 4,289.1</u>
<u>Fund balance, budget basis</u>		
Designated for Subsequent Years	\$ 1,218.8	\$ 1,376.2
Designated for Contingencies	532.8	1,808.9
Undesignated	737.7	1,104.0
Total Budgetary Fund Balance	<u>\$ 2,489.3</u>	<u>\$ 4,289.1</u>

The differences between the original budgets and the final amended budgets in Montgomery County both relate to additional transfers for the capital improvement program, both of which used fund balance as the source.

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

	Administrative Account	Park Account	Recreation Account
Unfavorable property tax collections	\$ (324.0)	\$ (1,000.7)	\$ (419.2)
Favorable (unfavorable) charges for services	566.2	(28.8)	(163.5)
Favorable (unfavorable) intergovernmental revenue	(3.8)	288.0	13.5
Unfavorable investment revenue	(74.6)	(115.4)	(79.8)
Favorable (unfavorable) other revenue	0.2	308.5	(168.4)
Total favorable (unfavorable) revenue variances	164.0	(548.4)	(817.4)
Expenditure savings	540.6	1,908.1	2,078.2
Favorable other financing sources	638.0	1,827.0	579.9
Total favorable budgetary variance	<u>\$ 1,342.6</u>	<u>\$ 3,186.7</u>	<u>\$ 1,840.7</u>

Property tax collections were below budget primarily due the bankruptcy filing by a large taxpayer, which impacted both Counties' tax collections. Charges for services increased in the Administrative Account as a result of greater than expected subdivision reviews and fee increases. Fee income decreased in the Recreation Account primarily because of decreases in the playground summer activities and aquatics programs. Other revenues in the Park Account were primarily a result of insurance recoveries. The expenditure savings were primarily from salary lapse in all the accounts. Commission management directed some savings to offset the tax revenue shortfall projected early in the year.

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

	Administrative Account	Park Account	Recreation Account
Prior year fund balance:			
Designated for Contingencies	\$ 685.3	\$ 1,718.0	\$ 1,050.0
Designated for Future Facilities	-	6,552.3	-
Undesignated	5,093.7	9,311.0	5,573.0
Planned growth in fund balance	534.2	7,264.5	-
Favorable budget variance	1,342.6	3,186.7	1,840.7
Total ending fund balance, budget basis	<u>\$ 7,655.8</u>	<u>\$ 28,032.5</u>	<u>\$ 8,463.7</u>
<u>Fund balance, budget basis</u>			
Designated for Contingencies	\$ 758.1	\$ 2,107.4	\$ 1,107.7
Designated for Future Facilities	-	13,612.7	-
Undesignated	6,897.7	12,312.4	7,356.0
Total Budgetary Fund Balance	<u>\$ 7,655.8</u>	<u>\$ 28,032.5</u>	<u>\$ 8,463.7</u>

The only differences between the total original budget and the final amended budget in Prince George's County were an increase in expected grant revenues totaling \$290,674, which 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, 2004, amounts to \$585.1 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 3.2% (a 3.7% increase for governmental activities and a .7% increase for business-type activities). The most significant increase is from construction of park schools, improvements to community centers, and miscellaneous park projects. The significant capital asset changes in business-type activities are the improvements to the Needwood Golf Course and the Prince George's Sports and Learning Center.

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 2004, projects totaling \$24.3 million in governmental activities and \$5.3 million in business-type activities were completed. Among these projects are the Samuel P. Massey Park School, Lake Arbor Community Center, Ridge Road Park, Ballfield Initiative and Needwood Golf Course Improvements.

Expenditures on Montgomery County projects totaled \$10.8 million in fiscal year 2004, of which \$0.3 million was for acquisition and \$10.5 million was for development. The largest project was construction of the Black Hill Maintenance Facility, with construction cost to date of \$3.2 million, of which \$2.4 million was in fiscal year 2004. Other major projects that are yet to be completed with their accumulated costs through fiscal year 2004 are: Jessup Blair local park renovation \$0.7 million, National Capital Trolley Museum \$0.3 million, and numerous park and recreation construction projects. In addition, expenditures totaling \$4.5 million were spent on 43 projects for routine maintenance of parks, roads, buildings and other structures.

Prince George's County projects totaled \$22.7 million in fiscal year 2004, of which \$0.3 million was for acquisition and \$22.4 million was for development. Major park development expenditures include construction of the improvements at the Prince George's Sports and Learning Center of \$2.0 million, and construction of Park/School Facilities at Lake Arbor of \$3.2 million, Samuel P. Massey of \$5.1 million and Oakcrest Greater Capital Heights of \$2.7 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, 2004			July 1, 2003			Percent Change Total
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total	
Land	\$ 245,407	\$ 19,363	\$ 264,770	\$ 243,461	\$ 19,364	\$ 262,825	0.7%
Buildings and improvements	85,710	72,976	158,686	76,783	70,566	147,349	7.7%
Infrastructure	120,013	-	120,013	114,474	-	114,474	4.8%
Machinery and equipment	16,972	3,166	20,138	17,608	3,516	21,124	-4.7%
Construction in progress	21,334	145	21,479	19,621	1,583	21,204	1.3%
Total	<u>\$ 489,436</u>	<u>\$ 95,650</u>	<u>\$ 585,086</u>	<u>\$ 471,947</u>	<u>\$ 95,029</u>	<u>\$ 566,976</u>	3.2%

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

Long-term debt. Debt Service Funds are used to account for the payments on the Commission's general obligation debt, which includes Park Acquisition and Development Bonds (Park Bonds) and Advance Land Acquisition Bonds (ALA Bonds). The outstanding issues totaling \$157.7 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 \$16.7 million (Montgomery - \$4.1 million; Prince George's - \$12.6 million) for the fiscal year.

Of the outstanding debt, Park Bonds totaled \$141.8 million (Montgomery County - \$29.8 million and Prince George's County - \$122.0 million) at June 30, 2004. Park Bonds debt service expenditures totaled \$15.7 million (Montgomery - \$3.5 million, Prince George's - \$12.2 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 0.43 cents of the mandatory debt service tax proceeds for real property and 1.08 cents for personal property for Montgomery County and 2.79 cents for real property and 6.98 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for park operation and maintenance expenditures in the respective counties.

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

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

The Commission's Montgomery County revenue bonds and revenue notes payable totaled \$9.9 million at June 30, 2004. The bonds and notes have a reported value of \$9.6 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 \$1.8 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2004, and the related debt service requirements are set forth in the Notes to the Financial Statements.

During fiscal year 2003, the Commission sold \$21.2 million of Prince George's County Park Acquisition and Development General Obligation Bonds, Series AA-2, which have maturities through May 1, 2022. The outstanding balance of these bonds is \$20.0 at June 30, 2004. The AA-2 bonds were issued as auction rate notes, and interest is reset every 35 days. Interest rates have been between 0.84% and 1.25% in 2004.

During fiscal year 2004, the Commission issued \$37.5 million of Prince George's County Park Acquisition and Development Refunding and Project Bonds, Series EE-2. \$14.720 million of the proceeds were used for capital project financing. The balance of the proceeds provided the resources to purchase U. S. government securities that were placed in an irrevocable trust to defease bonds totaling \$21.5 million. These liabilities have been removed from the Statement of Net Assets. Reductions in debt service payments total \$1.1 million

Also during fiscal year 2004, the Commission issued Revenue Bonds of \$3.2 million and \$2.8 million for a current refunding of revenue bonds of \$3.1 million and \$2.8 million related to Little Bennett Golf course and Wheaton Ice Rink in the Montgomery County Enterprise Fund. The refunding was undertaken to remove a balloon payment from each of the issues, and to reduce future debt service payments. Due to favorable interest rates, total debt service was minimally reduced on both issues.

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) at June 30, 2004 follow (\$000's):

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

	Governmental Activities		Business-type Activities		Total		Change
	2004	2003	2004	2003	2004	2003	
General obligation bonds	\$ 155,423	\$ 150,701	\$ -	\$ -	\$ 155,423	\$ 150,701	3.1%
Revenue bonds and notes	-	-	9,603	10,563	9,603	10,563	-9.1%
Notes payable	4,821	6,651	204	290	5,025	6,941	-27.6%
Total	<u>\$ 160,244</u>	<u>\$ 157,352</u>	<u>\$ 9,807</u>	<u>\$ 10,853</u>	<u>\$ 170,051</u>	<u>\$ 168,205</u>	1.1%

Montgomery County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Change
	2004	2003	2004	2003	2004	2003	
General obligation bonds	\$ 33,181	\$ 35,850	\$ -	\$ -	\$ 33,181	\$ 35,850	-7.4%
Revenue bonds and notes	-	-	9,603	10,563	9,603	10,563	-9.1%
Notes payable	3,291	4,976	204	290	3,495	5,266	-33.6%
Total	<u>\$ 36,472</u>	<u>\$ 40,826</u>	<u>\$ 9,807</u>	<u>\$ 10,853</u>	<u>\$ 46,279</u>	<u>\$ 51,679</u>	-10.4%

Prince George's County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Change
	2004	2003	2004	2003	2004	2003	
General obligation bonds	\$ 122,243	\$ 114,851	\$ -	\$ -	\$ 122,243	\$ 114,851	6.4%
Revenue bonds and notes	-	-	-	-	-	-	0.0%
Notes payable	1,530	1,675	-	-	1,530	1,675	-8.7%
Total	<u>\$ 123,773</u>	<u>\$ 116,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,773</u>	<u>\$ 116,526</u>	6.2%

The Commission's total debt increased by \$1.8 million (1.1%) during the current fiscal year. The key factors were the \$14.7 million of new debt from the Prince George's County Park Bonds Sale mentioned above, offset by principal payments.

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 \$922.1 million of debt service for Montgomery County and \$563.1 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of \$39.8 million and \$156.4 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 \$50.9 million. Of this amount, \$2.6 million is designated to fund fiscal year 2005, \$6.3 million is designated for unforeseen circumstances, \$13.6 million is designated to fund the operating maintenance and debt service costs of future Prince George's County facilities, and \$28.4 million is uncommitted as of June 30, 2004. Second, property taxes, which constitute approximately 84% of the Commission's Governmental funds revenues in fiscal year 2004, are expected to continue to be a stable revenue source. The assessed value of all taxable property increased, which, along with a tax rate increase in Prince George's County to provide funding for delayed capital projects, new capital projects and other programs, resulted in an increase in property tax revenues from \$180.6 million to \$197.5 (9.4%). The Commission's total Montgomery County tax rate decreased slightly in fiscal year 2005. The Commission's total Prince George's County real and personal property tax rates remained the same for fiscal year 2005. The Montgomery and Prince George's County unemployment rates obtained from the Maryland Department of Labor, Licensing and Regulations were 2.4% and 4.6%, respectively, as of June 2004 in comparison to the 4.2% State and 5.6% 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 2005 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, 2004**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ 128,408,453	\$ 3,777,030	\$ 132,185,483
Receivables - Taxes	7,939,501	-	7,939,501
Receivables - Other	544,761	5,926	550,687
Due from Fiduciary Funds	1,794,294	-	1,794,294
Due from County Governments	4,038,168	-	4,038,168
Due from Other Governments	1,660,993	-	1,660,993
Inventories	-	1,286,925	1,286,925
Deposits and Other	5,557	-	5,557
Restricted Cash, Cash Equivalents and Investments:			
Unspent Debt Proceeds	35,450,183	-	35,450,183
Capital Assets:			
Land and Construction in Progress	266,740,885	19,508,352	286,249,237
Other Capital Assets, Net of Accumulated Depreciation	<u>222,695,368</u>	<u>76,142,254</u>	<u>298,837,622</u>
Total Assets	<u>669,278,163</u>	<u>100,720,487</u>	<u>769,998,650</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	25,838,683	1,099,039	26,937,722
Accrued Interest Payable	2,036,553	110,993	2,147,546
Deposits and Unearned Revenue	3,696,617	649,202	4,345,819
Claims Payable:			
Due within One Year	2,053,485	-	2,053,485
Due in more than One Year	5,093,751	-	5,093,751
Compensated Absences:			
Due within One Year	8,155,796	390,643	8,546,439
Due in more than One Year	5,471,314	581,265	6,052,579
Bonds and Notes Payable:			
Due within One Year	12,705,127	1,124,618	13,829,745
Due in more than One Year	147,538,913	8,682,128	156,221,041
Estimated Liability for Closure and Postclosure Costs			
Due within One Year	26,230	-	26,230
Due in more than One Year	<u>65,575</u>	<u>-</u>	<u>65,575</u>
Total Liabilities	<u>212,682,044</u>	<u>12,637,888</u>	<u>225,319,932</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	364,642,396	85,843,860	450,486,256
Unrestricted	<u>91,953,723</u>	<u>2,238,739</u>	<u>94,192,462</u>
Total Net Assets	\$ <u>456,596,119</u>	\$ <u>88,082,599</u>	\$ <u>544,678,718</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, 2004**

Functions/Programs	Program Revenues				Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
General Government	\$ 12,497,931	\$ -	\$ -	\$ -	\$ (12,497,931)	\$ -	\$ (12,497,931)
County Planning and Zoning	29,792,531	3,743,951	649,006	-	(25,399,574)	-	(25,399,574)
Park Operations and Maintenance	112,777,571	5,294,071	705,213	14,104,776	(92,673,511)	-	(92,673,511)
Recreation Programs	39,174,875	11,239,721	311,216	-	(27,623,938)	-	(27,623,938)
Interest on Long-term Debt	5,483,168	-	-	-	(5,483,168)	-	(5,483,168)
Total Governmental Activities	199,726,076	20,277,743	1,665,435	14,104,776	(163,678,122)	-	(163,678,122)
Business-type Activities:							
Recreational and Cultural Facilities	30,033,511	22,046,268	26,000	3,829,363	-	(4,131,880)	(4,131,880)
Total Government	\$ 229,759,587	\$ 42,324,011	\$ 1,691,435	\$ 17,934,139	(163,678,122)	(4,131,880)	(167,810,002)
General Revenues:							
Property Taxes					204,217,877	-	204,217,877
Unrestricted Investment Earnings					1,418,407	95,871	1,514,278
Transfers					(9,220,335)	9,220,335	-
Sale of Land					35,676	-	35,676
Net General Revenues and Transfers					196,451,625	9,316,206	205,767,831
Change in Net Assets					32,773,503	5,184,326	37,957,829
Net Assets - Beginning - as restated (see Note 1B)					423,822,616	82,898,273	506,720,889
Net Assets - Ending					\$ 456,596,119	\$ 88,082,599	\$ 544,678,718

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, 2004**

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	\$ 68,157,939	\$ 3,907,880	\$ 10,694,635	\$ 8,528,076	\$ 91,288,530
Receivables - Taxes (net of allowance for uncollectibles)	7,939,501	-	-	-	7,939,501
Receivables - Other (net of allowance for uncollectibles)	175,557	-	368,534	420	544,511
Due from County Governments	934,228	2,579,939	-	274,001	3,788,168
Due from Other Governments	378,315	477,855	804,823	-	1,660,993
Restricted Cash - Unspent Debt Proceeds	-	3,564,442	31,885,741	-	35,450,183
Other	2,197	-	-	-	2,197
Total Assets	<u>\$ 77,587,737</u>	<u>\$ 10,530,116</u>	<u>\$ 43,753,733</u>	<u>\$ 8,802,497</u>	<u>\$ 140,674,083</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 3,560,906	\$ 1,274,657	\$ 13,431,339	\$ 187,461	\$ 18,454,363
Accrued Liabilities	4,561,271	-	-	201,739	4,763,010
Retainage Payable	-	634,261	1,019,528	-	1,653,789
Due to County Governments	-	-	-	7,617	7,617
Deposits and Deferred Revenue	10,626,007	600,000	-	410,111	11,636,118
Total Liabilities	<u>18,748,184</u>	<u>2,508,918</u>	<u>14,450,867</u>	<u>806,928</u>	<u>36,514,897</u>
Fund Balances:					
Reserved for Encumbrances	7,909,128	9,664,140	8,086,136	495,671	26,155,075
Reserved for Debt Service	-	-	-	1,033,176	1,033,176
Unreserved, Designated for Subsequent Years	22,522,600	-	-	-	22,522,600
Unreserved, Undesignated, Reported in:					
General Fund	28,407,825	-	-	-	28,407,825
Special Revenue Fund	-	-	-	6,466,722	6,466,722
Capital Projects Fund	-	(1,642,942)	21,216,730	-	19,573,788
Total Fund Balances	<u>58,839,553</u>	<u>8,021,198</u>	<u>29,302,866</u>	<u>7,995,569</u>	<u>104,159,186</u>
Total Liabilities and Fund Balances	<u>\$ 77,587,737</u>	<u>\$ 10,530,116</u>	<u>\$ 43,753,733</u>	<u>\$ 8,802,497</u>	

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.	481,368,760
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.	20,617,757
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.	7,939,501
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(157,489,085)
Net Assets of Governmental Activities	<u>\$ 456,596,119</u>

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, 2004**

	<u>General</u>	<u>Montgomery County Capital Projects</u>	<u>Prince George's County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 197,538,425	\$ -	\$ -	\$ 1,639,661	\$ 199,178,086
Intergovernmental -					
Federal	479,990	-	424,967	-	904,957
State	264,280	1,218,506	2,835,581	10,000	4,328,367
County	448,199	7,898,956	-	392,061	8,739,216
Local	47,513	44,000	209,069	9,121	309,703
Charges for Services	10,529,714	-	8,940	839,406	11,378,060
Rentals and Concessions	3,098,656	-	-	4,653,721	7,752,377
Interest	634,198	61,521	271,396	73,211	1,040,326
Contributions	-	-	-	14,271	14,271
Miscellaneous	780,309	184,300	1,088	317,294	1,282,991
Total Revenues	<u>213,821,284</u>	<u>9,407,283</u>	<u>3,751,041</u>	<u>7,948,746</u>	<u>234,928,354</u>
EXPENDITURES					
Current -					
General Government	13,097,617	-	-	-	13,097,617
Planning and Zoning	30,605,759	-	-	315,754	30,921,513
Park Operations and Maintenance	103,457,691	-	-	541,135	103,998,826
Recreation	33,366,927	-	-	4,636,708	38,003,635
Debt Service -					
Principal	-	-	-	10,755,000	10,755,000
Interest	-	-	-	5,945,514	5,945,514
Other Debt Service Costs	-	-	-	525,375	525,375
Capital Outlay -					
Park Acquisition	-	299,046	333,509	-	632,555
Park Development	-	10,493,956	22,425,106	-	32,919,062
Total Expenditures	<u>180,527,994</u>	<u>10,793,002</u>	<u>22,758,615</u>	<u>22,719,486</u>	<u>236,799,097</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>33,293,290</u>	<u>(1,385,719)</u>	<u>(19,007,574)</u>	<u>(14,770,740)</u>	<u>(1,870,743)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from General Obligation Bonds	-	-	14,720,000	-	14,720,000
Refunding Bonds Issued	-	-	-	22,805,000	22,805,000
Premiums on Bonds Issued	-	-	544,789	1,382,097	1,926,886
Payment to Refunding Bond Escrow Account	-	-	-	(23,862,764)	(23,862,764)
Payment from Private Purpose Trust Funds	-	-	-	8,615	8,615
Contribution to Private Purpose Trust Funds	-	-	-	(609,148)	(609,148)
Transfers In	4,766,095	635,000	6,986,000	16,190,719	28,577,814
Transfers Out	(28,875,719)	(61,521)	(271,396)	(160,000)	(29,368,636)
Total Other Financing Sources (Uses)	<u>(24,109,624)</u>	<u>573,479</u>	<u>21,979,393</u>	<u>15,754,519</u>	<u>14,197,767</u>
Net Change in Fund Balances	9,183,666	(812,240)	2,971,819	983,779	12,327,024
Fund Balances - Beginning	<u>49,655,887</u>	<u>8,833,438</u>	<u>26,331,047</u>	<u>7,011,790</u>	<u>91,832,162</u>
Fund Balances - Ending	<u>\$ 58,839,553</u>	<u>\$ 8,021,198</u>	<u>\$ 29,302,866</u>	<u>\$ 7,995,569</u>	<u>\$ 104,159,186</u>

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, 2004

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)	\$	12,327,024
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized expenditures exceeded depreciation in the current period.

Capitalized Expenditures	\$ 32,857,249	
Depreciation Expense	<u>(12,997,770)</u>	
Net adjustment		19,859,479

In the Statement of Activities, only the gain (loss) on the sale of property is reported, whereas in the governmental funds, the proceeds from sales increase financial resources. Other land activity that has no impact on financial resources is also included in the Statement of Activities.

Sale of Land	(144,300)	
Gain on Sale of Land	35,676	
Donations	1,473,697	
Transfer of Assets to Enterprise Fund	<u>(3,820,108)</u>	
Net adjustment		(2,455,035)

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.

5,039,791

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General Obligation Bonds issued, net of bond issuance costs of \$302,411	(39,149,475)	
Repayments of Principal	10,755,000	
Payment to Refunding Bond Escrow Account	<u>23,862,764</u>	
Net adjustment		(4,531,711)

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.

877,435

Internal service funds are used by management to charge the costs of capital equipment financings, employee benefits, risk management and Executive Office Building costs, to individual funds. The change in net assets of certain activities of internal service funds is reported with governmental activities.

Change in net assets of governmental activities (Exhibit 2)	\$	<u>1,656,520</u> <u>32,773,503</u>
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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, 2004

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 199,510,100	\$ 199,510,100	\$ 197,538,425	\$ (1,971,675)
Intergovernmental	990,000	1,280,674	1,239,982	(40,692)
Charges for Services	9,289,100	9,289,100	10,530,764	1,241,664
Rentals and Concessions	3,273,600	3,273,600	3,097,606	(175,994)
Interest	1,020,000	1,020,000	634,198	(385,802)
Miscellaneous	387,900	387,900	780,309	392,409
Total Revenues	<u>214,470,700</u>	<u>214,761,374</u>	<u>213,821,284</u>	<u>(940,090)</u>
Expenditures/Encumbrances:				
Current -				
General Government	13,254,600	13,254,600	12,981,692	272,908
County Planning and Zoning	31,452,000	31,462,625	30,308,681	1,153,944
Park Operation and Maintenance	105,317,400	105,364,030	101,910,575	3,453,455
Recreation Programs	35,252,600	35,486,019	33,407,857	2,078,162
Total Expenditures/Encumbrances	<u>185,276,600</u>	<u>185,567,274</u>	<u>178,608,805</u>	<u>6,958,469</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>29,194,100</u>	<u>29,194,100</u>	<u>35,212,479</u>	<u>6,018,379</u>
Other Financing Sources (Uses):				
Transfers In	2,603,000	2,603,000	4,766,095	2,163,095
Transfers Out	<u>(29,303,000)</u>	<u>(29,553,000)</u>	<u>(28,875,719)</u>	<u>677,281</u>
Total Other Financing Sources (Uses)	<u>(26,700,000)</u>	<u>(26,950,000)</u>	<u>(24,109,624)</u>	<u>2,840,376</u>
Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis	<u>\$ 2,494,100</u>	<u>\$ 2,244,100</u>	<u>11,102,855</u>	<u>\$ 8,858,755</u>
Fund Balances - Budget Basis, Beginning			<u>39,827,571</u>	
Fund Balances - Budget Basis, Ending			<u>\$ 50,930,426</u>	

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit

Statement of Net Assets Proprietary Funds June 30, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
ASSETS				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 1,915,335	\$ 1,861,695	\$ 3,777,030	\$ 37,119
Accounts Receivable	447	5,479	5,926	
Due from County Government	-	-	-	250
Due from Other Funds	-	-	-	1,794
Deposits and Other	-	-	-	3
Inventories	762,750	524,175	1,286,925	
Total Current Assets	2,678,532	2,391,349	5,069,881	39,167
Noncurrent Assets:				
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748
Buildings and Improvements	28,034,632	68,875,825	96,910,457	2,752
Machinery and Equipment	4,817,028	4,437,785	9,254,813	19,471
Construction in Progress	144,753	-	144,753	
	44,580,881	81,092,741	125,673,622	22,972
Less - Accumulated Depreciation	(11,870,233)	(18,152,783)	(30,023,016)	(14,905)
Total Capital Assets, Net of Depreciation	32,710,648	62,939,958	95,650,606	8,067
Total Noncurrent Assets	32,710,648	62,939,958	95,650,606	8,067
Total Assets	35,389,180	65,331,307	100,720,487	47,234
LIABILITIES				
Current Liabilities:				
Accounts Payable	313,958	259,177	573,135	347
Claims Payable	-	-	-	2,053
Accrued Salaries and Benefits	213,608	312,296	525,904	390
Compensated Absences	206,426	184,217	390,643	8,155
Interest Payable	110,993	-	110,993	62
Revenue Collected in Advance	523,794	125,408	649,202	
Current Portion of Revenue Bonds Payable	590,256	-	590,256	
Current Portion of Revenue Notes Payable	444,444	-	444,444	
Current Portion of Notes Payable	89,918	-	89,918	1,415
Due to County Government	-	-	-	227
Total Current Liabilities	2,493,397	881,098	3,374,495	12,646
Noncurrent Liabilities:				
Claims Payable	-	-	-	5,093
Revenue Bonds Payable	4,790,578	-	4,790,578	
Revenue Notes Payable	3,777,780	-	3,777,780	
Notes Payable	113,770	-	113,770	3,405
Compensated Absences	238,608	342,657	581,265	5,477
Total Noncurrent Liabilities	8,920,736	342,657	9,263,393	13,977
Total Liabilities	11,414,133	1,223,755	12,637,888	26,617
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	22,903,902	62,939,958	85,843,860	3,246
Unrestricted	1,071,145	1,167,594	2,238,739	17,370
Total Net Assets	\$ 23,975,047	\$ 64,107,552	\$ 88,082,599	\$ 20,617

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, 2004**

	Business-type Activities - Enterprise Funds					Governmental Activities-
	Recreational and Cultural Activities					Internal
	Montgomery		Prince George's		Totals	Service
	County		County			Funds
Operating Revenues:						
Intergovernmental - Federal	\$ -		\$ 26,000		\$ 26,000	\$ -
Sales	1,420,420	\$ -	1,191,248	\$ -	2,611,668	-
Charges for Services	9,829,646	-	4,549,390	-	14,379,036	42,310,317
Claim Recoveries	-	-	-	-	-	616,902
Rentals and Concessions	2,828,450	-	2,227,114	-	5,055,564	-
Total Operating Revenues	14,078,516	-	7,993,752	-	22,072,268	42,927,219
Operating Expenses:						
Cost of Goods Sold	829,619	-	1,075,465	-	1,905,084	-
Personal Services	5,808,702	-	7,738,612	-	13,547,314	13,164,821
Supplies and Materials	1,306,904	-	1,230,074	-	2,536,978	158,267
Montgomery County Self Insurance Program	-	-	-	-	-	-
Claims Incurred	-	-	-	-	-	15,454,110
Insurance	-	-	-	-	-	9,103,136
Communications	115,512	-	592,737	-	708,249	-
Utilities	850,773	-	943,941	-	1,794,714	-
Maintenance	334,525	-	674,275	-	1,008,800	-
Contractual Services	1,558,004	-	620,378	-	2,178,382	-
Other Services and Charges	219,319	-	408,332	-	627,651	785,750
Administrative Services	1,169,811	-	-	-	1,169,811	-
Depreciation	1,676,830	-	2,230,702	-	3,907,532	1,839,982
Total Operating Expenses	13,869,999	-	15,514,516	-	29,384,515	40,506,066
Operating Income (Loss)	208,517	-	(7,520,764)	-	(7,312,247)	2,421,153
Nonoperating Revenues (Expenses):						
Investment Earnings	67,003	-	28,868	-	95,871	378,081
Interest Expense, net of Amortization	(648,996)	-	-	-	(648,996)	(214,598)
Total Nonoperating Revenue (Expense)	(581,993)	-	28,868	-	(553,125)	163,483
Income (Loss) before Transfers	(373,476)	-	(7,491,896)	-	(7,865,372)	2,584,636
Contribution from Trust Fund	-		3,829,363		3,829,363	-
Transfers In - General Government Assets	-		3,820,108		3,820,108	3,681,289
Transfers In	163,688	-	5,411,539	-	5,575,227	15,256
Transfers Out	(175,000)		-		(175,000)	(4,624,661)
Total Transfers	(11,312)		13,061,010		13,049,698	(928,116)
Change in Net Assets	(384,788)	-	5,569,114	-	5,184,326	1,656,520
Total Net Assets - Beginning	24,359,835		58,538,438		82,898,273	18,961,237
Total Net Assets - Ending	\$ 23,975,047	\$ -	\$ 64,107,552	\$ -	\$ 88,082,599	\$ 20,617,757

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, 2004**

	Business-type Activities- Enterprise Funds			Governmental
	Recreational and Cultural Activities			Activities- Internal
	Montgomery	Prince George's	Totals	Service Funds
	County	County		
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 14,056,610	\$ 7,977,372	\$ 22,033,982	\$ 42,042,475
Payments to Suppliers	(4,245,539)	(5,263,862)	(9,509,401)	(24,720,046)
Payments to Employees	(5,754,288)	(7,651,561)	(13,405,849)	(12,356,366)
Payments for Interfund Services Used	(867,600)	(252,800)	(1,120,400)	(311,300)
Payments for Administrative Charges	(1,169,811)	-	(1,169,811)	-
Net Cash Provided (Used) by Operating Activities	<u>2,019,372</u>	<u>(5,190,851)</u>	<u>(3,171,479)</u>	<u>4,654,763</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	163,688	5,411,539	5,575,227	-
Transfers Out to Other Funds	<u>(175,000)</u>	<u>-</u>	<u>(175,000)</u>	<u>(928,116)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(11,312)</u>	<u>5,411,539</u>	<u>5,400,227</u>	<u>(928,116)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(560,651)	(148,732)	(709,383)	(1,924,607)
Principal Paid on Notes Payable	(846,817)	-	(846,817)	(1,830,554)
Principal Paid on Revenue Bonds	(300,000)	-	(300,000)	-
Interest Paid	(616,933)	-	(616,933)	(214,598)
Proceeds from Financing - Notes Payable	<u>67,995</u>	<u>-</u>	<u>67,995</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,256,406)</u>	<u>(148,732)</u>	<u>(2,405,138)</u>	<u>(3,969,759)</u>
Cash Flows from Investing Activities:				
Interest on Restricted Investments	1,874	-	1,874	-
Interest on Investments	<u>65,129</u>	<u>28,868</u>	<u>93,997</u>	<u>378,081</u>
Net Cash Provided by Investing Activities	<u>67,003</u>	<u>28,868</u>	<u>95,871</u>	<u>378,081</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(181,343)	100,824	(80,519)	134,969
Cash and Cash Equivalents, July 1	<u>2,096,678</u>	<u>1,760,871</u>	<u>3,857,549</u>	<u>36,984,954</u>
Cash and Cash Equivalents, June 30	\$ 1,915,335	\$ 1,861,695	\$ 3,777,030	\$ 37,119,923

	Business-type Activities- Enterprise Funds			Government Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 208,517	\$ (7,520,764)	\$ (7,312,247)	\$ 2,421,111
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:				
Depreciation	1,676,830	2,230,702	3,907,532	1,839,911
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	3,200	(3,091)	109	
Decrease in Due from County Government	-	-	-	(62,911)
Decrease in Inventories, at Cost	91,871	13,076	104,947	
Decrease in Deposits and Other	-	-	-	39,711
Decrease in Due from Other Funds	-	-	-	(861,511)
Decrease in Accounts Payable	14,893	15,464	30,357	(76,111)
Decrease in Claims Payable	-	-	-	65,811
Decrease in Accrued Salaries and Benefits	58,977	80,992	139,969	145,311
Decrease in Compensated Absences	(4,563)	6,059	1,496	659,211
Decrease in Interest Payable	(5,247)	-	(5,247)	(9,511)
Decrease in Incurred But Unreported Clms	-	-	-	277,911
Decrease in Other Accrued Liabilities	-	-	-	3,811
Decrease in Due to County Government	-	-	-	211,811
Decrease in Revenue Collected in Advance	(25,106)	(13,289)	(38,395)	
Total Adjustments	1,810,855	2,329,913	4,140,768	2,233,611
Cash Provided (Used) by Operating Activities	\$ 2,019,372	\$ (5,190,851)	\$ (3,171,479)	\$ 4,654,711

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 10

**Statement of Net Assets
Fiduciary Funds
June 30, 2004**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ 188,395	\$ 7,867,484	\$ 3,263,250
Cash and Marketable Securities	506,287,844	-	-
Restricted Cash: Unspent Bond Proceeds	-	839,214	-
Collateral for Securities Lending Transactions	49,877,733	-	-
Accounts Receivable	1,865,513	2,000	-
Deposits and Other	15,727	-	-
Land Held for Transfer	-	43,159,704	-
Other	70,800	489,506	-
Total Assets	<u>558,306,012</u>	<u>52,357,908</u>	<u>3,263,250</u>
LIABILITIES			
Accounts Payable	715,128	467	2,701,058
Due to Group Insurance Internal Service Fund	1,794,294	-	-
Obligation for Collateral Received under Securities Lending transactions	49,877,733	-	-
Deposits	-	-	562,192
Total Liabilities	<u>52,387,155</u>	<u>467</u>	<u>3,263,250</u>
NET ASSETS			
Assets Held in Trust for:			
Land Held for Transfer	-	43,159,704	-
Pension Benefits	503,144,009	-	-
Other Postemployment Benefits	2,774,848	-	-
Other Purposes	-	9,197,737	-
Total Net Assets	<u>\$ 505,918,857</u>	<u>\$ 52,357,441</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, 2004**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS:		
Contributions:		
Employer	\$ 1,202,785	\$ -
Plan Members	3,747,369	-
Private Donations	-	45,585
Total Contributions	<u>4,950,154</u>	<u>45,585</u>
Receipts from Commission Debt Service Funds	-	609,148
Investment Earnings:		
Interest	7,405,823	198,563
Dividends	2,757,754	-
Net increase in the Fair Value of Investments	<u>55,521,400</u>	-
Total Investment Earnings	65,684,977	198,563
Less Investment Advisory and Management Fees	<u>(1,882,379)</u>	-
Net Income from Investing Activities	<u>63,802,598</u>	<u>198,563</u>
Securities Lending Activity		
Securities Lending Income	447,808	-
Securities Lending Fees	<u>(381,773)</u>	-
Net Income from Securities Lending Activity	<u>66,035</u>	-
Total Net Investment Income	<u>63,868,633</u>	<u>198,563</u>
Total Additions	<u>68,818,787</u>	<u>853,296</u>
DEDUCTIONS		
Benefits	15,257,765	-
Refunds of Contributions	601,358	-
Administrative Expenses	1,058,667	-
Reimbursement to Group Insurance Internal Service Fund	3,681,289	-
Contribution of Land	-	3,829,363
Other	-	78,520
Total Deductions	<u>20,599,079</u>	<u>3,907,883</u>
Change in Net Assets	48,219,708	(3,054,587)
Net Assets - Beginning	457,699,149	55,412,028
Net Assets - Ending	<u>\$ 505,918,857</u>	<u>\$ 52,357,441</u>

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

NOTES TO FINANCIAL STATEMENTS

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) The Commission and Its Services

Background

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

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

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

Financial Reporting Entity

The Employees' Retirement System (ERS), administered by the 11 member Board of Trustees, in accordance with the Trust Agreement between the Board and the Commission, is a contributory defined benefit pension system qualified under the Internal Revenue Code Section 401(a). The administrative operations are the responsibility of the ERS Staff and Board-appointed Administrator, who reports directly to the Board of Trustees. Publicly available Financial Statements for the ERS can be obtained at 6611 Kenilworth Avenue, Suite 100, Riverdale, Maryland 20737.

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

In accordance with GAAP, the Commission represents a joint venture of Montgomery and Prince George's Counties, reportable in the notes to their respective financial statements. The financial data of the Commission pertinent to Montgomery County and Prince George's County, for governmental, 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").

In fiscal year 2004, the Commission implemented GASB statement No. 39, "Determining Whether Certain Organizations are Component Units". This statement requires reporting as a component unit any organization that raises and holds material economic resources for the direct benefit of the Commission. All of the affiliated organizations of the Commission that raise and hold economic resources for the Commission are not material to the financial position or activities of the Commission. Therefore, they were not included in the financial reporting entity, and adopting this standard had no impact on the financial statements of the Commission.

Also, in fiscal year 2004, the Commission completed the implementation of GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" by adding to capital assets infrastructure assets related to athletic fields constructed prior to July 2001. GASB Statement No. 34 allowed the Commission until June 30, 2006 to record these assets. These additions are reflected as a restatement of beginning depreciable capital assets, related accumulated depreciation and net assets of governmental activities, as follows.

	Depreciable Capital Assets	Accumulated Depreciation	Net Assets
Amounts previously reported	\$ 334,425,640	\$ 157,389,699	\$ 391,993,028
Depreciable capital assets added	70,223,351	38,393,763	31,829,588
Beginning balances, restated	<u>\$ 404,648,991</u>	<u>\$ 195,783,462</u>	<u>\$ 423,822,616</u>

The reporting requirements established by GASB include:

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

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

The basic financial statements include both Government-wide (based on the Commission as a whole) and fund financial statements. The focus is on both the Commission as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Both the Government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the Government-wide Statement of Net Assets and Statement of Activities, both the governmental and business-type activities columns are presented on a consolidated basis by column on a full accrual, economic resource basis, as discussed above. Eliminations have been made to minimize the double

counting of internal activities. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

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

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the Commission (government and business-type activities). The Commission reports all capital assets, including infrastructure, in the Government-wide Statement of Net Assets and reports depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of the Commission are presented in three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. The Commission generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Commission may defer the use of restricted assets based on a review of the specific transaction. The Commission has no restricted assets as of June 30, 2004.

Statement of Activities – The Government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the Commission’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). The Government-wide Statement of Activities reflects both the gross and net cost per functional category (county planning and zoning, park operations and maintenance, recreation, etc.) that is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (county planning and zoning, park operations and maintenance, recreation, etc.) or a business-type activity. Program revenues include 1) charges for County planning and zoning services; 2) charges for park operations and maintenance; 3) rentals and concessions; 4) recreational and cultural facilities and events and 5) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported as general revenues. Direct expenses are considered those that are clearly identifiable with a specific function or segment. The Commission does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

The Commission’s fiduciary funds and the Employees’ Retirement System, which 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 pension trust and private purpose fiduciary fund financial statements are reported using the economic resources measurement focus. The Government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are generally recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The Commission reports the following major governmental funds:

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

Montgomery County and Prince George's County Capital Projects Funds – These Capital Projects Funds are used to account for the acquisition, development or improvement of parkland and the acquisition or construction of major capital facilities other than those accounted for in the

proprietary funds and the Advance Land Acquisition Accounts in the Private Purpose Trust Funds. The Commission maintains separate funds for each county.

The Commission reports the following major enterprise funds:

Montgomery County and Prince George's County Enterprise Funds – These Enterprise Funds are used to account for recreational and cultural facilities' operations that are financed and operated in a manner similar to private business enterprises. A separate Enterprise Fund is maintained for the enterprise operations of each county, each of which is considered a major fund.

Additionally, the Commission reports the following fund types:

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

The Commission reports the following fiduciary fund types:

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

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

Private-Purpose Trust Funds – Private-Purpose Trust Funds are used to account for funds whose principal and interest are legally held in trust and must be expended in accordance with their designated purposes. The most significant amounts included are the Advance Land Acquisition Accounts, which are used to acquire land for specific public uses, such as schools, libraries, parks or roads.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. 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 uncollectible accounts of \$3,002,789 at June 30, 2004. The property tax receivable allowance is based on an aging of receivables, with increasing percentages applied to older receivables. Property taxes are levied and collected for the special taxing districts of the Commission by Montgomery and Prince George's County Governments, as appropriate. Semiannual tax payment plans are automatic for homeowners living in their properties unless they request to remain on an annual payment plan. Under the semiannual payment plan, one-half of the real property taxes are due by September 30 and the remaining one-half is due by December 31. Real property taxes are levied on July 1 each year and become delinquent on October 1 and January 1, at which time interest and penalties commence. Personal property and real property taxes levied for a fraction of a year are due when billed. Tax liens on real property are sold at public auction on the second Monday in June in Montgomery County and on the second Monday in May in Prince George's County for taxes that are delinquent.

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

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

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

Restricted Assets – Certain proceeds of the Commission's bonds are classified as restricted assets on the statement of net assets because they are maintained in investment accounts and their use is limited by applicable bond covenants.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

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

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

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

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

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

The postclosure care cost, estimated to be approximately \$92,000 over the 3 1/2 year remaining postclosure care period, is reported as a long-term obligation in the Government-wide financial statements. The Montgomery County Park Account in the General Fund will pay the annual operating expense of approximately \$26,230 to monitor and maintain the landfill.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

Designated Fund Balances for Individual Funds and Accounts - The Commission has designated \$22,522,600 of fund balances in the General Fund at June 30, 2004, to fund fiscal year 2005 operations and contingencies, as follows.

	Montgomery County	Prince George's County	Total
Administration Account	\$ 1,751,600	\$ 758,100	\$ 2,509,700
Park Account	3,185,100	15,720,100	18,905,200
Recreation Account	N/A	1,107,700	1,107,700
	<u>\$ 4,936,700</u>	<u>\$ 17,585,900</u>	<u>\$ 22,522,600</u>

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

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

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

Land	\$ 244,658,241
Buildings	147,285,833
Improvements Other than Buildings	20,884,830
Infrastructure	201,742,000
Machinery and Equipment	40,613,742
Accumulated Depreciation on Buildings, Improvements and Machinery and Equipment	(195,150,033)
Construction in Progress	21,334,147
Total	<u>\$ 481,368,760</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	\$ 11,290,000
Due in More than One Year	144,133,405
Estimated Liability for Postclosure Costs:	
Due Within One Year	26,230
Due in More than One Year	65,575
Accrued Interest Payable	1,973,875
Totals	<u>\$ 157,489,085</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 2004 were within the legal limitations pertinent to the Commission. Under the budgetary method, current year outstanding encumbrances are charged to the budgetary appropriations and are considered expenditures of the current period. Governmental GAAP considers outstanding encumbrances as reservations of fund balances that are charged to expenditures in the period in which the goods or services are used or received.

Reconciliation from the Budget Basis to the GAAP Basis for the year ended June 30, 2004 is as follows. The account information shown below is reported in Note 6.

	Montgomery County		Prince George's County			Total General Fund
	Administration Account	Park Account	Administration Account	Park Account	Recreation Account	
Adjustment to Expenditures						
To Increase -						
Encumbrances -						
June 30, 2003	\$ 1,252,687	\$ 2,152,000	\$ 2,843,984	\$ 2,515,337	\$ 1,064,309	\$ 9,828,317
To Decrease -						
Encumbrances -						
June 30, 2004	(742,061)	(1,581,041)	(2,941,607)	(1,539,180)	(1,105,239)	(7,909,128)
Total Adjustment	510,626	570,959	(97,623)	976,157	(40,930)	1,919,189
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses:						
GAAP Basis	(324,674)	(1,771,167)	1,974,455	9,475,108	(170,056)	9,183,666
Budget Basis	\$ 185,952	\$ (1,200,208)	\$ 1,876,832	\$ 10,451,265	\$ (210,986)	\$ 11,102,855

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2004, totaled \$735,959,586. The Commission's unrestricted pool of deposits and investments (\$143,316,217) is available to all funds, except for the Pension Trust Funds.

Cash in Banks - At year-end, the carrying amount of deposits was \$1,069,158 and the bank balance was \$807,747. In addition, the Commission held cash at various locations totaling \$259,935, and the Employees' Retirement System Pension Trust Fund had a cash balance of \$158,119. Of the bank balance, \$500,000 was covered by Federal depository insurance and the remainder was collateralized by \$2,666,124 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, 2004. 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 \$871,017. All such deposits relate to cash and investments restricted for construction or for retiree health costs.

Investments - The Annotated Code of Maryland authorizes the Commission to invest in obligations for which the United States has pledged its full faith and credit for the payment of principal and interest, obligations that are issued by a Federal agency, repurchase agreements, bankers' acceptances, commercial paper, money market mutual funds, the State Treasurer's investment pool, 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 material 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 Unspent Debt Proceeds - At year-end, the Commission had \$35,450,183 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 authorized the lending of fixed income securities. These lending transactions are managed by the custodian bank. There were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent as of June 30, 2004. Due to the nature of the program's collateralization of loans 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. government 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 were approximately 105 days in 2004.

Cash collateral is invested in a short-term investment pool, which has an average weighted maturity of 24 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, 2004 was \$57,553,399, which was collateralized by cash of \$49,877,733 and non-cash collateral of \$8,698,190. The securities lending gross earnings for the year ended June 30, 2004 were \$447,808, while the borrower's rebate totaled \$339,952 and bank fees and commissions were \$41,821, which resulted in a net addition from securities lending activity of \$66,035.

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, 2004 were as follows:

	Reported Amount/ <u>Fair Value</u>
Investments Subject to Categorization	
Commission Investments (all Category 1:)	
Commercial Paper	\$ 897,749
United States Treasury Bills	20,975,076
Bankers' Acceptances	21,885,690
Federal National Mortgage Association Notes	41,340,525
Federal Home Loan Bank Notes	17,761,994
Federal Home Loan Mortgage Association Notes	9,996,677
Repurchase Agreements	65,031,822
Total Commission Investments	<u>177,889,533</u>
Fiduciary Fund Investments (all category 1) :	
Commercial Paper	1,841,648
Fixed Income securities	
Not on securities loan	130,098,097
On securities loan for securities collateral	7,459,700
Common Stocks	
Not on securities loan	159,928,277
On securities loan for securities collateral	1,083,832
Total Fiduciary Funds Investments	<u>300,411,554</u>
Total Investments Subject To Categorization	<u>478,301,087</u>
Investments Not Subject to Categorization	
Fiduciary Funds:	
Stock Funds	128,758,615
Fixed Income Funds	27,654,055
Securities Lending Short Term	
Collateral Investment Pool	49,877,733
Investments Held by Broker Dealers	
Under Securities Loans with Cash	
Collateral:	
Corporate Bonds	33,183,480
Common Stock	15,826,387
Total investments not subject to categorization	<u>255,300,270</u>
Commission Total	<u>\$ 733,601,357</u>

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

Statement of Net Assets

Equity in Pooled Cash and Investments	\$ 132,185,483
Restricted Cash, Cash Equivalents and Investments - Unspent Bonds Proceeds	35,450,183

Statement of Net Assets - Fiduciary Funds

Equity in Pooled Cash and Investments - Private Purpose Trust Funds	7,867,484
Equity in Pooled Cash and Investments - Agency Funds	3,263,250
Restricted Cash Unspent Bond Proceeds - Private Purpose Trust Funds	839,214
Cash and Marketable Securities - Pension Trust Funds	506,476,239
Collateral for Securities Lending Transactions - Pension Trust Funds	49,877,733
Total	\$ 735,959,586

They are composed of:

Cash in Banks	\$ 1,069,158
Cash of Employees' Retirement System Pension Trust Fund	158,119
Cash in Other Locations	259,935
Money Market Deposits	871,017
Investments	733,601,357
Total	\$ 735,959,586

(B) Capital Assets

A summary of governmental activities capital assets at June 30, 2004 is as follows:

	July 1, 2003	Increases	Decreases	Transfers	June 30, 2004
Capital assets not being depreciated:					
Land	\$ 243,460,651	\$ 2,054,711	\$ (108,624)	\$ -	\$ 245,406,738
Construction in progress	19,621,006	29,830,600	-	(28,117,459)	21,334,147
Total capital assets not being depreciated	263,081,657	31,885,311	(108,624)	(28,117,459)	266,740,885
Other capital assets, being depreciated:					
Buildings and improvements	157,447,227	51,176	-	13,424,594	170,922,997
Infrastructure	190,869,244	-	-	10,872,756	201,742,000
Machinery and equipment	56,332,520	4,453,018	(700,094)	-	60,085,444
Total other capital assets	404,648,991	4,504,194	(700,094)	24,297,350	432,750,441
Less accumulated depreciation for:					
Buildings and improvements	(80,664,304)	(4,548,487)	-	-	(85,212,791)
Infrastructure	(76,394,264)	(5,334,943)	-	-	(81,729,207)
Machinery and equipment	(38,724,894)	(5,088,275)	700,094	-	(43,113,075)
Total accumulated depreciation	(195,783,462)	(14,971,705)	700,094	-	(210,055,073)
Total other capital assets, net	208,865,529	(10,467,511)	-	24,297,350	222,695,368
Governmental activities capital assets, net	\$ 471,947,186	\$ 21,417,800	\$ (108,624)	\$ (3,820,109)	\$ 489,436,253

July 1, 2003 capital assets are restated to include infrastructure assets related to athletic fields constructed prior to July 2001 as described in Note 1(B).

Summaries of business-type activities capital assets at June 30, 2004, made up of two major enterprise funds, is as follows:

	July 1, 2003	Increases	Decreases	Transfers	June 30, 2004
Montgomery County Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 11,584,468	\$ -	\$ -	\$ -	\$ 11,584,468
Construction in progress	1,583,216	-	-	(1,438,463)	144,753
Total capital assets not being depreciated	13,167,684	-	-	(1,438,463)	11,729,221
Capital assets being depreciated					
Buildings and improvements	26,132,269	486,775	(22,875)	1,438,463	28,034,632
Machinery and equipment	4,720,278	96,750	-	-	4,817,028
Total capital assets being depreciated	30,852,547	583,525	(22,875)	1,438,463	32,851,660
Less accumulated depreciation for:					
Buildings	(7,126,995)	(1,337,055)	-	-	(8,464,050)
Machinery and equipment	(3,066,414)	(339,769)	-	-	(3,406,183)
Total accumulated depreciation	(10,193,409)	(1,676,824)	-	-	(11,870,233)
Total capital assets being depreciated, net	20,659,138	(1,093,299)	(22,875)	1,438,463	20,981,427
Capital assets, net	<u>\$ 33,826,822</u>	<u>\$ (1,093,299)</u>	<u>\$ (22,875)</u>	<u>\$ -</u>	<u>\$ 32,710,648</u>
Prince George's County Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 7,779,131	\$ -	\$ -	\$ -	\$ 7,779,131
Capital assets being depreciated:					
Buildings and improvements	65,055,716	-	-	3,820,109	68,875,825
Machinery and equipment	4,295,454	148,731	(6,400)	-	4,437,785
Total capital assets being depreciated	69,351,170	148,731	(6,400)	3,820,109	73,313,610
Less accumulated depreciation for:					
Buildings and improvements	(13,495,397)	(1,974,274)	-	-	(15,469,671)
Machinery and equipment	(2,433,084)	(256,428)	6,400	-	(2,683,112)
Total accumulated depreciation	(15,928,481)	(2,230,702)	6,400	-	(18,152,783)
Total capital assets being depreciated, net	53,422,689	(2,081,971)	-	3,820,109	55,160,827
Capital assets, net	<u>\$ 61,201,820</u>	<u>\$ (2,081,971)</u>	<u>\$ -</u>	<u>\$ 3,820,109</u>	<u>\$ 62,939,958</u>

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

	Montgomery County	Prince George's County	Total
Governmental activities:			
General Government	\$ 144,848	\$ 173,901	\$ 318,749
County Planning and Zoning	522,316	272,391	794,707
Park Operations and Maintenance	6,715,762	4,821,471	11,537,233
Recreation Programs	-	2,321,014	2,321,014
Total depreciation expense - governmental activities	<u>\$ 7,382,926</u>	<u>\$ 7,588,777</u>	<u>\$ 14,971,703</u>
Total depreciation expense - business-type activities:			
Recreational and Cultural Facilities	<u>\$ 1,676,824</u>	<u>\$ 2,230,702</u>	<u>\$ 3,907,526</u>

Construction Commitments - The Commission is committed to \$17,750,276 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, 2004 is \$1,794,294 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 2004:

Interfund Transfers:	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Non-major Governmental Funds	Proprietary Funds	Total
Transfers In						
General Fund - Administration Account	\$ -	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
General Fund - Park Account	-	300,000	6,826,000	16,190,719	5,010,400	28,327,119
General Fund - Recreation Account	-	-	-	-	388,600	388,600
Internal Service Fund - Group Insurance	4,433,178	-	-	-	191,483	4,624,661
Special Revenue Fund	-	-	160,000	-	-	160,000
Capital Projects - Interest	332,917	-	-	-	-	332,917
Enterprise Fund	-	175,000	-	-	-	175,000
Total Transfers In	\$ 4,766,095	\$ 635,000	\$ 6,986,000	\$ 16,190,719	\$ 5,590,483	\$ 34,168,297
Transfers Out						
General Fund - Administration Account	\$ -	\$ -	\$ -	\$ -	\$ 1,242,587	\$ 1,242,587
General Fund - Park Account	-	61,521	271,396	-	2,610,624	2,943,541
General Fund - Recreation	-	-	-	-	579,967	579,967
Internal Service Fund - Risk Management	-	-	-	-	12,618	12,618
Internal Service Fund - Executive Office Building	-	-	-	-	2,638	2,638
Debt Service Fund	16,190,719	-	-	-	-	16,190,719
Capital Projects	7,286,000	-	-	160,000	175,000	7,621,000
Special Revenue Fund	-	-	-	-	-	-
Enterprise Fund	5,399,000	-	-	-	176,227	5,575,227
Total Transfers Out	\$ 28,875,719	\$ 61,521	\$ 271,396	\$ 160,000	\$ 4,799,661	\$ 34,168,297

A majority of the transfers (\$16,190,719) was to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds.

Proprietary fund transfers are made up of the following:

Interfund Transfers:	Montgomery County Enterprise Fund	Prince George's County Enterprise Fund	Internal Service Funds	Total Proprietary Funds
Transfers In				
General Fund - Park Account -	\$ 86,000	\$ 4,924,400	\$ -	\$ 5,010,400
General Fund - Recreation Account	-	388,600	-	388,600
Internal Service Fund - Group Insurance	77,688	98,539	15,256	191,483
Total Transfers In	\$ 163,688	\$ 5,411,539	\$ 15,256	\$ 5,590,483
Transfers Out				
General Fund - Administration Account	\$ -	\$ -	\$ 1,242,587	\$ 1,242,587
General Fund - Park Account	-	-	2,610,624	2,610,624
General Fund - Recreation	-	-	579,967	579,967
Internal Service Fund - Risk Management	-	-	12,618	12,618
Internal Service Fund - EOB	-	-	2,638	2,638
Capital Projects	175,000	-	-	175,000
Enterprise	-	-	176,227	176,227
	\$ 175,000	\$ -	\$ 4,624,661	\$ 4,799,661

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 (\$3,820,108 in the year ended June 30, 2004) are transferred from Governmental Activities Capital Assets and capitalized in the Prince George's County Enterprise Fund.

In addition to the above transfers, tax revenues of \$609,148 not needed to pay current debt service were transferred from the Advanced Land Acquisition Debt Service Funds to the Advanced Land Acquisition Accounts in the Private Purpose Trust Funds.

(D) Operating Leases

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

Future minimum commitments under operating leases at June 30, 2004 are as follows (\$000's).

Year Ending June 30	Operating Leases		
	Total	Montgomery County	Prince George's County
2005	\$ 1,881	\$ 368	\$ 1,513
2006	1,621	217	1,404
2007	1,437	90	1,347
2008	447	38	409
2009	150	-	150
2010 to 2011	300	-	300
Total minimum lease payments	<u>\$ 5,836</u>	<u>\$ 713</u>	<u>\$ 5,123</u>

In fiscal year 2004, expenditures in the General Fund included \$927,796 (Montgomery - \$109,750, Prince George's - \$818,046) 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, 2004 are as follows (\$000's).

Year Ending June 30	Montgomery County				Prince George's County	
	Total	Governmental		Enterprise Fund		Governmental
		Principal	Interest	Principal	Interest	Principal
2005	\$ 1,665	\$ 1,270	\$ 80	\$ 90	\$ 5	\$ 145
2006	1,241	922	36	59	2	155
2007	817	547	18	27	1	165
2008	805	552	5	27	1	170
2009	220	-	-	-	-	180
2010-2013	774	-	-	-	-	715
Total payments	<u>\$ 5,522</u>	<u>\$ 3,291</u>	<u>\$ 139</u>	<u>\$ 203</u>	<u>\$ 9</u>	<u>\$ 1,530</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 2004, debt service payments approximated 0.43 cents per \$100 of real property and 1.08 cents per \$100 of personal property for Montgomery County and 2.68 cents for real property and 6.70 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
2005	\$ 2,070	\$ 1,247	3,317	\$ 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	2,185	911	3,096	455	76	531
2010 - 2014	10,250	3,144	13,394	1,380	137	1,517
2015 - 2019	6,570	1,272	7,842	150	3	153
2020 - 2022	2,285	178	2,463	-	-	-
Totals	<u>\$ 29,830</u>	<u>\$ 10,006</u>	<u>\$ 39,836</u>	<u>\$ 3,805</u>	<u>\$ 714</u>	<u>\$ 4,519</u>

Prince George's County General Obligation Bonds							
Fiscal Year	Governmental Activities						Total Commission General Obligation Bonds
	Total Park	Total Park	Total Park	Total ALA	Total ALA	Total ALA	
	Principal	Interest	Payments	Principal	Interest	Payments	
2005	\$ 8,485	\$ 4,208	\$ 12,693	\$ 320	\$ 100	\$ 420	\$ 16,999
2006	8,655	4,095	12,750	320	84	404	17,061
2007	8,805	3,745	12,550	315	68	383	16,789
2008	9,135	3,396	12,531	305	53	358	16,599
2009	9,035	3,080	12,115	300	37	337	16,079
2010 - 2014	41,495	10,719	52,214	585	30	615	67,740
2015 - 2019	24,935	4,378	29,313	-	-	-	37,308
2020 - 2022	11,420	856	12,276	-	-	-	14,739
Totals	\$ 121,965	\$ 34,477	\$ 156,442	\$ 2,145	\$ 372	\$ 2,517	\$ 203,314

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 1.25%, the rate in effect at June 30, 2004, was used. Interest rates during the year ranged from 0.84% to 1.25%.

Outstanding General Obligation Bonds - General obligation bonds outstanding at June 30, 2004, consist of the following individual issues (000's):

<u>Series</u>	<u>Effective Interest Rate at Date of Sale</u>	<u>Dated</u>	<u>Final Maturity Date</u>	<u>FY2005 Serial Payment</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2004</u>
<u>Montgomery County</u>						
<u>Park Acquisition and Development Bonds</u>						
Series Q-2	6.3609	11/15/94	11/01/04	\$ 200	\$ 5,000	\$ 200
Series R-2 Advance Refunding	4.8972	12/01/95	07/01/14	525	8,700	6,690
Series U-2	4.5346	08/01/98	08/01/18	280	7,000	5,950
Series Y-2	5.0232	11/01/00	11/01/20	170	5,700	5,190
Series CC-2 (Note 1)	3.7819	12/01/02	12/01/22	895	12,155	11,800
				<u>2,070</u>	<u>38,555</u>	<u>29,830</u>
<u>Advance Land Acquisition Bonds</u>						
Bonds of 1994	6.3609	11/15/94	07/01/04	90	2,200	90
Bonds of 1995 Advance Refunding	4.7707	12/01/95	07/01/10	325	3,345	2,165
DD-2 ALA Gen Oblig. Refunding	3.4748	12/01/02	12/01/14	-	1,550	1,550
				<u>415</u>	<u>7,095</u>	<u>3,805</u>
Total Montgomery County General Obligation Bonds				<u>\$ 2,485</u>	<u>\$ 45,650</u>	<u>\$ 33,635</u>
<u>Prince George's County</u>						
<u>Park Acquisition and Development Bonds</u>						
Series S-2 Advance Refunding	4.9787	12/01/95	07/01/12	\$ 2,390	\$ 30,025	\$ 18,235
Series T-2	5.3913	01/15/97	01/15/07	1,300	33,000	3,900
Series W-2	6.4000	06/25/98	07/01/12	595	7,325	5,020
Series Z-2	4.5481	07/15/01	05/01/21	560	18,700	17,020
Series AA-2	Note 2	07/25/02	05/01/22	600	21,200	20,000
Series BB-2 Advance Refunding	3.3944	12/01/02	07/01/14	2,450	21,110	20,265
Series EE-2 (Note 1)	3.2824	03/15/04	01/15/24	590	37,525	37,525
				<u>8,485</u>	<u>168,885</u>	<u>121,965</u>
<u>Advance Land Acquisition Bonds</u>						
Bonds of 1995 Advance Refunding	4.8991	12/01/95	07/01/10	420	3,300	2,145
Total Prince George's County General Obligation Bonds				<u>\$ 8,905</u>	<u>\$ 172,185</u>	<u>\$ 124,110</u>

Notes: (1) The CC-2 and EE-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, 2004 a rate of 1.25% 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 \$9,859,562 at June 30, 2004, are accounted for in the Montgomery County Enterprise Funds. Debt service expenditures for the revenue bonds and notes totaled \$1,668,243 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, 2004, and the related debt service requirements for Montgomery County are as follows (000's):

Business-type Activities Revenue Bonds and Notes			
Fiscal Year	Total Principal	Total Interest	Total Payments
2005	\$ 1,035	\$ 397	\$ 1,432
2006	1,044	353	1,397
2007	1,065	311	1,376
2008	1,086	266	1,352
2009	1,107	222	1,329
2010 - 2014	4,523	431	4,954
Total	<u>\$ 9,860</u>	<u>\$ 1,980</u>	<u>\$ 11,840</u>

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

Outstanding Revenue Bonds and Revenue Notes Payable - Revenue bonds, net of a \$256,504 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2004, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY2004 Serial Payment	Original Issue	Outstanding at June 30, 2004
Montgomery County						
Revenue Bonds and Notes						
Little Bennett Golf Course (net of deferred amount)	3.3705 %	12/09/03	11/01/12	\$ 315	\$ 3,154	\$ 3,154
Wheaton Ice Rink	3.3706	12/09/03	05/01/12	276	2,799	2,483
Cabin John Ice Rink	5.1600	04/24/99	11/01/13	444	6,000	4,223
				<u>\$ 1,035</u>	<u>\$ 11,953</u>	<u>\$ 9,860</u>

New Debt Issue - On March 25, 2004, the Commission issued \$37,525,000 of Prince George's County Park Acquisition and Development General Obligation Project and Refunding Bonds, Series EE-2. Proceeds of \$14,720,000 are used for capital project financing, and the balance \$22,805,000 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 Series T-2 bonds totaling \$21,500,000 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, \$2,559,789, is being netted against the new debt and amortized over the 13 year remaining life of the refunded bonds, which is less than the life of the new debt issued. The refunding resulted in a reduction in debt service payments of \$1,081,811, with an economic gain of \$1,043,593.

On December 9, 2003, the Commission issued Revenue Bonds of \$3,154,000 and \$2,799,000 for a current refunding of revenue bonds of \$3,120,000 and \$2,765,000 related to Little Bennett Golf Course and Wheaton Ice Rink in the Montgomery County Enterprise Fund. The refunding was undertaken to remove a balloon payment from each of the issues, and to reduce future debt service payments. The acquisition price exceeded the outstanding balance of the old notes by \$34,000 each, which amount was expensed in the current period. The total reduction in debt service payments was \$14,539 and 33,207 respectively. However, because the balloon payments were removed, the economic gains were \$157,954 and \$148,639, respectively.

Changes in Long-Term Liabilities – Changes in long-term liabilities for the year ended June 30, 2004, were as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
<u>Montgomery County</u>					
General Obligation Park Bonds Payable	\$ 32,125,000	\$ -	\$ 2,295,000	\$ 29,830,000	\$ 2,070,000
General Obligation ALA Bonds Payable	4,225,000	-	420,000	3,805,000	415,000
Deferred charges, net of premiums, on General Obligation Bonds	(499,779)	-	(45,436)	(454,343)	-
Notes Payable - Governmental	4,976,191	-	1,685,556	3,290,635	1,270,127
Estimated Liability for Landfill Closure and Postclosure Costs	118,035	-	26,230	91,805	26,230
Accrued Compensated Absences:	5,931,565	3,692,177	3,414,510	6,209,232	3,824,050
Long-term Liabilities	46,876,012	3,692,177	7,795,860	42,772,329	7,605,407
<u>Prince George's County</u>					
General Obligation Park Bonds Payable	113,655,000	37,525,000	29,215,000	121,965,000	8,485,000
General Obligation ALA Bonds Payable	2,470,000	-	325,000	2,145,000	320,000
Deferred charges, net of premiums, on General Obligation Bonds	(1,274,465)	(738,289)	(145,502)	(1,867,252)	-
Notes Payable - Governmental	1,675,000	-	145,000	1,530,000	145,000
Accrued Compensated Absences:	7,032,464	4,655,565	4,270,151	7,417,878	4,331,746
Long-term Liabilities	123,557,999	41,442,276	33,809,649	131,190,626	13,281,746
Total Long Term Liabilities	<u>\$ 170,434,011</u>	<u>\$ 45,134,453</u>	<u>\$ 41,605,509</u>	<u>\$ 173,962,955</u>	<u>\$ 20,887,153</u>
 Business type activities:					
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
<u>Montgomery County</u>					
Revenue Bonds and Notes Payable	\$ 10,851,668	\$ 5,953,000	\$ 6,945,106	\$ 9,859,562	\$ 1,034,700
Unamortized Discount on Revenue Bonds and Notes	(288,567)	-	(32,063)	(256,504)	(32,063)
Notes Payable - Enterprise	290,400	-	86,712	203,688	89,918
Accrued Compensated Absences:	449,611	201,849	206,426	445,034	206,426
Long-term Liabilities	11,303,112	6,154,849	7,206,181	10,251,780	1,298,981
<u>Prince George's County</u>					
Advances from Other Funds	3,829,363	-	3,829,363	-	-
Accrued Compensated Absences:	520,815	190,276	184,217	526,874	184,217
Long-term Liabilities	4,350,178	190,276	4,013,580	526,874	184,217
Total Long Term Liabilities	<u>\$ 15,653,290</u>	<u>\$ 6,345,125</u>	<u>\$ 11,219,761</u>	<u>\$ 10,778,654</u>	<u>\$ 1,483,198</u>

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

	Governmental Activities	Business Type Activities	Total
Compensated Absences			
Due within One Year	\$ 8,155,796	\$ 390,643	\$ 8,546,439
Due in more than One Year	5,471,314	581,265	6,052,579
Bonds and Notes Payable:			
Due within One Year	12,705,127	1,124,618	13,829,745
Due in more than One Year	147,538,913	8,682,128	156,221,041
Estimated Liability for Closure and Postclosure Costs			
Due within One Year	26,230	-	26,230
Due in more than One Year	65,575	-	65,575
Total Long-Term Liabilities	<u>\$ 173,962,955</u>	<u>\$ 10,778,654</u>	<u>\$ 184,741,609</u>

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

(F) Defeased Debt

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

Series	Redemption Date	Montgomery County	Prince George's County
Series Q-2	November 1, 2005	\$ 3,250,000	\$ -
Series S-2	July 1, 2004	-	560,000
	July 1, 2005	-	3,745,000
Series T-2	July 15, 2007	-	21,500,000
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 is also self-insured for certain medical coverages, as detailed later. 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 this for fiscal years 2002, 2003, and 2004, nor were any insurance coverages reduced in fiscal year 2004.

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, a point of service (POS) medical plan and a health maintenance organization (HMO), which are self-insured. All other group health insurance plans, which include one other HMO's, a dental plan and a vision plan, are fully insured. The Commission expended \$19,821,656 for all group health benefits in fiscal year 2004. 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 2004 totaled \$2,432,736. 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, 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	1,646,436	5,156,959
Incurred Claims, Fiscal year 2004	10,746,297	2,833,548
Claims Paid, Fiscal Year 2004	(10,803,268)	(2,432,736)
Unpaid Claims, June 30, 2004	<u>\$ 1,589,465</u>	<u>\$ 5,557,771</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 2004:

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

Zoning enforcement unit	\$ 803,800
Rental of office space in County Administration Building	738,800
Planning and zoning functions	600,000
Property tax collection fees	416,500
Cooperative Extension Service	208,500
Community College pool operation and maintenance	200,000
Geographic Information system	340,500
Other project charges	348,100
Total	<u>\$ 3,656,200</u>

In addition, the County has directed payments of \$1,025,526 to other parties for legislative project charges.

Employees' Retirement System - The Maryland-National Capital Park and Planning Commission Employees' Retirement System paid the Commission \$73,500 in fiscal year 2004 for annual rental of space in the Executive Office Building, and \$40,663 for administrative services.

(C) Contingencies

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

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

(D) Employees' Retirement System and Pension Plans

Defined Benefit Pension Plan

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

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

Actuarial Methods for Defined Benefit Pension Plan - The actuarial value of assets calculates gains or losses on the basis of the actuarially assumed interest rate and recognizes one-fifth of the cumulative gains or losses not yet recognized. This year's asset value is based on the July 1, 2003 actuarial valuation.

The Entry Age Normal Cost method is used, with level dollar amortization of the unfunded actuarial liabilities over a closed 13 year amortization period.

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2003. 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 \$71,613,783 as of July 1, 2003. The net assets available for benefits at June 30, 2004, totaled \$503,144,009.

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, 2004 was 1.2%

The Commission's annual pension cost (APC) and net pension obligation (NPO) to the System for fiscal years 2002, 2003, and 2004 are presented below:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Annual Pension Cost (APC)	\$ 480	\$ 540	\$ 1,203
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation (NPO)	-	-	-

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

Investment Concentration – The System has invested in one commingled trust with Capital Guardian Management, which has more than 290 international securities. This investment, along with a value index commingled trust with the Barclays Global Investors, which has approximately 500 domestic securities, exceeded five percent of net plan assets of the System at June 30, 2004.

Deferred Compensation Plans

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

(E) Other Postemployment Benefits

In addition to the pension benefits provided by the System, the Commission itself provides postretirement health care benefits, in accordance with Commission approval, to all full-time and part-time career employees, directors appointed by Montgomery County and Prince George's County Planning Boards, Merit System Board Members, Commissioners and appointed officials who retire under a Commission Retirement Plan or the State of Maryland Retirement Plan and who have been insured under any Commission-sponsored group medical plan during the three years immediately preceding the date of retirement or ability to prove similar coverage in another plan immediately prior to retirement. Currently 584 retirees and survivors are participating in the Commission's medical plans. The Commission contributes 85 percent of the amount of medical, prescription drug, and dental insurance rates and 80 percent of vision benefit rates. The System contributes the same percentages for its full-time and part-time employees.

Expenditures for postretirement health care benefits are recognized on the accrual basis as retirees' insurance costs are incurred. The Commission's net expense was \$3,681,289 for the year ended June 30, 2004 for the retirees' benefits.

On July 1, 1999, the Commission transferred \$7,056,000 to a newly established 115 Trust account for the purpose of pre-funding a portion of retiree insurance costs in the future. The Commission executed a Discretionary Investment Management Agreement with a Financial Advisor (Custodial Trustee) of the account. Per the Post-Retirement Insurance Benefits Program Trust Agreement I - Contributions, the Commission may elect to contribute additional amounts as deemed necessary to meet its benefit obligations. The Commission is not required to make additional contributions unless obligated to do so by resolution, and the Trust account is not funded based on actuarial information. In June 2001, the

Commission transferred \$1,489,910 to the internal trust fund. In September 2001, the Commission approved transferring this amount to the custodial trustee. In fiscal year 2004, the net cost of postretirement health care benefits, net of the retiree contributions, was transferred from the custodial trustee. A similar transfer is expected again in fiscal year 2005.

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 \$99,789 for the year ended June 30, 2004. A total of 38 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, 2004

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
ASSETS						
Equity in Pooled Cash and Investments	\$ 3,970,806	\$ 7,781,427	\$ 11,752,233	\$ 3,907,880	\$ 928,620	\$ 16,588,733
Receivables - Taxes (net of allowance for uncollectibles)	680,000	1,787,617	2,467,617	-	-	2,467,617
Receivables - Other	6,553	21,774	28,327	-	420	28,747
Due from County Government	169,988	386,227	556,215	2,579,939	272,396	3,408,550
Due from Other Governments	-	-	-	477,855	-	477,855
Restricted Cash - Unspent Debt Proceeds	-	-	-	3,564,442	-	3,564,442
Other	2,197	-	2,197	-	-	2,197
Total Assets	<u>\$ 4,829,544</u>	<u>\$ 9,977,045</u>	<u>\$ 14,806,589</u>	<u>\$ 10,530,116</u>	<u>\$ 1,201,436</u>	<u>\$ 26,538,141</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 359,117	\$ 889,249	\$ 1,248,366	\$ 1,274,657	\$ 11,809	\$ 2,534,832
Accrued Liabilities	554,069	1,318,596	1,872,665	-	-	1,872,665
Retainage Payable	-	-	-	634,261	-	634,261
Due to County Government	-	-	-	-	7,617	7,617
Deposits and Deferred Revenue	685,013	1,899,039	2,584,052	600,000	385,111	3,569,163
Total Liabilities	<u>1,598,199</u>	<u>4,106,884</u>	<u>5,705,083</u>	<u>2,508,918</u>	<u>404,537</u>	<u>8,618,538</u>
Fund Balances:						
Reserved for Encumbrances	742,061	1,581,041	2,323,102	9,664,140	254,275	12,241,517
Reserved for Debt Service	-	-	-	-	29,259	29,259
Unreserved, Designated for Subsequent Years	1,751,600	3,185,100	4,936,700	-	-	4,936,700
Unreserved, Undesignated, Reported in:						
General Fund	737,684	1,104,020	1,841,704	-	-	1,841,704
Special Revenue Fund	-	-	-	-	513,365	513,365
Capital Projects	-	-	-	(1,642,942)	-	(1,642,942)
Total Fund Balances	<u>3,231,345</u>	<u>5,870,161</u>	<u>9,101,506</u>	<u>8,021,198</u>	<u>796,899</u>	<u>17,919,603</u>
Total Liabilities and Fund Balances	<u>\$ 4,829,544</u>	<u>\$ 9,977,045</u>	<u>\$ 14,806,589</u>	<u>\$ 10,530,116</u>	<u>\$ 1,201,436</u>	<u>\$ 26,538,141</u>

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2004

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
REVENUES						
Property Taxes	\$ 17,867,411	\$ 50,122,847	\$ 67,990,258	\$ -	\$ 1,004,254	\$ 68,994,512
Intergovernmental:						
Federal	-	169,624	169,624	-	-	169,624
State	-	3,234	3,234	1,218,506	-	1,221,740
County	30,393	-	30,393	7,898,956	392,061	8,321,410
Local	-	33,279	33,279	44,000	9,121	86,400
Charges for Services	1,785,115	638,223	2,423,338	-	79,819	2,503,157
Rentals and Concessions	1,050	1,440,513	1,441,563	-	-	1,441,563
Interest	53,954	60,034	113,988	61,521	9,130	184,639
Miscellaneous	861	321,731	322,592	184,300	58,256	565,148
Total Revenues	<u>19,738,784</u>	<u>52,789,485</u>	<u>72,528,269</u>	<u>9,407,283</u>	<u>1,552,641</u>	<u>83,488,193</u>
EXPENDITURES						
Current:						
General Government	6,090,356	-	6,090,356	-	-	6,090,356
Planning and Zoning	14,417,621	-	14,417,621	-	315,754	14,733,375
Park Operations and Maintenance	-	52,015,716	52,015,716	-	253,718	52,269,434
Debt Service:						
Principal	-	-	-	-	2,715,000	2,715,000
Interest	-	-	-	-	1,358,913	1,358,913
Other Debt Service Costs	-	-	-	-	148,122	148,122
Capital Outlay:						
Park Acquisition	-	-	-	299,046	-	299,046
Park Development	-	-	-	10,493,956	-	10,493,956
Total Expenditures	<u>20,507,977</u>	<u>52,015,716</u>	<u>72,523,693</u>	<u>10,793,002</u>	<u>4,791,507</u>	<u>88,108,202</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(769,193)</u>	<u>773,769</u>	<u>4,576</u>	<u>(1,385,719)</u>	<u>(3,238,866)</u>	<u>(4,620,009)</u>
OTHER FINANCING SOURCES (USES)						
Payment from Private Purpose Trust Funds	-	-	-	-	6,889	6,889
Contribution to Private Purpose Trust Funds	-	-	-	-	(415,030)	(415,030)
Transfers In	604,519	1,466,986	2,071,505	635,000	3,625,922	6,332,427
Transfer Out	(160,000)	(4,011,922)	(4,171,922)	(61,521)	-	(4,233,443)
Total Other Financing Sources (Uses)	<u>444,519</u>	<u>(2,544,936)</u>	<u>(2,100,417)</u>	<u>573,479</u>	<u>3,217,781</u>	<u>1,690,843</u>
Net Change in Fund Balances	(324,674)	(1,771,167)	(2,095,841)	(812,240)	(21,085)	(2,929,166)
Fund Balances - Beginning	<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>
Fund Balances - Ending	<u>\$ 3,231,345</u>	<u>\$ 5,870,161</u>	<u>\$ 9,101,506</u>	<u>\$ 8,021,198</u>	<u>\$ 796,899</u>	<u>\$ 17,919,603</u>

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, 2004

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 17,914,500	\$ 17,914,500	\$ 17,867,411	\$ (47,089)
Intergovernmental -				
State	150,000	119,607	-	(119,607)
County	-	30,393	30,393	-
Charges for Services	1,220,000	1,220,000	1,786,165	566,165
Interest	110,000	110,000	53,954	(56,046)
Miscellaneous	-	-	861	861
Total Revenues	<u>19,394,500</u>	<u>19,394,500</u>	<u>19,738,784</u>	<u>344,284</u>
Expenditures/Encumbrances:				
Commissioners' Office	1,061,900	1,061,900	1,028,834	33,066
Central Administrative Services -				
Department of Human Resources and Management	1,729,700	1,729,700	1,724,862	4,838
Department of Finance	2,162,400	2,162,400	2,117,132	45,268
Legal Department	715,900	715,900	701,191	14,709
Support Services	485,300	485,300	455,506	29,794
Merit System Board	42,800	42,800	29,882	12,918
Total Central Administrative Services	<u>5,136,100</u>	<u>5,136,100</u>	<u>5,028,573</u>	<u>107,527</u>
Planning Department -				
Park and Planning Director's Office	268,200	268,200	279,257	(11,057)
Management Services	1,029,100	1,029,100	929,560	99,540
Strategic Planning	419,200	419,200	446,218	(27,018)
Community-Based Planning	3,542,600	3,542,600	3,265,430	277,170
County-wide Planning	3,098,900	3,098,900	3,067,245	31,655
Development Review	1,774,100	1,774,100	1,757,803	16,297
Research and Technology	3,176,300	3,176,300	3,172,938	3,362
Support Services	1,227,200	1,227,200	1,268,531	(41,331)
Grants	150,000	150,000	30,393	119,607
Total Planning Department	<u>14,685,600</u>	<u>14,685,600</u>	<u>14,217,375</u>	<u>468,225</u>
Non-Departmental	-	-	(277,431)	277,431
Total Expenditures/Encumbrances	<u>20,883,600</u>	<u>20,883,600</u>	<u>19,997,351</u>	<u>886,249</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(1,489,100)</u>	<u>(1,489,100)</u>	<u>(258,567)</u>	<u>1,230,533</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Development	-	(160,000)	(160,000)	-
Internal Service Fund - Group Insurance	628,700	628,700	604,519	(24,181)
Total Other Financing Sources (Uses)	<u>628,700</u>	<u>468,700</u>	<u>444,519</u>	<u>(24,181)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (860,400)</u>	<u>\$ (1,020,400)</u>	185,952	<u>\$ 1,206,352</u>
Fund Balance - Budget Basis, Beginning			2,303,332	
Fund Balance - Budget Basis, Ending			<u>\$ 2,489,284</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 50,303,500	\$ 50,303,500	\$ 50,122,847	\$ (180,653)
Intergovernmental -				
Federal	-	169,624	169,624	-
State	425,000	222,097	3,234	(218,863)
Other	-	33,279	33,279	-
Charges for Services	630,900	630,900	638,223	7,323
Rentals and Concessions	1,322,100	1,322,100	1,440,513	118,413
Interest	120,000	120,000	60,034	(59,966)
Miscellaneous	70,500	70,500	321,731	251,231
Total Revenues	<u>52,872,000</u>	<u>52,872,000</u>	<u>52,789,485</u>	<u>(82,515)</u>
Expenditures/Encumbrances:				
Director of Montgomery Parks	2,578,500	2,775,500	2,805,223	(29,723)
County-wide Planning	1,396,900	1,420,240	1,441,734	(21,494)
Research and Technology	1,335,900	1,286,900	1,142,029	144,871
Park Development	2,268,500	2,223,160	2,010,827	212,333
Park Police	9,291,100	9,241,100	8,802,559	438,541
Natural Resources	4,228,300	4,202,300	4,147,919	54,381
Central Maintenance	8,280,000	8,230,000	7,940,644	289,356
Northern Region	7,004,000	7,004,000	6,694,487	309,513
Southern Region	9,426,500	9,426,500	9,333,095	93,405
Support Services	5,941,400	5,941,400	6,241,582	(300,182)
Grants	425,000	425,000	206,137	218,863
Property Management	814,000	814,000	831,106	(17,106)
Non-Departmental	-	-	(152,585)	152,585
Total Expenditures/Encumbrances	<u>52,990,100</u>	<u>52,990,100</u>	<u>51,444,757</u>	<u>1,545,343</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(118,100)</u>	<u>(118,100)</u>	<u>1,344,728</u>	<u>1,462,828</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds	65,000	65,000	61,521	(3,479)
Debt Service Fund	(3,652,700)	(3,652,700)	(3,625,922)	26,778
Capital Projects Funds - Development	(210,000)	(300,000)	(300,000)	-
Internal Service Fund - Group Insurance	1,609,300	1,609,300	1,405,465	(203,835)
Enterprise Fund	(86,000)	(86,000)	(86,000)	-
Total Other Financing Sources (Uses)	<u>(2,274,400)</u>	<u>(2,364,400)</u>	<u>(2,544,936)</u>	<u>(180,536)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (2,392,500)</u>	<u>\$ (2,482,500)</u>	<u>(1,200,208)</u>	<u>\$ 1,282,292</u>
Fund Balance - Budget Basis, Beginning			5,489,328	
Fund Balance - Budget Basis, Ending			<u>\$ 4,289,120</u>	

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2004

	General Fund Accounts				Capital	Other	Total
	Administration	Park	Recreation	Total	Projects	Governmental	Governmental
						Funds	Funds
ASSETS							
Equity in Pooled Cash and Investments	\$ 11,646,591	\$ 31,315,336	\$ 13,443,779	\$ 56,405,706	\$ 10,694,635	\$ 7,599,456	\$ 74,699,797
Receivables - Taxes (net of allowance for uncollectibles)	1,013,000	3,244,884	1,214,000	5,471,884	-	-	5,471,884
Receivables - Other	7,026	139,540	664	147,230	368,534	-	515,764
Due from County Government	122,859	255,154	-	378,013	-	1,605	379,618
Due from Other Governments	-	255,000	123,315	378,315	804,823	-	1,183,138
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	31,885,741	-	31,885,741
Total Assets	<u>\$ 12,789,476</u>	<u>\$ 35,209,914</u>	<u>\$ 14,781,758</u>	<u>\$ 62,781,148</u>	<u>\$ 43,753,733</u>	<u>\$ 7,601,061</u>	<u>\$ 114,135,942</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 594,895	\$ 934,281	\$ 783,364	\$ 2,312,540	\$ 13,431,339	\$ 175,652	\$ 15,919,531
Accrued Liabilities	563,584	1,156,206	968,816	2,688,606	-	201,739	2,890,345
Retainage Payable	-	-	-	-	1,019,528	-	1,019,528
Deposits and Deferred Revenue	1,033,558	3,547,747	3,460,650	8,041,955	-	25,000	8,066,955
Total Liabilities	<u>2,192,037</u>	<u>5,638,234</u>	<u>5,212,830</u>	<u>13,043,101</u>	<u>14,450,867</u>	<u>402,391</u>	<u>27,896,359</u>
Fund Balances:							
Reserved for Encumbrances	2,941,607	1,539,180	1,105,239	5,586,026	8,086,136	241,396	13,913,558
Reserved for Debt Service	-	-	-	-	-	1,003,917	1,003,917
Unreserved, Designated for Subsequent Years	758,100	15,720,100	1,107,700	17,585,900	-	-	17,585,900
Unreserved, Undesignated, Reported in:							
General Fund	6,897,732	12,312,400	7,355,989	26,566,121	-	-	26,566,121
Special Revenue Fund	-	-	-	-	-	5,953,357	5,953,357
Capital Projects	-	-	-	-	21,216,730	-	21,216,730
Total Fund Balances	<u>10,597,439</u>	<u>29,571,680</u>	<u>9,568,928</u>	<u>49,738,047</u>	<u>29,302,866</u>	<u>7,198,670</u>	<u>86,239,583</u>
Total Liabilities and Fund Balances	<u>\$ 12,789,476</u>	<u>\$ 35,209,914</u>	<u>\$ 14,781,758</u>	<u>\$ 62,781,148</u>	<u>\$ 43,753,733</u>	<u>\$ 7,601,061</u>	<u>\$ 114,135,942</u>

PRINCE GEORGE'S COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2004

	General Fund Accounts				Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total			
REVENUES							
Property Taxes	\$ 22,204,297	\$ 80,808,155	\$ 26,535,715	\$ 129,548,167	\$ -	\$ 635,407	\$ 130,183,574
Intergovernmental:							
Federal	-	310,366	-	310,366	424,967	-	735,333
State	10,625	22,537	227,884	261,046	2,835,581	10,000	3,106,627
County	361,204	-	56,602	417,806	-	-	417,806
Local	-	1,775	12,459	14,234	209,069	-	223,303
Charges for Services	1,820,085	432,578	5,853,713	8,106,376	8,940	759,587	8,874,903
Rentals and Concessions	-	1,500,329	156,764	1,657,093	-	4,653,721	6,310,814
Interest	135,413	244,644	140,153	520,210	271,396	64,081	855,687
Contributions	-	-	-	-	-	14,271	14,271
Miscellaneous	162	435,341	22,214	457,717	1,088	259,038	717,843
Total Revenues	<u>24,531,786</u>	<u>83,755,725</u>	<u>33,005,504</u>	<u>141,293,015</u>	<u>3,751,041</u>	<u>6,396,105</u>	<u>151,440,161</u>
EXPENDITURES							
Current:							
General Government	7,007,261	-	-	7,007,261	-	-	7,007,261
Planning and Zoning	16,188,138	-	-	16,188,138	-	-	16,188,138
Park Operations and Maintenance	-	51,441,975	-	51,441,975	-	287,417	51,729,392
Recreation	-	-	33,366,927	33,366,927	-	4,636,708	38,003,635
Debt Service:							
Principal	-	-	-	-	-	8,040,000	8,040,000
Interest	-	-	-	-	-	4,586,601	4,586,601
Other Debt Service Costs	-	-	-	-	-	377,253	377,253
Capital Outlay:							
Park Acquisition	-	-	-	-	333,509	-	333,509
Park Development	-	-	-	-	22,425,106	-	22,425,106
Total Expenditures	<u>23,195,399</u>	<u>51,441,975</u>	<u>33,366,927</u>	<u>108,004,301</u>	<u>22,758,615</u>	<u>17,927,979</u>	<u>148,690,895</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>1,336,387</u>	<u>32,313,750</u>	<u>(361,423)</u>	<u>33,288,714</u>	<u>(19,007,574)</u>	<u>(11,531,874)</u>	<u>2,749,266</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from General Obligation Bonds	-	-	-	-	14,720,000	-	14,720,000
Refunding Bonds Issued	-	-	-	-	-	22,805,000	22,805,000
Premiums on Bonds Issued	-	-	-	-	544,789	1,382,097	1,926,886
Payment to Refunding Bond Escrow Account	-	-	-	-	-	(23,862,764)	(23,862,764)
Payment from Private Purpose Trust Funds	-	-	-	-	-	1,726	1,726
Contribution to Private Purpose Trust Funds	-	-	-	-	-	(194,118)	(194,118)
Transfers In	638,068	1,476,555	579,967	2,694,590	6,986,000	12,564,797	22,245,387
Transfer Out	-	(24,315,197)	(388,600)	(24,703,797)	(271,396)	(160,000)	(25,135,193)
Total Other Financing Sources (Uses)	<u>638,068</u>	<u>(22,838,642)</u>	<u>191,367</u>	<u>(22,009,207)</u>	<u>21,979,393</u>	<u>12,536,738</u>	<u>12,506,924</u>
Net Change in Fund Balances	1,974,455	9,475,108	(170,056)	11,279,507	2,971,819	1,004,864	15,256,190
Fund Balances - Beginning	<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>6,193,806</u>	<u>70,983,393</u>
Fund Balances - Ending	<u>\$ 10,597,439</u>	<u>\$ 29,571,680</u>	<u>\$ 9,568,928</u>	<u>\$ 49,738,047</u>	<u>\$ 29,302,866</u>	<u>\$ 7,198,670</u>	<u>\$ 86,239,583</u>

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, 2004

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 22,528,300	\$ 22,528,300	\$ 22,204,297	\$ (324,003)
Intergovernmental -				
State	-	10,625	10,625	-
County	365,000	365,000	361,204	(3,796)
Charges for Services	1,253,900	1,253,900	1,820,085	566,185
Interest	210,000	210,000	135,413	(74,587)
Miscellaneous	-	-	162	162
Total Revenues	<u>24,357,200</u>	<u>24,367,825</u>	<u>24,531,786</u>	<u>163,961</u>
Expenditures/Encumbrances:				
Commissioners' Office	1,920,500	1,920,500	1,895,712	24,788
Central Administrative Services -				
Department of Human Resources and Management	1,729,700	1,729,700	1,724,862	4,838
Department of Finance	2,162,400	2,162,400	2,117,132	45,268
Legal Department	715,900	715,900	701,191	14,709
Support Services	485,300	485,300	455,506	29,794
Merit System Board	42,800	42,800	29,882	12,918
Total Central Administrative Services	<u>5,136,100</u>	<u>5,136,100</u>	<u>5,028,573</u>	<u>107,527</u>
Planning Department	16,766,400	16,777,025	16,451,450	325,575
Non-Departmental	-	-	(82,713)	82,713
Total Expenditures/Encumbrances	<u>23,823,000</u>	<u>23,833,625</u>	<u>23,293,022</u>	<u>540,603</u>
Excess of Revenues over (under)				
Expenditures/Encumbrances	<u>534,200</u>	<u>534,200</u>	<u>1,238,764</u>	<u>704,564</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Internal Service Fund - Group Insurance	-	-	638,068	638,068
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>638,068</u>	<u>638,068</u>
Excess of Revenues and Other Financing Sources				
over (under) Expenditures and Other Financing Uses	<u>\$ 534,200</u>	<u>\$ 534,200</u>	<u>1,876,832</u>	<u>\$ 1,342,632</u>
Fund Balance - Budget Basis, Beginning			<u>5,779,000</u>	
Fund Balance - Budget Basis, Ending			<u>\$ 7,655,832</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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 81,808,900	\$ 81,808,900	\$ 80,808,155	\$ (1,000,745)
Intergovernmental -				
Federal	-	22,318	310,366	288,048
State	-	22,537	22,537	-
Local	-	1,775	1,775	-
Charges for Services	406,000	406,000	432,578	26,578
Rentals and Concessions	1,555,800	1,555,800	1,500,329	(55,471)
Interest	360,000	360,000	244,644	(115,356)
Miscellaneous	126,800	126,800	435,341	308,541
Total Revenues	<u>84,257,500</u>	<u>84,304,130</u>	<u>83,755,725</u>	<u>(548,405)</u>
Expenditures/Encumbrances:				
Director's Office	3,459,441	3,459,441	3,093,284	366,157
Park Police	9,141,040	9,141,040	8,969,958	171,082
Support Services	7,242,340	7,214,340	6,839,846	374,494
Park Planning and Development	3,320,879	3,320,879	3,221,099	99,780
Facility Operations -				
Associate Director	366,900	366,900	329,709	37,191
Maintenance and Development	13,893,151	13,893,151	13,844,121	49,030
Natural and Historical Resources	1,770,887	1,802,835	1,771,000	31,835
Arts and Cultural Heritage	1,221,480	1,221,480	970,199	251,281
Park Permits	220,682	220,682	226,796	(6,114)
Total Facility Operations	<u>17,473,100</u>	<u>17,505,048</u>	<u>17,141,825</u>	<u>363,223</u>
Area Operations -				
Northern Area	4,235,943	4,235,943	4,162,780	73,163
Central Area	3,620,227	3,620,227	3,493,037	127,190
Southern Area	3,207,941	3,207,941	3,191,191	16,750
Child Care/Special Projects	37,789	37,789	32,209	5,580
Total Area Operations	<u>11,101,900</u>	<u>11,101,900</u>	<u>10,879,217</u>	<u>222,683</u>
Grants	-	42,682	42,682	-
Non-Departmental	588,600	588,600	277,907	310,693
Total Expenditures/Encumbrances	<u>52,327,300</u>	<u>52,373,930</u>	<u>50,465,818</u>	<u>1,908,112</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>31,930,200</u>	<u>31,930,200</u>	<u>33,289,907</u>	<u>1,359,707</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Interest	300,000	300,000	271,396	(28,604)
Internal Service Fund - Group Insurance	-	-	1,205,159	1,205,159
Debt Service - Park Fund	(13,215,300)	(13,215,300)	(12,564,797)	650,503
Enterprise Fund	(4,924,400)	(4,924,400)	(4,924,400)	-
Capital Projects Funds - Development	(6,826,000)	(6,826,000)	(6,826,000)	-
Total Other Financing Sources (Uses)	<u>(24,665,700)</u>	<u>(24,665,700)</u>	<u>(22,838,642)</u>	<u>1,827,058</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 7,264,500</u>	<u>\$ 7,264,500</u>	<u>10,451,265</u>	<u>\$ 3,186,765</u>
Fund Balance - Budget Basis, Beginning			<u>17,581,235</u>	
Fund Balance - Budget Basis, Ending			<u>\$ 28,032,500</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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 26,954,900	\$ 26,954,900	\$ 26,535,715	\$ (419,185)
Intergovernmental -				
Federal	-	-	-	-
State	-	214,358	227,884	13,526
County	50,000	56,602	56,602	-
Other Local Munis/Gov	-	12,459	12,459	-
Charges for Services	5,778,300	5,778,300	5,853,713	75,413
Rentals and Concessions	395,700	395,700	156,764	(238,936)
Interest	220,000	220,000	140,153	(79,847)
Miscellaneous	190,600	190,600	22,214	(168,386)
Total Revenues	<u>33,589,500</u>	<u>33,822,919</u>	<u>33,005,504</u>	<u>(817,415)</u>
Expenditures/Encumbrances:				
Director's Office	244,018	302,268	246,401	55,867
Support Services	<u>4,235,082</u>	<u>4,136,082</u>	<u>3,549,996</u>	<u>586,086</u>
Total Director's Office	<u>4,479,100</u>	<u>4,438,350</u>	<u>3,796,397</u>	<u>641,953</u>
Facility Operations:				
Sports/Athletic/Outreach Program	3,680,504	3,680,504	3,691,251	(10,747)
Natural and Historical Resources	3,119,796	3,119,796	2,865,758	254,038
Arts and Cultural Heritage	2,609,400	2,609,400	2,498,045	111,355
Grants	<u>50,000</u>	<u>283,419</u>	<u>296,945</u>	<u>(13,526)</u>
Total Facility Operations	<u>9,459,700</u>	<u>9,693,119</u>	<u>9,351,999</u>	<u>341,120</u>
Area Operations:				
Deputy Director	312,058	312,058	251,509	60,549
Northern Area	5,692,809	5,692,809	5,296,459	396,350
Central Area	5,205,747	5,205,747	4,949,662	256,085
Southern Area	5,117,195	5,117,195	5,155,157	(37,962)
Child Care and Special Projects	<u>3,618,691</u>	<u>3,659,441</u>	<u>3,447,475</u>	<u>211,966</u>
Total Area Operations	<u>19,946,500</u>	<u>19,987,250</u>	<u>19,100,262</u>	<u>886,988</u>
Non-Departmental	<u>1,367,300</u>	<u>1,367,300</u>	<u>1,159,199</u>	<u>208,101</u>
Total Operating Expenditures/Encumbrances	<u>35,252,600</u>	<u>35,486,019</u>	<u>33,407,857</u>	<u>2,078,162</u>
Excess of Revenues over (under)				
Expenditures/Encumbrances	<u>(1,663,100)</u>	<u>(1,663,100)</u>	<u>(402,353)</u>	<u>1,260,747</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Internal Service Fund - Group Insurance	-	-	579,967	579,967
Enterprise	<u>(388,600)</u>	<u>(388,600)</u>	<u>(388,600)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(388,600)</u>	<u>(388,600)</u>	<u>191,367</u>	<u>579,967</u>
Excess of Revenues and Other Financing Sources				
over (under) Expenditures and Other Financing Uses	<u>\$ (2,051,700)</u>	<u>\$ (2,051,700)</u>	<u>(210,986)</u>	<u>\$ 1,840,714</u>
Fund Balance - Budget Basis, Beginning			8,674,676	
Fund Balance - Budget Basis, Ending			<u>\$ 8,463,690</u>	

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

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

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

SCHEDULE OF FUNDING PROGRESS (000'S)

	<u>July 1, 2001</u>	<u>July 1, 2002</u>	<u>July 1, 2003</u>
Actuarial Valuation of Plan Assets	\$ 468,728	\$ 475,870	\$ 506,099
Actuarial Accrued Liability	360,865	400,855	434,485
Funded Ratio	129.9%	118.7%	116.5%
Actuarial Value of Assets in Excess of Actuarial Accrued Liability	107,863	75,015	71,614
Annual Covered Payroll	88,338	94,183	99,789
Actuarial Value of Assets in Excess of Actuarial Accrued Liability as a Percentage of Covered Payroll	122.1%	79.6%	71.8%

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

Note to Required Supplementary Information

In the preparation of the July 1, 2003 actuarial valuation the Employees' Retirement System changed the asset valuation method from the three-year smoothing method to the five-year smoothing method. As a result, the investment performance of plan assets for the year ended June 30, 2003 was 8.72%, which was higher than the actuarial assumption of 7.5%. Thus, there was a slight actuarial gain attributable to asset performance that would have been a loss if the three-year smoothing method from the prior year had been maintained.

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

♦ 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



A golfer at the Paint Branch Golf Complex tries the new accessible cart for individuals with mobility impairments

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, 2004

	MONTGOMERY COUNTY						PRINCE GEORGE'S COUNTY						
	Special Revenue Funds				Advance Land Acquisition Debt Service		Special Revenue Funds				Advance Land Acquisition Debt Service		Total Nonmajor Governmental Funds
	Planning	Parks	Total Special Revenue	Park Debt Service		Total	Planning	Parks and Recreation	Total Special Revenue	Park Debt Service		Total	
ASSETS													
Equity in Pooled Cash and Investments	\$ 659,626	\$ 248,606	\$ 908,232	\$ -	\$ 20,388	\$ 928,620	\$ 445,783	\$ 6,041,998	\$ 6,487,781	\$ 1,110,527	\$ 1,148	\$ 7,599,456	\$ 8,528,076
Accounts Receivable	-	420	420	-	-	420	-	-	-	-	-	-	420
Due from County Government	216,787	46,738	263,525	-	8,871	272,396	-	-	-	-	1,605	1,605	274,001
Total Assets	<u>\$ 876,413</u>	<u>\$ 295,764</u>	<u>\$ 1,172,177</u>	<u>\$ -</u>	<u>\$ 29,259</u>	<u>\$ 1,201,436</u>	<u>\$ 445,783</u>	<u>\$ 6,041,998</u>	<u>\$ 6,487,781</u>	<u>\$ 1,110,527</u>	<u>\$ 2,753</u>	<u>\$ 7,601,061</u>	<u>\$ 8,802,497</u>
LIABILITIES													
Accounts Payable	\$ 11,809	\$ -	\$ 11,809	\$ -	\$ -	\$ 11,809	\$ -	\$ 175,652	\$ 175,652	\$ -	\$ -	\$ 175,652	\$ 187,461
Accrued Liabilities	-	-	-	-	-	-	-	92,376	92,376	109,363	-	201,739	201,739
Due to County Government	7,617	-	7,617	-	-	7,617	-	-	-	-	-	-	7,617
Deposits and Deferred Revenue	385,111	-	385,111	-	-	385,111	-	25,000	25,000	-	-	25,000	410,111
Total Liabilities	<u>404,537</u>	<u>-</u>	<u>404,537</u>	<u>-</u>	<u>-</u>	<u>404,537</u>	<u>-</u>	<u>293,028</u>	<u>293,028</u>	<u>109,363</u>	<u>-</u>	<u>402,391</u>	<u>806,928</u>
FUND BALANCES													
Reserved for Encumbrances	253,323	952	254,275	-	-	254,275	2,850	238,546	241,396	-	-	241,396	495,671
Reserved for Debt Service	-	-	-	-	29,259	29,259	-	-	-	1,001,164	2,753	1,003,917	1,033,176
Unreserved, Undesignated	218,553	294,812	513,365	-	-	513,365	442,933	5,510,424	5,953,357	-	-	5,953,357	6,466,722
Total Fund Balances	<u>471,876</u>	<u>295,764</u>	<u>767,640</u>	<u>-</u>	<u>29,259</u>	<u>796,899</u>	<u>445,783</u>	<u>5,748,970</u>	<u>6,194,753</u>	<u>1,001,164</u>	<u>2,753</u>	<u>7,198,670</u>	<u>7,995,569</u>
Total Liabilities and Fund Balances	<u>\$ 876,413</u>	<u>\$ 295,764</u>	<u>\$ 1,172,177</u>	<u>\$ -</u>	<u>\$ 29,259</u>	<u>\$ 1,201,436</u>	<u>\$ 445,783</u>	<u>\$ 6,041,998</u>	<u>\$ 6,487,781</u>	<u>\$ 1,110,527</u>	<u>\$ 2,753</u>	<u>\$ 7,601,061</u>	<u>\$ 8,802,497</u>

THE MARYLAND-NATIONAL PARK AND PLANNING COMMISSION

Schedule 2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004**

	MONTGOMERY COUNTY						PRINCE GEORGE'S COUNTY					
	Special Revenue Funds			Advance Land Acquisition Debt Service			Special Revenue Funds			Advance Land Acquisition Debt Service		Total Nonmajor Governmental Funds
	Planning	Parks	Total Special Revenue	Park Debt Service		Total	Planning	Parks and Recreation	Total Special Revenue	Park Debt Service	Total	
REVENUES:												
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,004,254	\$ 1,004,254	\$ -	\$ -	\$ -	\$ -	\$ 635,407	\$ 1,639,661
Intergovernmental - County	246,784	145,277	392,061	-	-	392,061	-	-	-	-	-	392,061
Intergovernmental - Other	-	9,121	9,121	-	-	9,121	-	10,000	10,000	-	10,000	19,121
Charges for Services	79,819	-	79,819	-	-	79,819	-	759,587	759,587	-	759,587	839,406
Recreation Activities	-	-	-	-	-	-	-	4,653,721	4,653,721	-	4,653,721	4,653,721
Interest	6,419	2,711	9,130	-	-	9,130	5,177	58,904	64,081	-	64,081	73,211
Contributions	-	-	-	-	-	-	-	14,271	14,271	-	14,271	14,271
Miscellaneous	56,859	1,397	58,256	-	-	58,256	-	259,038	259,038	-	259,038	317,294
Total Revenues	389,881	158,506	548,387	-	1,004,254	1,552,641	5,177	5,755,521	5,760,698	-	6,396,105	7,948,746
EXPENDITURES:												
Principal Retirements	-	-	-	2,295,000	420,000	2,715,000	-	-	-	7,715,000	325,000	10,755,000
Interest	-	-	-	1,186,107	172,806	1,358,913	-	-	-	4,470,494	116,107	5,945,514
Other Debt Service Costs	-	-	-	144,815	3,307	148,122	-	-	-	375,345	1,908	525,375
Planning and Zoning	315,754	-	315,754	-	-	315,754	-	-	-	-	-	315,754
Park Operations and Maintenance	-	253,718	253,718	-	-	253,718	-	287,417	287,417	-	287,417	541,135
Recreation	-	-	-	-	-	-	-	4,636,708	4,636,708	-	4,636,708	4,636,708
Total Expenditures	315,754	253,718	569,472	3,625,922	596,113	4,791,507	-	4,924,125	4,924,125	12,560,839	443,015	22,719,486
Excess (deficiency) of revenues over (under) expenditures	74,127	(95,212)	(21,085)	(3,625,922)	408,141	(3,238,866)	5,177	831,396	836,573	(12,560,839)	192,392	(14,770,740)
OTHER FINANCING SOURCES (USES)												
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-	22,805,000	-	22,805,000
Premiums on Bonds Issued	-	-	-	-	-	-	-	-	-	1,382,097	-	1,382,097
Payment to Refunding Bond Escrow Account	-	-	-	-	-	-	-	-	-	(23,862,764)	-	(23,862,764)
Payment from Trust Fund	-	-	-	-	6,889	6,889	-	-	-	-	1,726	8,615
Contribution to Trust Fund	-	-	-	-	(415,030)	(415,030)	-	-	-	(194,118)	(194,118)	(609,148)
Transfers In	-	-	-	3,625,922	-	3,625,922	-	-	-	12,564,797	-	16,190,719
Transfers Out	-	-	-	-	-	-	-	(160,000)	(160,000)	-	(160,000)	(160,000)
Total Other Financing Sources (Uses)	-	-	-	3,625,922	(408,141)	3,217,781	-	(160,000)	(160,000)	12,889,130	(192,392)	15,754,519
Net change in fund balances	74,127	(95,212)	(21,085)	-	-	(21,085)	5,177	671,396	676,573	328,291	-	983,779
Fund Balances - beginning	397,749	390,976	788,725	-	29,259	817,984	440,606	5,077,574	5,518,180	672,873	2,753	7,011,790
Fund Balances - ending	\$ 471,876	\$ 295,764	\$ 767,640	\$ -	\$ 29,259	\$ 796,899	\$ 445,783	\$ 5,748,970	\$ 6,194,753	\$ 1,001,164	\$ 2,753	\$ 7,995,569

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 3

**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, 2004**

	Montgomery County				Prince George's County			
	Budgeted Amounts		Actual	Variance Positive (Negative)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 453,914	\$ 453,914	\$ 401,182	\$ (52,732)	\$ -	\$ -	\$ 10,000	\$ 10,000
Charges for Services	206,500	206,500	79,819	(126,681)	582,605	582,605	759,587	176,982
Recreation Activities	-	-	-	-	3,959,148	3,959,148	4,653,721	694,573
Interest	500	500	9,130	8,630	196,400	196,400	64,081	(132,319)
Contributions	-	-	-	-	-	-	14,271	14,271
Miscellaneous	134,486	134,486	58,256	(76,230)	312,347	312,347	259,038	(53,309)
Total Revenues	795,400	795,400	548,387	(247,013)	5,050,500	5,050,500	5,760,698	710,198
Expenditures/Encumbrances:								
Current -								
County Planning and Zoning	554,970	554,970	455,979	98,991	200,000	200,000	-	200,000
Park Operations and Maintenance	511,230	511,230	167,745	343,485	320,225	320,225	306,717	13,508
Recreation	-	-	-	-	4,820,775	4,820,775	4,640,189	180,586
Total Expenditures/Encumbrances	1,066,200	1,066,200	623,724	442,476	5,341,000	5,341,000	4,946,906	394,094
Excess of Revenues over (under) Expenditures/Encumbrances	(270,800)	(270,800)	(75,337)	195,463	(290,500)	(290,500)	813,792	1,104,292
Other Financing (Uses):								
Transfers Out	-	-	-	-	(500,000)	(500,000)	(160,000)	340,000
Total Other Financing (Uses)	-	-	-	-	(500,000)	(500,000)	(160,000)	340,000
Excess of Revenues and Other Financing Sources over (under) Expenditures/Encumbrances and Other Financing Uses - Budget Basis	\$ (270,800)	\$ (270,800)	(75,337)	\$ 195,463	\$ (790,500)	\$ (790,500)	653,792	\$ 1,444,292
Fund Balances - Budget Basis, July 1			588,702				5,299,565	
Fund Balances - Budget Basis, June 30			\$ 513,365				\$ 5,953,357	

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



Mini Golf Course challenges players at South Germantown Recreational Park

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 4

Schedule of Net Assets
Enterprise Funds
June 30, 2004 and 2003

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Totals	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
ASSETS						
Current Assets:						
Equity in Pooled Cash and Investments	\$ 1,915,335	\$ 1,455,113	\$ 1,861,695	\$ 1,760,871	\$ 3,777,030	\$ 3,215,984
Restricted Cash, Cash Equivalents and Investments:						
Revenue Bond Covenant Accounts	-	589,848	-	-	-	589,848
Unspent Equipment Financing Proceeds	-	51,717	-	-	-	51,717
Accounts Receivable	447	3,647	5,479	2,388	5,926	6,035
Inventories	762,750	854,621	524,175	537,251	1,286,925	1,391,872
Total Current Assets	<u>2,678,532</u>	<u>2,954,946</u>	<u>2,391,349</u>	<u>2,300,510</u>	<u>5,069,881</u>	<u>5,255,456</u>
Capital Assets:						
Land	11,584,468	11,584,468	7,779,131	7,779,131	19,363,599	19,363,599
Buildings and Improvements	28,034,632	26,132,269	68,875,825	65,055,716	96,910,457	91,187,985
Machinery and Equipment	4,817,028	4,720,278	4,437,785	4,295,454	9,254,813	9,015,732
Construction in Progress	144,753	1,583,216	-	-	144,753	1,583,216
	44,580,881	44,020,231	81,092,741	77,130,301	125,673,622	121,150,532
Less - Accumulated Depreciation	<u>(11,870,233)</u>	<u>(10,193,409)</u>	<u>(18,152,783)</u>	<u>(15,928,481)</u>	<u>(30,023,016)</u>	<u>(26,121,890)</u>
Total Capital Assets (net of depreciation)	<u>32,710,648</u>	<u>33,826,822</u>	<u>62,939,958</u>	<u>61,201,820</u>	<u>95,650,606</u>	<u>95,028,642</u>
Total Assets	<u>35,389,180</u>	<u>36,781,768</u>	<u>65,331,307</u>	<u>63,502,330</u>	<u>100,720,487</u>	<u>100,284,098</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	313,958	299,065	259,177	243,713	573,135	542,778
Accrued Salaries and Benefits	213,608	154,631	312,296	231,304	525,904	385,935
Compensated Absences	206,426	210,050	184,217	166,364	390,643	376,414
Interest Payable	110,993	116,240	-	-	110,993	116,240
Revenue Collected in Advance	523,794	548,900	125,408	138,697	649,202	687,597
Current Portion of Revenue Bonds Payable	590,256	300,000	-	-	590,256	300,000
Current Portion of Revenue Notes Payable	444,444	684,444	-	-	444,444	684,444
Current Portion of Notes Payable	89,918	86,711	-	-	89,918	86,711
Total Current Liabilities	<u>2,493,397</u>	<u>2,400,041</u>	<u>881,098</u>	<u>780,078</u>	<u>3,374,495</u>	<u>3,180,119</u>
Noncurrent Liabilities:						
Revenue Bonds Payable	4,790,578	2,831,433	-	-	4,790,578	2,831,433
Revenue Notes Payable	3,777,780	6,747,224	-	-	3,777,780	6,747,224
Notes Payable	113,770	203,688	-	-	113,770	203,688
Compensated Absences	238,608	239,547	342,657	354,451	581,265	593,998
Payable to Advance Land Acquisition Trust Fund	-	-	-	3,829,363	-	3,829,363
Total Noncurrent Liabilities	<u>8,920,736</u>	<u>10,021,892</u>	<u>342,657</u>	<u>4,183,814</u>	<u>9,263,393</u>	<u>14,205,706</u>
Total Liabilities	<u>11,414,133</u>	<u>12,421,933</u>	<u>1,223,755</u>	<u>4,963,892</u>	<u>12,637,888</u>	<u>17,385,825</u>
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	22,903,902	23,025,039	62,939,958	57,372,457	85,843,860	80,397,496
Restricted for Debt Service	-	589,848	-	-	-	589,848
Unrestricted	1,071,145	744,948	1,167,594	1,165,981	2,238,739	1,910,929
Total Net Assets	<u>\$ 23,975,047</u>	<u>\$ 24,359,835</u>	<u>\$ 64,107,552</u>	<u>\$ 58,538,438</u>	<u>\$ 88,082,599</u>	<u>\$ 82,898,273</u>

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 5

Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Years Ended June 30, 2004 and 2003

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Totals	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2004	2003	2004	2003	2004	2003
Operating Revenues:						
Intergovernmental - Federal	\$ -	\$ -	\$ 26,000	\$ -	\$ 26,000	\$ -
Sales	1,420,420	1,343,769	1,191,248	1,268,004	2,611,668	2,611,773
Charges for Services	9,829,646	8,730,639	4,549,390	3,789,223	14,379,036	12,519,862
Rentals and Concessions	2,828,450	2,611,242	2,227,114	1,996,982	5,055,564	4,608,224
Total Operating Revenues	14,078,516	12,685,650	7,993,752	7,054,209	22,072,268	19,739,859
Operating Expenses:						
Cost of Goods Sold	829,619	815,033	1,075,465	998,229	1,905,084	1,813,262
Personal Services	5,808,702	5,637,641	7,738,612	7,464,442	13,547,314	13,102,083
Supplies and Materials	1,306,904	1,678,246	1,230,074	1,230,011	2,536,978	2,908,257
Communications	115,512	131,142	592,737	205,794	708,249	336,936
Utilities	850,773	737,127	943,941	4,835	1,794,714	741,962
Maintenance	334,525	307,010	674,275	434,166	1,008,800	741,176
Contractual Services	1,558,004	1,501,624	620,378	813,649	2,178,382	2,315,273
Other Services and Charges	219,319	259,463	408,332	381,489	627,651	640,952
Administrative Services	1,169,811	1,195,419	-	-	1,169,811	1,195,419
Depreciation	1,676,830	1,592,080	2,230,702	2,181,239	3,907,532	3,773,319
Total Operating Expenses	13,869,999	13,854,785	15,514,516	13,713,854	29,384,515	27,568,639
Operating Income (Loss)	208,517	(1,169,135)	(7,520,764)	(6,659,645)	(7,312,247)	(7,828,780)
Nonoperating Revenues (Expenses):						
Investment Earnings	67,003	91,593	28,868	32,218	95,871	123,811
Interest Expense, net of Amortization	(648,996)	(674,407)	-	-	(648,996)	(674,407)
Total Nonoperating Revenue (Expense)	(581,993)	(582,814)	28,868	32,218	(553,125)	(550,596)
Income (Loss) before Transfers	(373,476)	(1,751,949)	(7,491,896)	(6,627,427)	(7,865,372)	(8,379,376)
Contribution from Trust Fund	-	-	3,829,363	-	3,829,363	-
Transfers In - General Government Assets	-	-	3,820,108	-	3,820,108	-
Transfers In	163,688	181,932	5,411,539	4,648,014	5,575,227	4,829,946
Transfers Out	(175,000)	(175,000)	-	-	(175,000)	(175,000)
Total Transfers	(11,312)	6,932	13,061,010	4,648,014	13,049,698	4,654,946
Change in Net Assets	(384,788)	(1,745,017)	5,569,114	(1,979,413)	5,184,326	(3,724,430)
Total Net Assets - Beginning	24,359,835	26,104,852	58,538,438	60,517,851	82,898,273	86,622,703
Total Net Assets - Ending	\$ 23,975,047	\$ 24,359,835	\$ 64,107,552	\$ 58,538,438	\$ 88,082,599	\$ 82,898,273

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 6

**Schedule of Cash Flows - Enterprise Funds
For the Years Ended June 30, 2004 and 2003**

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County			
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2004	2003	2004	2003	2004	2003
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 14,056,610	\$ 12,795,570	\$ 7,977,372	\$ 7,038,079	\$ 22,033,982	\$ 19,833,649
Payments to Suppliers	(4,245,539)	(4,680,753)	(5,263,862)	(3,861,070)	(9,509,401)	(8,541,823)
Payments to Employees	(5,754,288)	(5,608,387)	(7,651,561)	(7,384,629)	(13,405,849)	(12,993,016)
Payments for Interfund Services Used	(867,600)	(860,000)	(252,800)	(243,100)	(1,120,400)	(1,103,100)
Payments for Administrative Charges	(1,169,811)	(1,195,419)	-	-	(1,169,811)	(1,195,419)
Net Cash Provided (Used) by Operating Activities	2,019,372	451,011	(5,190,851)	(4,450,720)	(3,171,479)	(3,999,709)
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	163,688	181,931	5,411,539	4,648,014	5,575,227	4,829,945
Transfers Out to Other Funds	(175,000)	(175,000)	-	-	(175,000)	(175,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(11,312)	6,931	5,411,539	4,648,014	5,400,227	4,654,945
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(560,651)	(819,468)	(148,732)	(178,117)	(709,383)	(997,585)
Principal Paid on Notes Payable	(846,817)	(732,920)	-	-	(846,817)	(732,920)
Principal Paid on Revenue Bonds	(300,000)	(285,000)	-	-	(300,000)	(285,000)
Interest Paid	(616,933)	(642,344)	-	-	(616,933)	(642,344)
Proceeds from Financing - Notes Payable	67,995	131,593	-	-	67,995	131,593
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,256,406)	(2,348,139)	(148,732)	(178,117)	(2,405,138)	(2,526,256)
Cash Flows from Investing Activities:						
Interest on Restricted Investments	1,874	104,895	-	-	1,874	104,895
Interest on Investments	65,129	(13,302)	28,868	32,218	93,997	18,916
Net Cash Provided (Used) by Investing Activities	67,003	91,593	28,868	32,218	95,871	123,811
Net Increase (Decrease) in Cash and Cash Equivalents	(181,343)	(1,798,604)	100,824	51,395	(80,519)	(1,747,209)
Cash, Cash Equivalents and Restricted Cash, July 1	2,096,678	3,895,282	1,760,871	1,709,476	3,857,549	5,604,758
Cash, Cash Equivalents and Restricted Cash, June 30	\$ 1,915,335	\$ 2,096,678	\$ 1,861,695	\$ 1,760,871	\$ 3,777,030	\$ 3,857,549
Displayed as:						
Equity in Pooled Cash and Investments	\$ 1,915,335	\$ 1,455,113	\$ 1,861,695	\$ 1,760,871	\$ 3,777,030	\$ 3,215,984
Restricted for Revenue Bond Covenants	-	589,848	-	-	-	589,848
Restricted Revenue and Equipment Financing Proceeds	-	51,717	-	-	-	51,717
	<u>\$ 1,915,335</u>	<u>\$ 2,096,678</u>	<u>\$ 1,861,695</u>	<u>\$ 1,760,871</u>	<u>\$ 3,777,030</u>	<u>\$ 3,857,549</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 208,517	\$ (1,169,135)	\$ (7,520,764)	\$ (6,659,645)	(7,312,247)	(7,828,780)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	1,676,830	1,592,080	2,230,702	2,181,239	3,907,532	3,773,319
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	3,200	(3,275)	(3,091)	(61)	109	(3,336)
(Increase) Decrease in Inventories, at Cost	91,871	(11,915)	13,076	8,828	104,947	(3,087)
Increase (Decrease) in Accounts Payable	14,893	(89,033)	15,464	(44,825)	30,357	(133,858)
Increase (Decrease) in Accrued Salaries and Benefits	58,977	18,370	80,992	28,768	139,969	47,138
Increase (Decrease) in Compensated Absences	(4,563)	10,884	6,059	51,045	1,496	61,929
Increase (Decrease) in Interest Payable	(5,247)	(10,160)	-	-	(5,247)	(10,160)
Increase (Decrease) in Revenue Collected in Advance	(25,106)	113,195	(13,289)	(16,069)	(38,395)	97,126
Total Adjustments	1,810,855	1,620,146	2,329,913	2,208,925	4,140,768	3,829,071
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,019,372</u>	<u>\$ 451,011</u>	<u>\$ (5,190,851)</u>	<u>\$ (4,450,720)</u>	<u>\$ (3,171,479)</u>	<u>\$ (3,999,709)</u>

Noncash investing, capital and financing activities:

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



All ages enjoy Hispanic food, music, culture and fun at the annual "Festival Hispano" at Lane Manor Park

INTERNAL SERVICE FUNDS

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

Capital Equipment Funds

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

Executive Office Building Fund

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

Employee Benefits Funds

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

Risk Management Funds

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 7

Internal Service Funds
Combining Statement of Net Assets
June 30, 2004

	MONTGOMERY COUNTY					PRINCE GEORGE'S COUNTY					TOTALS	
			TOTALS					TOTALS				
	Capital Equipment	Employee Benefits	Risk Management	June 30, 2004	June 30, 2003	Executive Office Building	Employee Benefits	Risk Management	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
ASSETS												
Current Assets:												
Equity in Pooled Cash and Investments	\$ 2,664,032	\$ 9,430,564	\$ 4,559,639	\$ 16,654,235	\$ 15,989,861	\$ 398,594	\$ 10,026,772	\$ 10,040,322	\$ 20,465,688	\$ 19,945,739	\$ 37,119,923	\$ 35,935,600
Restricted Cash, Cash Equivalents and Investments:												
Unspent Revenue Bond and Equipment Financing Proceeds	-	-	-	-	1,049,354	-	-	-	-	-	-	1,049,354
Accounts Receivable	-	-	250	250	250	-	-	-	-	-	250	250
Due from County Government	-	-	125,000	125,000	93,543	-	-	125,000	125,000	93,543	250,000	187,086
Due from Other Funds - 115 Trust	-	897,147	-	897,147	466,351	-	897,147	-	897,147	466,351	1,794,294	932,702
Deposits and Other	-	1,680	-	1,680	21,561	-	1,680	-	1,680	21,561	3,360	43,122
Total Current Assets	2,664,032	10,329,391	4,684,889	17,678,312	17,620,920	398,594	10,925,599	10,165,322	21,489,515	20,527,194	39,167,827	38,148,114
Noncurrent Assets:												
Capital Assets:												
Land	-	-	-	-	-	748,497	-	-	748,497	748,497	748,497	748,497
Buildings and Improvements	102,469	-	-	102,469	102,469	2,649,865	-	-	2,649,865	2,649,865	2,752,334	2,752,334
Machinery and Equipment	18,929,864	-	170,629	19,100,493	17,619,268	26,326	-	344,883	371,209	226,109	19,471,702	17,845,377
Less-Accumulated Depreciation	(13,591,534)	-	(78,978)	(13,670,512)	(12,284,871)	(1,129,164)	-	(105,364)	(1,234,528)	(1,078,467)	(14,905,040)	(13,363,338)
Total Capital Assets (net of accumulated depreciation)	5,440,799	-	91,651	5,532,450	5,436,866	2,295,524	-	239,519	2,535,043	2,546,004	8,067,493	7,982,870
Total Assets	8,104,831	10,329,391	4,776,540	23,210,762	23,057,786	2,694,118	10,925,599	10,404,841	24,024,558	23,073,198	47,235,320	46,130,984
LIABILITIES												
Current Liabilities:												
Accounts Payable	324,148	849	2,859	327,856	234,460	16,368	848	2,449	19,665	189,237	347,521	423,697
Current Portion of Claims Payable	-	330,519	703,410	1,033,929	975,182	-	330,519	689,037	1,019,556	978,895	2,053,485	1,954,077
Accrued Salaries and Benefits	-	181,533	8,233	189,766	121,461	3,940	188,570	8,233	200,743	123,660	390,509	245,121
Current Portion of Notes Payable	1,270,127	-	-	1,270,127	1,685,556	145,000	-	-	145,000	145,000	1,415,127	1,830,556
Current Portion of Compensated Absences	-	3,817,600	6,450	3,824,050	3,692,047	9,396	4,315,900	6,450	4,331,746	4,194,704	8,155,796	7,886,751
Due to County Government	-	-	110,937	110,937	5,032	-	-	110,937	110,937	5,032	221,874	10,064
Interest Payable	22,209	-	-	22,209	27,932	40,469	-	-	40,469	44,304	62,678	72,236
Total Current Liabilities	1,616,484	4,330,501	831,889	6,778,874	6,741,670	215,173	4,835,837	817,106	5,868,116	5,680,832	12,646,990	12,422,502
Noncurrent Liabilities:												
Claims Payable - Net of Current Portion	-	464,213	2,119,316	2,583,529	2,419,086	-	464,214	2,046,008	2,510,222	2,430,232	5,093,751	4,849,318
Notes Payable - Net of Current Portion	2,020,508	-	-	2,020,508	3,290,635	1,385,000	-	-	1,385,000	1,530,000	3,405,508	4,820,635
Compensated Absences - Net of Current Portion	-	2,367,300	17,882	2,385,182	2,239,532	1,250	3,067,000	17,882	3,086,132	2,837,760	5,471,314	5,077,292
Total Noncurrent Liabilities	2,020,508	2,831,513	2,137,198	6,989,219	7,949,253	1,386,250	3,531,214	2,063,890	6,981,354	6,797,992	13,970,573	14,747,245
Total Liabilities	3,636,992	7,162,014	2,969,087	13,768,093	14,690,923	1,601,423	8,367,051	2,880,996	12,849,470	12,478,824	26,617,563	27,169,747
NET ASSETS												
Invested in Capital Assets, Net of Related Debt	2,150,164	-	91,651	2,241,815	1,510,029	765,524	-	239,519	1,005,043	871,004	3,246,858	2,381,033
Unrestricted	2,317,675	3,167,377	1,715,802	7,200,854	6,856,834	327,171	2,558,548	7,284,326	10,170,045	9,723,370	17,370,899	16,580,204
Total Net Assets	\$ 4,467,839	\$ 3,167,377	\$ 1,807,453	\$ 9,442,669	\$ 8,366,863	\$ 1,092,695	\$ 2,558,548	\$ 7,523,845	\$ 11,175,088	\$ 10,594,374	\$ 20,617,757	\$ 18,961,237

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 8

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2004

	MONTGOMERY COUNTY					PRINCE GEORGE'S COUNTY					TOTALS	
	Capital Equipment	Employee Benefits	Risk Management	TOTALS		Executive Office Building	Employee Benefits	Risk Management	TOTALS		June 30, 2004	June 30, 2003
				June 30, 2004	June 30, 2003				June 30, 2004	June 30, 2003		
Operating Revenues:												
Charges for Services	\$ 2,979,953	\$ 16,568,557	\$ 1,701,500	\$ 21,250,010	\$ 17,555,141	\$ 743,600	\$ 17,885,207	\$ 2,431,500	\$ 21,060,307	\$ 19,007,358	\$ 42,310,317	\$ 36,562,499
Claim Recoveries	-	-	175,995	175,995	110,192	-	-	440,907	440,907	180,309	616,902	290,501
Total Operating Revenues	<u>2,979,953</u>	<u>16,568,557</u>	<u>1,877,495</u>	<u>21,426,005</u>	<u>17,665,333</u>	<u>743,600</u>	<u>17,885,207</u>	<u>2,872,407</u>	<u>21,501,214</u>	<u>19,187,667</u>	<u>42,927,219</u>	<u>36,853,000</u>
Operating Expenses:												
Personal Services	-	5,668,172	308,188	5,976,360	5,659,736	125,449	6,754,812	308,200	7,188,461	6,895,900	13,164,821	12,555,636
Supplies and Materials	29,069	-	25,180	54,249	185,178	84,332	-	19,686	104,018	103,784	158,267	288,962
Contractual Services -												
Claims Incurred	-	5,595,442	1,810,366	7,405,808	5,664,354	-	5,595,441	2,452,861	8,048,302	4,627,308	15,454,110	10,291,662
Insurance	-	4,538,337	161	4,538,498	5,059,926	-	4,538,337	26,301	4,564,638	5,010,476	9,103,136	10,070,402
Other Services and Charges	26,900	35,250	186,443	248,593	300,351	271,663	35,250	230,244	537,157	555,119	785,750	855,470
Depreciation	1,657,438	-	26,482	1,683,920	1,518,399	107,750	-	48,312	156,062	128,475	1,839,982	1,646,874
Total Operating Expenses	<u>1,713,407</u>	<u>15,837,201</u>	<u>2,356,820</u>	<u>19,907,428</u>	<u>18,387,944</u>	<u>589,194</u>	<u>16,923,840</u>	<u>3,085,604</u>	<u>20,598,638</u>	<u>17,321,062</u>	<u>40,506,066</u>	<u>35,709,006</u>
Operating Income (Loss)	<u>1,266,546</u>	<u>731,356</u>	<u>(479,325)</u>	<u>1,518,577</u>	<u>(722,611)</u>	<u>154,406</u>	<u>961,367</u>	<u>(213,197)</u>	<u>902,576</u>	<u>1,866,605</u>	<u>2,421,153</u>	<u>1,143,994</u>
Nonoperating Revenues (Expenses):												
Interest Income	15,161	88,042	51,080	154,283	269,832	4,172	101,527	118,099	223,798	300,592	378,081	570,424
Interest Expense	(131,677)	-	-	(131,677)	(137,603)	(82,921)	-	-	(82,921)	(90,327)	(214,598)	(227,930)
Total Nonoperating Revenues (Expenses)	<u>(116,516)</u>	<u>88,042</u>	<u>51,080</u>	<u>22,606</u>	<u>132,229</u>	<u>(78,749)</u>	<u>101,527</u>	<u>118,099</u>	<u>140,877</u>	<u>210,265</u>	<u>163,483</u>	<u>342,494</u>
Income (Loss) Before Contributions and Transfers	<u>1,150,030</u>	<u>819,398</u>	<u>(428,245)</u>	<u>1,541,183</u>	<u>(590,382)</u>	<u>75,657</u>	<u>1,062,894</u>	<u>(95,098)</u>	<u>1,043,453</u>	<u>2,076,870</u>	<u>2,584,636</u>	<u>1,486,488</u>
Transfers In (Out) :												
Reimbursement from Trust Funds	-	1,840,645	-	1,840,645	1,378,583	-	1,840,644	-	1,840,644	1,378,582	3,681,289	2,757,165
Transfers In	-	-	6,309	6,309	5,568	2,638	-	6,309	8,947	7,794	15,256	13,362
Transfers (Out)	-	(2,312,331)	-	(2,312,331)	(1,422,632)	-	(2,312,330)	-	(2,312,330)	(1,422,631)	(4,624,661)	(2,845,263)
Net Operating Transfers	<u>-</u>	<u>(471,686)</u>	<u>6,309</u>	<u>(465,377)</u>	<u>(38,481)</u>	<u>2,638</u>	<u>(471,686)</u>	<u>6,309</u>	<u>(462,739)</u>	<u>(36,255)</u>	<u>(928,116)</u>	<u>(74,736)</u>
Change in Net Assets	<u>1,150,030</u>	<u>347,712</u>	<u>(421,936)</u>	<u>1,075,806</u>	<u>(628,863)</u>	<u>78,295</u>	<u>591,208</u>	<u>(88,789)</u>	<u>580,714</u>	<u>2,040,615</u>	<u>1,656,520</u>	<u>1,411,752</u>
Total Net Assets, July 1	<u>3,317,809</u>	<u>2,819,665</u>	<u>2,229,389</u>	<u>8,366,863</u>	<u>8,995,726</u>	<u>1,014,400</u>	<u>1,967,340</u>	<u>7,612,634</u>	<u>10,594,374</u>	<u>8,553,759</u>	<u>18,961,237</u>	<u>17,549,485</u>
Total Net Assets, June 30	<u>\$ 4,467,839</u>	<u>\$ 3,167,377</u>	<u>\$ 1,807,453</u>	<u>\$ 9,442,669</u>	<u>\$ 8,366,863</u>	<u>\$ 1,092,695</u>	<u>\$ 2,558,548</u>	<u>\$ 7,523,845</u>	<u>\$ 11,175,088</u>	<u>\$ 10,594,374</u>	<u>\$ 20,617,757</u>	<u>\$ 18,961,237</u>

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 9

Combining Statement of Cash Flows - INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2004

	MONTGOMERY COUNTY				PRINCE GEORGE'S COUNTY				
	Capital Equipment	Employee Benefits	Risk Management	TOTAL	Executive Office Building	Employee Benefits	Risk Management	TOTAL	TOTAL
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 2,979,953	\$ 16,137,761	\$ 1,865,919	\$ 20,983,633	\$ 743,600	\$ 17,454,411	\$ 2,860,831	\$ 21,058,842	\$ 42,042,475
Payments to Suppliers	181,407	(10,282,330)	(1,560,907)	(11,661,830)	(352,287)	(10,282,329)	(2,423,600)	(13,058,216)	(24,720,046)
Payments to Employees	-	(5,322,215)	(308,187)	(5,630,402)	(126,958)	(6,290,806)	(308,200)	(6,725,964)	(12,356,366)
Payments for Interfund Services Used	(26,900)	(35,250)	(106,400)	(168,550)	(1,100)	(35,250)	(106,400)	(142,750)	(311,300)
Net Cash Provided by Operating Activities	<u>3,134,460</u>	<u>497,966</u>	<u>(109,575)</u>	<u>3,522,851</u>	<u>263,255</u>	<u>846,026</u>	<u>22,631</u>	<u>1,131,912</u>	<u>4,654,763</u>
Cash Flows from Noncapital Financing Activities:									
Transfers In From Other Funds	-	(471,686)	6,309	(465,377)	2,638	(471,686)	6,309	(462,739)	(928,116)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(471,686)</u>	<u>6,309</u>	<u>(465,377)</u>	<u>2,638</u>	<u>(471,686)</u>	<u>6,309</u>	<u>(462,739)</u>	<u>(928,116)</u>
Cash Flows from Capital and Related Financing Activities:									
Acquisition of Capital Assets	(1,763,083)	-	(16,423)	(1,779,506)	-	-	(145,101)	(145,101)	(1,924,607)
Principal Paid on Notes Payable	(1,685,554)	-	-	(1,685,554)	(145,000)	-	-	(145,000)	(1,830,554)
Interest Paid on Notes Payable	(131,677)	-	-	(131,677)	(82,921)	-	-	(82,921)	(214,598)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,580,314)</u>	<u>-</u>	<u>(16,423)</u>	<u>(3,596,737)</u>	<u>(227,921)</u>	<u>-</u>	<u>(145,101)</u>	<u>(373,022)</u>	<u>(3,969,759)</u>
Cash Flows from Investing Activities:									
Interest on Investments	15,161	88,042	51,080	154,283	4,172	101,527	118,099	223,798	378,081
Net Cash Provided (Used) by Investing Activities	<u>15,161</u>	<u>88,042</u>	<u>51,080</u>	<u>154,283</u>	<u>4,172</u>	<u>101,527</u>	<u>118,099</u>	<u>223,798</u>	<u>378,081</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(430,693)	114,322	(68,609)	(384,980)	42,144	475,867	1,938	519,949	134,969
Cash and Cash Equivalents, July 1	<u>3,094,725</u>	<u>9,316,242</u>	<u>4,628,248</u>	<u>17,039,215</u>	<u>356,450</u>	<u>9,550,905</u>	<u>10,038,384</u>	<u>19,945,739</u>	<u>36,984,954</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,664,032</u>	<u>\$ 9,430,564</u>	<u>\$ 4,559,639</u>	<u>\$ 16,654,235</u>	<u>\$ 398,594</u>	<u>\$ 10,026,772</u>	<u>\$ 10,040,322</u>	<u>\$ 20,465,688</u>	<u>\$ 37,119,923</u>
Operating Income (Loss)	\$ 1,266,546	\$ 731,356	\$ (479,325)	\$ 1,518,577	\$ 154,406	\$ 961,367	\$ (213,197)	\$ 902,576	\$ 2,421,153
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:									
Depreciation	1,657,438	-	26,482	1,683,920	107,750	-	48,312	156,062	1,839,982
Changes in Assets and Liabilities:									
(Increase) Decrease in Due from County Government	-	-	(31,457)	(31,457)	-	-	(31,457)	(31,457)	(62,914)
(Increase) Decrease in Deposits and Other	-	-	19,881	19,881	-	-	19,881	19,881	39,762
(Increase) Decrease in Due from Other Funds	-	(430,796)	-	(430,796)	-	(430,796)	-	(430,796)	(861,592)
Increase (Decrease) in Accounts Payable	216,199	(120,065)	(2,738)	93,396	6,443	(120,066)	(55,949)	(169,572)	(76,176)
Increase (Decrease) in Claims Payable	-	44,169	41,191	85,360	-	44,170	(63,656)	(19,486)	65,874
Increase (Decrease) in Accrued Salaries and Benefits	-	67,657	648	68,305	829	75,606	648	77,083	145,388
Increase (Decrease) in Compensated Absences	-	278,300	(2,550)	275,750	(2,338)	388,400	(2,551)	383,511	659,261
Increase (Decrease) in Interest Payable	(5,723)	-	-	(5,723)	(3,835)	-	-	(3,835)	(9,558)
Increase (Decrease) in Incurred But Unreported Clms	-	(72,655)	210,485	137,830	-	(72,655)	212,792	140,137	277,967
Increase (Decrease) in Other Accrued Liabilities	-	-	1,903	1,903	-	-	1,903	1,903	3,806
Increase (Decrease) in Due to County Government	-	-	105,905	105,905	-	-	105,905	105,905	211,810
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,134,460</u>	<u>\$ 497,966</u>	<u>\$ (109,575)</u>	<u>\$ 3,522,851</u>	<u>\$ 263,255</u>	<u>\$ 846,026</u>	<u>\$ 22,631</u>	<u>\$ 1,131,912</u>	<u>\$ 4,654,763</u>



Everyone enjoys petting a lamb at the Agricultural History Farm Park

FIDUCIARY FUNDS

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

Pension Trust Funds

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

Private Purpose Trust Funds

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

Agency Funds

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 10

Combining Statements of Net Assets
Fiduciary Fund Types
June 30, 2004

	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
ASSETS									
Equity in Pooled Cash and Investments	\$ 158,119	\$ 30,276	\$ 188,395	\$ 4,725,404	\$ 3,142,080	\$ 7,867,484	\$ 2,701,058	\$ 562,192	\$ 3,263,250
Cash and Marketable Securities	501,748,978	4,538,866	506,287,844	-	-	-	-	-	-
Restricted Cash: Unspent Bond Proceeds	-	-	-	580,228	258,986	839,214	-	-	-
Collateral for Securities Lending									
Transactions	49,877,733	-	49,877,733	-	-	-	-	-	-
Accounts Receivable	1,865,513	-	1,865,513	-	2,000	2,000	-	-	-
Deposits and Other	15,727	-	15,727	-	-	-	-	-	-
Land Held for Transfer	-	-	-	25,320,460	17,839,244	43,159,704	-	-	-
Other	70,800	-	70,800	-	489,506	489,506	-	-	-
Total Assets	<u>553,736,870</u>	<u>4,569,142</u>	<u>558,306,012</u>	<u>30,626,092</u>	<u>21,731,816</u>	<u>52,357,908</u>	<u>2,701,058</u>	<u>562,192</u>	<u>3,263,250</u>
LIABILITIES									
Accounts Payable	715,128	-	715,128	53	414	467	2,701,058	-	2,701,058
Due to Group Insurance Internal Service Fund	-	1,794,294	1,794,294	-	-	-	-	-	-
Obligation for Collateral Received									
under Securities Lending transactions	49,877,733	-	49,877,733	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	562,192	562,192
Total Liabilities	<u>50,592,861</u>	<u>1,794,294</u>	<u>52,387,155</u>	<u>53</u>	<u>414</u>	<u>467</u>	<u>2,701,058</u>	<u>562,192</u>	<u>3,263,250</u>
NET ASSETS									
Assets Held in Trust for:									
Land Held for Transfer	-	-	-	25,320,460	17,839,244	43,159,704	-	-	-
Pension Benefits	503,144,009	-	503,144,009	-	-	-	-	-	-
Other Postemployment Benefits	-	2,774,848	2,774,848	-	-	-	-	-	-
Other Purposes	-	-	-	5,305,579	3,892,158	9,197,737	-	-	-
Total Net Assets	<u>\$ 503,144,009</u>	<u>\$ 2,774,848</u>	<u>\$ 505,918,857</u>	<u>\$ 30,626,039</u>	<u>\$ 21,731,402</u>	<u>\$ 52,357,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 11

Combining Statements of Changes in Net Assets
Fiduciary Fund Types
For the Year Ended June 30, 2004

	PENSION TRUST FUNDS			PRIVATE PURPOSE TRUST FUNDS		
	Employees' Retirement Fund	Employees' Post Employment Benefits Fund	Totals	Montgomery County	Prince George's County	Totals
ADDITIONS:						
Contributions:						
Employer	\$ 1,202,785	\$ -	\$ 1,202,785	\$ -	\$ -	\$ -
Plan Members	3,747,369	-	3,747,369	-	-	-
Private Donations	-	-	-	6,930	38,655	45,585
Total Contributions	4,950,154	-	4,950,154	6,930	38,655	45,585
Receipts from Commission Debt Service Funds	-	-	-	415,030	194,118	609,148
Investment Earnings:						
Interest	7,403,009	2,814	7,405,823	44,258	154,305	198,563
Dividends	2,579,022	178,732	2,757,754	-	-	-
Gain on Sale of Land	-	-	-	-	-	-
Net increase in the Fair Value of Investments	55,339,855	181,545	55,521,400	-	-	-
Total Investment Earnings	65,321,886	363,091	65,684,977	44,258	154,305	198,563
Less Investment Advisory and Management Fees	(1,855,402)	(26,977)	(1,882,379)	-	-	-
Net Income from Investing Activities	63,466,484	336,114	63,802,598	44,258	154,305	198,563
Securities Lending Activity						
Securities Lending Income	447,808	-	447,808	-	-	-
Securities Lending Fees	(381,773)	-	(381,773)	-	-	-
Net Income from Securities Lending Activity	66,035	-	66,035	-	-	-
Total Net Investment Income	63,532,519	336,114	63,868,633	44,258	154,305	198,563
Total Additions	68,482,673	336,114	68,818,787	466,218	387,078	853,296
DEDUCTIONS						
Benefits	15,257,765	-	15,257,765	-	-	-
Refunds of Contributions	601,358	-	601,358	-	-	-
Administrative expenses	1,058,667	-	1,058,667	-	-	-
Contribution of Land	-	-	-	-	3,829,363	3,829,363
Reimbursement to Group Insurance Internal Service Fund	-	3,681,289	3,681,289	-	-	-
Payment to Commission Debt Service Funds	-	-	-	6,889	1,726	8,615
Other	-	-	-	13,009	56,896	69,905
Total Deductions	16,917,790	3,681,289	20,599,079	19,898	3,887,985	3,907,883
Change in Net Assets	51,564,883	(3,345,175)	48,219,708	446,320	(3,500,907)	(3,054,587)
Net Assets - Beginning	451,579,126	6,120,023	457,699,149	30,179,719	25,232,309	55,412,028
Net Assets - Ending	\$ 503,144,009	\$ 2,774,848	\$ 505,918,857	\$ 30,626,039	\$ 21,731,402	\$ 52,357,441

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 12

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2004**

	July 1, 2003	Additions	Deductions	June 30, 2004
MARYLAND STATE RETIREMENT SYSTEM FUND				
ASSETS				
Equity in Pooled Cash and Investments	\$ 2,817,612	\$ 129,274	\$ 245,828	\$ 2,701,058
Total Current Assets	\$ 2,817,612	\$ 129,274	\$ 245,828	\$ 2,701,058
LIABILITIES				
Accounts Payable	\$ 2,817,612	\$ 129,274	\$ 245,828	\$ 2,701,058
Total Current Liabilities	\$ 2,817,612	\$ 129,274	\$ 245,828	\$ 2,701,058
MONTGOMERY COUNTY FUND				
ASSETS				
Equity in Pooled Cash and Investments	\$ 537,717	\$ 28,695	\$ 4,220	\$ 562,192
Total Current Assets	\$ 537,717	\$ 28,695	\$ 4,220	\$ 562,192
LIABILITIES				
Accounts Payable	\$ 1,900	\$ -	\$ 1,900	\$ -
Deposits	535,817	30,595	4,220	562,192
Total Current Liabilities	\$ 537,717	\$ 30,595	\$ 6,120	\$ 562,192
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash and Investments	\$ 3,355,329	\$ 157,969	\$ 250,048	\$ 3,263,250
Total Current Assets	\$ 3,355,329	\$ 157,969	\$ 250,048	\$ 3,263,250
LIABILITIES				
Accounts Payable	\$ 2,819,512	\$ 129,274	\$ 247,728	\$ 2,701,058
Deposits	535,817	30,595	4,220	562,192
Total Current Liabilities	\$ 3,355,329	\$ 159,869	\$ 251,948	\$ 3,263,250

♦ PART III ♦
STATISTICAL SECTION



Dorsey Chapel is a historical and cultural landmark of the African American community

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-1

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

	Fiscal Year		
	2002	2003	2004
Governmental Activities			
Invested in Capital Assets, net of related debt	\$ 282,595,478	\$ 305,800,251	\$ 364,642,396
Unrestricted	82,792,312	86,192,777	91,953,723
Subtotal Governmental Activities Net Assets	<u>365,387,790</u>	<u>391,993,028</u>	<u>456,596,119</u>
Business- type Activities			
Invested in Capital Assets, net of related debt	82,267,248	80,397,496	85,843,860
Restricted for Debt Service	583,266	589,848	-
Unrestricted	3,772,189	1,910,929	2,238,739
Subtotal Business-type Activities Net Assets	<u>86,622,703</u>	<u>82,898,273</u>	<u>88,082,599</u>
Primary Government			
Invested in Capital Assets, net of related debt	364,862,726	386,197,747	450,486,256
Restricted for Debt Service	583,266	589,848	-
Unrestricted	86,564,501	88,103,706	94,192,462
Total Government Net Assets	<u>\$ 452,010,493</u>	<u>\$ 474,891,301</u>	<u>\$ 544,678,718</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 three 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 Three Fiscal Years (1)

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

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-3

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

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

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-4

General Governmental Expenditures by Function Last Ten Fiscal Years

MONTGOMERY COUNTY

<u>Fiscal Year</u>	<u>General Government</u>	<u>Planning And Zoning</u>	<u>Park Operations</u>	<u>Recreation</u>	<u>Acquisition And Development</u>	<u>Debt Service</u>	<u>Total</u>
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
2004	6,090,356	14,733,375	52,269,434	13,869,999	10,793,002	4,222,035	101,978,201

PRINCE GEORGE'S COUNTY

<u>Fiscal Year</u>	<u>General Government</u>	<u>Planning And Zoning</u>	<u>Park Operations</u>	<u>Recreation</u>	<u>Acquisition And Development</u>	<u>Debt Service</u>	<u>Total</u>
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
2004	7,007,261	16,188,138	51,729,392	53,518,151	22,758,615	13,003,854	164,205,411

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-5

General Revenues by Source Last Ten Fiscal Years

MONTGOMERY COUNTY

Fiscal Year	Property Taxes	Inter-Governmental	Charges for Services	Interest Earnings	Other	Total	General Obligation Bonds Sold	
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	(1)
1997	57,612,812	6,654,626	7,827,378	1,231,641	4,227,264	77,553,721	-	
1998	60,270,773	6,797,726	9,120,287	1,586,354	4,361,403	82,136,543	-	
1999	60,270,408	5,921,195	9,134,201	1,670,534	4,410,413	81,406,751	7,000,000	
2000	62,448,568	12,324,577	9,446,610	1,747,465	4,432,045	90,399,265	-	
2001	64,611,473	17,714,828	10,357,245	1,374,924	5,164,768	99,223,238	5,700,000	
2002	69,212,845	12,640,323	11,327,470	581,151	5,897,530	99,659,319	-	
2003	70,200,528	7,225,328	10,441,684	339,008	5,718,794	93,925,342	13,705,000	(3)
2004	68,994,512	9,799,174	12,332,803	251,642	6,255,581	97,633,712	-	

PRINCE GEORGE'S COUNTY

Fiscal Year	Property Taxes	Inter-Governmental	Charges for Services	Interest Earnings	Other	Total	General Obligation Bonds Sold	
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	(1)
1997	96,816,650	5,360,060	7,106,102	4,217,988	10,581,819	124,082,619	33,000,000	
1998	98,538,298	2,125,267	7,402,645	5,875,336	5,231,154	119,172,700	28,325,000	(2)
1999	101,308,740	10,368,201	7,496,543	5,208,609	7,158,655	131,540,748	21,000,000	(1)
2000	103,640,212	8,130,897	7,414,320	4,891,099	6,559,164	130,635,692	-	
2001	104,417,411	4,808,601	8,753,412	4,004,692	6,165,111	128,149,227	-	
2002	107,930,218	5,920,707	11,193,063	1,946,482	11,031,588	138,022,058	18,700,000	
2003	111,980,326	7,066,267	10,363,411	1,146,166	9,193,575	139,749,745	42,310,000	(4)
2004	130,183,574	4,509,069	13,424,293	884,555	10,461,290	159,462,781	37,525,000	(3)

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

(1) Refunding Bonds

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

(3) Includes Refunding and New Money issues

(4) Includes Refunding and Refinancing Bond issues

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-6

Property Tax Levies and Collections Last Ten Fiscal Years

MONTGOMERY COUNTY

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Prior Years Taxes Penalties and Interest Collections</u>	<u>Total Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
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
2004	68,788,496	68,447,863	100	546,649	68,994,512	100

PRINCE GEORGE'S COUNTY

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Prior Years Taxes Penalties and Interest Collections</u>	<u>Total Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
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
2004	132,837,385	128,734,271	97	1,449,303	130,183,574	98

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-7

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

(Dollars in Thousands)

MONTGOMERY COUNTY

Fiscal Year	Real Property		Total (1)		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
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
2004	89,263,005	98,091,215	93,226,807	102,055,016	91.35

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	
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
2004	43,066,688	45,195,233	46,022,799	48,151,344	95.58

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

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

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

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
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	0.0600	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	0.875/1.977	0.966/2.203
2003	0.023/0.058	0.0551/0.1383	0.0079/0.0197	0.0010/0.0030	0.0870/0.2190	0.876/1.980	0.963/2.199
2004	0.021/0.053	0.0516/0.1295	0.0074/0.0185	0.0010/0.0030	0.0810/0.2040	0.927/1.988	1.008/2.192

PRINCE GEORGE'S COUNTY

Fiscal Year	Administration	Park Operations	Recreation	Advance Land Acquisition	Total	County-wide Property Taxes Within County	Total
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
2004	0.0466/0.1165	0.1770/0.4425	0.0541/0.1353	0.0013/0.0032	0.2790/0.6975	1.1384/2.8475	1.4174/3.5450

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

(1) Rates shown are for Real/Personal.

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

Tax rates were adjusted so that change was revenue neutral.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-9

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

MONTGOMERY COUNTY

<u>Year</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	804,600	\$ 25,365,173	27,730	0.11	34.46
1996	814,100	25,640,317	26,970	0.11	33.13
1997	827,200	26,459,376	25,185	0.10	30.45
1998	841,500	27,052,214	23,585	0.09	28.03
1999	855,000	27,701,359	28,985	0.10	33.90
2000	873,341	28,408,647	27,125	0.10	31.06
2001	886,000	29,324,926	30,920	0.11	34.90
2002 (3)	903,000	71,060,080	28,700	0.04	31.78
2003	918,000	75,030,387	32,125	0.04	34.99
2004	931,000	80,589,255	29,830	0.04	32.04

PRINCE GEORGE'S COUNTY

<u>Year</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	757,553	\$ 14,606,000	80,530	0.55	106.30
1996	765,681	14,978,000	78,460	0.52	102.47
1997	774,007	15,385,000	107,095	0.70	138.36
1998	780,666	15,839,475	122,815	0.78	157.32
1999	789,037	16,274,756	117,980	0.72	149.52
2000	795,048	16,634,701	112,635	0.68	141.67
2001	803,649	16,873,735	107,280	0.64	133.49
2002 (3)	818,119	39,068,577	119,620	0.31	146.21
2003	829,372	40,706,364	113,655	0.28	137.04
2004	838,716	42,782,719	121,965	0.29	145.42

- 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-10

Computation of Legal Debt Margin
Park Acquisition and Development Bonds
As of June 30, 2004

Park Acquisition and Development Bonds
Guaranteed by Montgomery County

	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
Assessed Valuation - Metropolitan District for fiscal year ending June 30, 2004	\$ 77,392,706,440	\$ 3,196,548,890	\$ 80,589,255,330
Tax rate (cents) per each \$100 of assessed valuation.....	<u>3.6</u>	<u>9.0</u>	
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation	<u>27,861,374</u>	<u>2,876,894</u>	<u>30,738,268</u>
Legal Debt Margin -			
Revenue available from mandatory park tax over next thirty years	\$ <u>835,841,220</u>	\$ <u>86,306,820</u>	<u>922,148,040</u>
Debt service over next thirty years on \$29,830,000 bonds and notes issued and outstanding at June 30, 2004			<u>39,836,487</u>
Amount of tax available for debt service on future bonds		\$	<u>882,311,553</u>

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

Assessed Valuation - Metropolitan District for fiscal year ending June 30, 2004	\$ 40,023,911,556	\$ 2,758,807,706	\$ 42,782,719,262
Tax rate (cents) per each \$100 of assessed valuation.....	<u>4.0</u>	<u>10.0</u>	
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation	<u>16,009,565</u>	<u>2,758,808</u>	<u>18,768,373</u>
Legal Debt Margin -			
Revenue available from mandatory park tax over next thirty years	\$ <u>480,286,950</u>	\$ <u>82,764,240</u>	<u>563,051,190</u>
Debt service over next thirty years on \$121,965,000 bonds and notes issued and outstanding at June 30, 2004			<u>156,442,246</u>
Amount of tax available for debt service on future bonds		\$	<u>406,608,944</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-11

Computation of Direct and Overlapping Debt

June 30, 2004

	<u>Montgomery County</u>	<u>Prince George's County</u>	<u>Total Debt Outstanding</u>
Direct Debt Outstanding	\$ 46,988,885	\$ 125,640,000	\$ 172,628,885
Overlapping Debt			
Montgomery County Debt	1,551,963,978 (1)	-	1,551,963,978
Prince George's County Debt	-	912,336,852 (1)	912,336,852
Washington Suburban Sanitary Commission Debt	1,007,358,466	457,756,372	1,465,114,838
Montgomery County Revenue Authority Debt	74,975,000	-	74,975,000
Prince George's County Industrial Authority Lease Revenue Bonds	-	61,131,039	61,131,039
Montgomery County Housing Opportunities Commission	623,452,969	-	623,452,969
Prince George's County State of Maryland Participation Loans	-	345,851	345,851
Total Overlapping Debt	<u>3,257,750,413</u>	<u>1,431,570,114</u>	<u>4,689,320,527</u>
Total Direct and Overlapping Debt	<u>3,304,739,298</u>	<u>1,557,210,114</u>	<u>4,861,949,412</u>
Less Self-Supporting Debt			
M-NCPPC - Revenue Bonds	5,637,338	-	5,637,338
M-NCPPC - Revenue Notes	4,222,224	-	4,222,224
Montgomery County Debt	70,915,000	-	70,915,000
Prince George's County Debt	-	251,105,776	251,105,776
Washington Suburban Sanitary Commission Debt	1,007,358,466	457,756,372	1,465,114,838
Montgomery County Revenue Authority Debt	74,975,000	-	74,975,000
Prince George's County Industrial Authority Lease Revenue Bonds	-	5,905,000	5,905,000
Montgomery County Housing Opportunities Commission	623,452,969	5,195,000	628,647,969
Prince George's County State of Maryland Participation Loans	-	345,851	345,851
Total Self-Supporting Debt	<u>1,786,560,997</u>	<u>720,307,999</u>	<u>2,506,868,996</u>
Net Direct and Overlapping Debt	\$ <u>1,518,178,301</u>	\$ <u>836,902,115</u>	\$ <u>2,355,080,416</u>

Note: (1) Overlapping debt does not include the debt of towns, cities and villages aggregating \$73,168,222 in Montgomery County. Total is not available in Prince George's County.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-12

Demographic Statistics Last Ten Fiscal Years

MONTGOMERY COUNTY

<u>Year</u>	<u>Population</u>	<u>Per Capita Income (2)</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Registered Pupils</u>
1995	804,600	\$ 38,552	463,112	2.9 %	117,082
1996	814,100	39,705	474,872	2.6	120,291
1997	827,200	40,342	466,500	2.6	122,505
1998	841,500	43,303	467,741	2.3 (3)	125,035
1999	855,000	45,402	476,812	1.8 (3)	127,852
2000	873,341	49,107	481,950	1.9 (3)	130,689
2001	886,000	50,919	490,178	2.3 (3)	134,180
2002	903,000	52,363	503,584	2.6 (3)	136,832
2003	918,000	54,013	505,270	2.7 (3)	138,891
2004	931,000	55,300	515,505	2.4 (3)	139,203

PRINCE GEORGE'S COUNTY

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Registered Pupils</u>
1995	757,553	\$ 23,875	451,897	5.5 %	116,383
1996	765,681	24,161	459,235	5.1	119,951
1997	774,007	25,214	454,875	5.6	122,831
1998	780,666	26,274	443,686	4.8 (3)	125,637
1999	789,037	27,033	447,650	3.8 (3)	129,793
2000	795,048	28,863	452,067	4.3 (3)	128,501
2001	803,649	29,505	458,077	4.0 (3)	130,713
2002	818,119	30,489	471,602	5.1 (3)	131,737
2003	829,372	n.a.	475,007	5.2 (3)	132,899
2004	838,716	n.a.	481,854	4.6 (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 2003 and 2004 are not currently available, although estimated for Montgomery County
- (3) Maryland Department of Labor, Licensing and Regulations. Represents yearly average figures.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-13

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

MONTGOMERY COUNTY

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
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
2004	2,715,000	1,358,913	4,073,913	101,978,201	3.99

PRINCE GEORGE'S COUNTY

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
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 (2)	4,998,267	33,703,267	167,760,457	20.09 (2)
2004	8,040,000	4,586,601	12,626,601	164,205,411	7.69

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

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-14

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

MONTGOMERY COUNTY

Fiscal Year	Total Number of Building Permits	Residential Construction Value (1)	Commercial Construction Value (1)	Bank Deposits	Total Estimated Real Property Value
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	13,531	93,432
2004	15,141	892	559	n.a.	98,091

PRINCE GEORGE'S COUNTY

Calendar Year	Residential Building Permits Issued (2)	Residential Construction Value (2 & 3)	Commercial Construction Value (2 & 3)	Bank Deposits	Total Estimated Real Property Value
1995	3,487	\$ 295	\$ 298	\$ 3,941	\$ 35,576
1996	3,041	264	256	3,929	35,404
1997	2,788	284	161	3,854	35,828
1998	3,635	355	252	3,873	36,104
1999	2,060	222	176	4,260	36,424
2000	3,885	413	279	4,250	37,244
2001	5,174	490	331	4,442	38,268
2002	3,007	360	185	4,738	39,326
2003	2,716	450	269	5,111	42,546
2004	n.a.	n.a.	n.a.	n.a.	n.a.

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-15

Principal Taxpayers

June 30, 2004

MONTGOMERY COUNTY

<u>Taxpayer</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Real Property</u>	<u>Other Property</u>
otomac Electric Power Company	\$ 766,285,986	0.82 %	\$ 5,860,436	\$ 760,425,550
erizon/Bell Atlantic	629,743,666	0.68	27,223,826	602,519,840
ontgomery Mall	224,504,932	0.24	224,144,332	360,600
/ashington Gas Light Company	206,249,370	0.22	-	206,249,370
lirant Mid-Atlantic LLC	205,747,732	0.22	69,733,532	136,014,200
ryant F. Foulger, Trustee	155,509,300	0.17	155,509,300	-
501 Wisconsin Ave. LLC	155,000,000	0.17	155,000,000	-
amaliar, Anne D et al, Trustee	139,042,168	0.15	139,042,168	-
emocracy Associates	137,266,666	0.15	137,266,666	-
larbeth Partnership	129,021,000	0.14	129,021,000	-
Total	<u>\$ 2,748,370,820</u>	<u>2.95 %</u>	<u>\$ 1,042,801,260</u>	<u>\$ 1,705,569,560</u>
Total Assessable Base	<u>\$ 93,226,806,877</u>	<u>100.00 %</u>		

PRINCE GEORGE'S COUNTY

<u>Taxpayer</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Real Property</u>	<u>Other Property</u>
lirant Chalk Point LLC	\$ 441,694,116	0.96 %	\$ 146,379,266	\$ 295,314,850
otomac Electric Power Company	437,932,470	0.95	2,803,790	435,128,680
erizon Maryland	426,660,950	0.93	-	426,660,950
<C Stadium	187,999,100	0.41	187,999,100	-
/ashington Gas Light Company	179,269,812	0.39	3,004,312	176,265,500
altimore Gas & Electric Company	104,631,660	0.23	3,300	104,628,360
afeway Stores	89,986,998	0.20	76,763,698	13,223,300
ummerfield Housing LTD Partnership	99,274,000	0.22	99,274,000	-
reenbelt Homes, Incorporated	80,194,020	0.17	80,194,020	-
ecretary of HUD	73,387,440	0.16	73,387,440	-
Total	<u>\$ 2,121,030,566</u>	<u>4.61 %</u>	<u>\$ 669,808,926</u>	<u>\$ 1,451,221,640</u>
Total Assessable Base	<u>\$ 46,022,798,662</u>	<u>100.00 %</u>		

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-16

SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2004

TYPE OF COVERAGE AND NAME OF COMPANY	POLICY/BOND NUMBER	POLICY/BOND FROM	PERIOD TO	COVERAGE	ANNUAL PREMIUM
Self Insured in Conjunction with Montgomery County Self Insurance Fund:					
o Workers' Compensation and Employer's Liability				Maryland State and \$100,000 Employer's Liability; Special Police ; \$50,000 accident \$500,000 disease	
o Comprehensive General and Auto Liability					
o Public Official Liability	N/A		7/1/1978		
o Police Professional Liability					
o Automobile Physical Damage					
o Excess Liability Commonwealth Ins. Co.	CEC-10007	10/15/03	10/15/04	\$5 Million excess over \$3 Million	\$ 35,290
Insured in Conjunction with Montgomery County Self Insurance Fund:					
o Exhibition Floater Travelers Indemnity Co.	TJCMB225T952693	07/01/03	07/01/04	\$250,000 all risk on display \$20,000, (blanket aggregate); \$10,000 any one item, \$250 deductible; \$25,000 any one conveyance	\$ 850
				Actual cash value, broad form coverage per scheduled listing with \$5,000 S.I.R. per occurrence	
o All Risk Real and Personal Property	LP 396	07/01/03	07/01/04	\$500,000,000 loss limit \$250,000 deductible per occurrence Includes Data, Programs and Software, Flood and Earthquake. The B&M has a \$50,000 deductible.	\$ 172,410
Boiler and Machinery FM Global				Actual cash value, broad form coverage per scheduled listing.	
Insurance purchased directly by the Commission:					
o Airport Liability including Products, Hangar Keeper's and Nonowned Aircraft Ace USA	N00974870001	01/18/04	01/18/05	\$10,000,000 per occurrence; \$10,000,000 per completed operations \$10,000,000 Personal & Advertising Injury Aggregate Limit; \$5,000,000 Hangarskeepers' each loss limit \$5,000,000 Hangarskeepers' each aircraft limit	\$ 18,850
o Public Employees Blanket Bond Old Republic Surety Fidelity Bond	EPE/EPX-1139338	07/01/03	07/01/04	\$100,000	\$ 4,910
o Public Official Bond (Secretary-Treasurer) Fidelity and Deposit Company	0596 14 77B	07/01/02	07/01/05	\$500,000	\$ 1,800
o Public Official Bond (Executive Director)	3066 59 36	08/14/03	08/14/04	\$50,000	\$ 175
o Depositors Forgery Bond Fidelity and Deposit Company	CCP 0001730 03	07/01/02	07/01/05	\$50,000	\$ 442
o CSLP Baysox Club, LLC (Bowie Stadium) Gulf Insurance Group	CLP0461880	04/01/04	04/01/05	\$500,000 Building Contents \$6,500,000 Building \$2,000,000 General Liability \$1,000,000 Automobile Liability Auto Physical Damage: \$500 Collision deductible \$100 Comprehensive deductible \$100,000 Garage Keepers Liability: \$250 deductible	\$ 53,234
	BA5737062				
o College Park Aviation Museum CGU Commercial Lines Policy	CPR651437	11/05/03	11/05/04	\$300,000 Berliner Helicopter \$310,000 1917 Curtis Jenny Plane	\$ 5,351
					<u>\$ 293,312</u>

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-17

SUPPLEMENTAL ENTERPRISE INFORMATION

Condensed Schedule of Revenues and Expenses
For the Fiscal Year Ended June 30, 2004

Recreational Facilities

MONTGOMERY COUNTY

	Conference Centers	Golf Courses	Ice Rinks	Indoor Tennis	Park Facilities	Totals
Operating Revenues	\$ 356,038	\$ 6,248,455	\$ 4,213,651	\$ 1,141,622	\$ 2,118,750	\$ 14,078,516
Operating Expenses Before Depreciation	444,487	5,954,970	3,618,037	756,337	1,419,338	12,193,169
Operating Income (Loss)						
Before Depreciation	(88,449)	293,485	595,614	385,285	699,412	1,885,347
Depreciation	35,086	745,810	716,630	52,242	127,062	1,676,830
Operating Income (Loss)	(123,535)	(452,325)	(121,016)	333,043	572,350	208,517
Nonoperating Revenues (Expenses)	-	(255,802)	(390,710)	43,244	21,275	(581,993)
Transfers In (Out)	80,203	52,494	22,601	4,195	(170,805)	(11,312)
Net Income (Loss)	\$ (43,332)	\$ (655,633)	\$ (489,125)	\$ 380,482	\$ 422,820	\$ (384,788)

PRINCE GEORGE'S COUNTY

	Airport	Equestrian Center/ Multipurpose Arena	Golf Courses	Ice Rinks	Regional Parks	Trap and Skeet Center	Sports and Learning Complex	Bladensburg Marina	Totals
Operating Revenues	\$ 193,462	\$ 1,448,968	\$ 2,236,998	\$ 409,714	\$ 272,635	\$ 1,085,754	\$ 2,314,775	\$ 31,446	\$ 7,993,752
Operating Expenses Before Depreciation	326,108	2,739,646	2,611,390	794,097	264,496	1,102,180	5,122,217	323,680	13,283,814
Operating Income (Loss)									
Before Depreciation	(132,646)	(1,290,678)	(374,392)	(384,383)	8,139	(16,426)	(2,807,442)	(292,234)	(5,290,062)
Depreciation	113,521	558,200	108,722	90,441	83,151	11,185	1,212,243	53,239	2,230,702
Operating Income (Loss)	(246,167)	(1,848,878)	(483,114)	(474,824)	(75,012)	(27,611)	(4,019,685)	(345,473)	(7,520,764)
Nonoperating Revenues (Expenses)	-	-	-	-	5,942	-	15,626	7,300	28,868
Transfers In (Out)	1,749,513	1,785,329	325,538	281,427	81,655	67,018	8,442,826	327,704	13,061,010
Net Income (Loss)	\$ 1,503,346	\$ (63,549)	\$ (157,576)	\$ (193,397)	\$ 12,585	\$ 39,407	\$ 4,438,767	\$ (10,469)	\$ 5,569,114

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

ACKNOWLEDGMENTS

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

Alfred F. Warfield
Barbara A. Walsh
and

Ali Darroodi

Andrea G. Davey

Paula J. Dawson

Tanya R. Hankton

John M. Heater

Lori K. Holland

Marion G. Joyce

Richard E. King

Deloris M. Kirby

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Abbey B. Sanford

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Photo Index

Cover:

Thanks to the generosity of William M. Rickman, Sr. who donated this picturesque 100-acre farm in Montgomery County's agricultural reserve, the Rickman Farm Horse Park in Boyds is developing a therapeutic riding program to serve children and adults with special needs.

In response to emerging trends in recreation, The Maryland-National Capital Park and Planning Commission built its first outdoor facility specifically for in-line skating at the popular Ridge Road Recreational Park in Germantown.

Page 9:

The award-winning and nationally accredited Maryland-National Capital Park Police host tours and briefings for law enforcement leaders from around the country...Harvest Festival entertainers demonstrate Square Dancing at the Agricultural History Farm Park, Derwood...Boundless Playground at Martin Luther King, Jr. Recreational Park in Silver Spring provides exercise and fun for children of all abilities...In the "Year of the Cicada," kids learn about the large, noisy insects from Park naturalists...the Ellen E. Linson pool is just one of the many Commission facilities in Prince George's County to host fun and fitness festivals for the whole family as part of the national Hearts N' Parks program...Participants join in the fun at the annual National Senior Fitness Day celebration at Robert M. Watkins Regional Park...Skaters glide effortlessly at Cabin John Ice Rink in Rockville...The Rollingcrest-Chillum community center serves as home court for a number of countywide youth and adult sports teams, including the popular over-40 men's basketball league...Wheaton Regional Park's famed antique carousel delights children of all ages...Active seniors keep fit and trim playing softball at one of the many ball fields throughout Montgomery County Parks.

Photo Credits:

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

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION



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