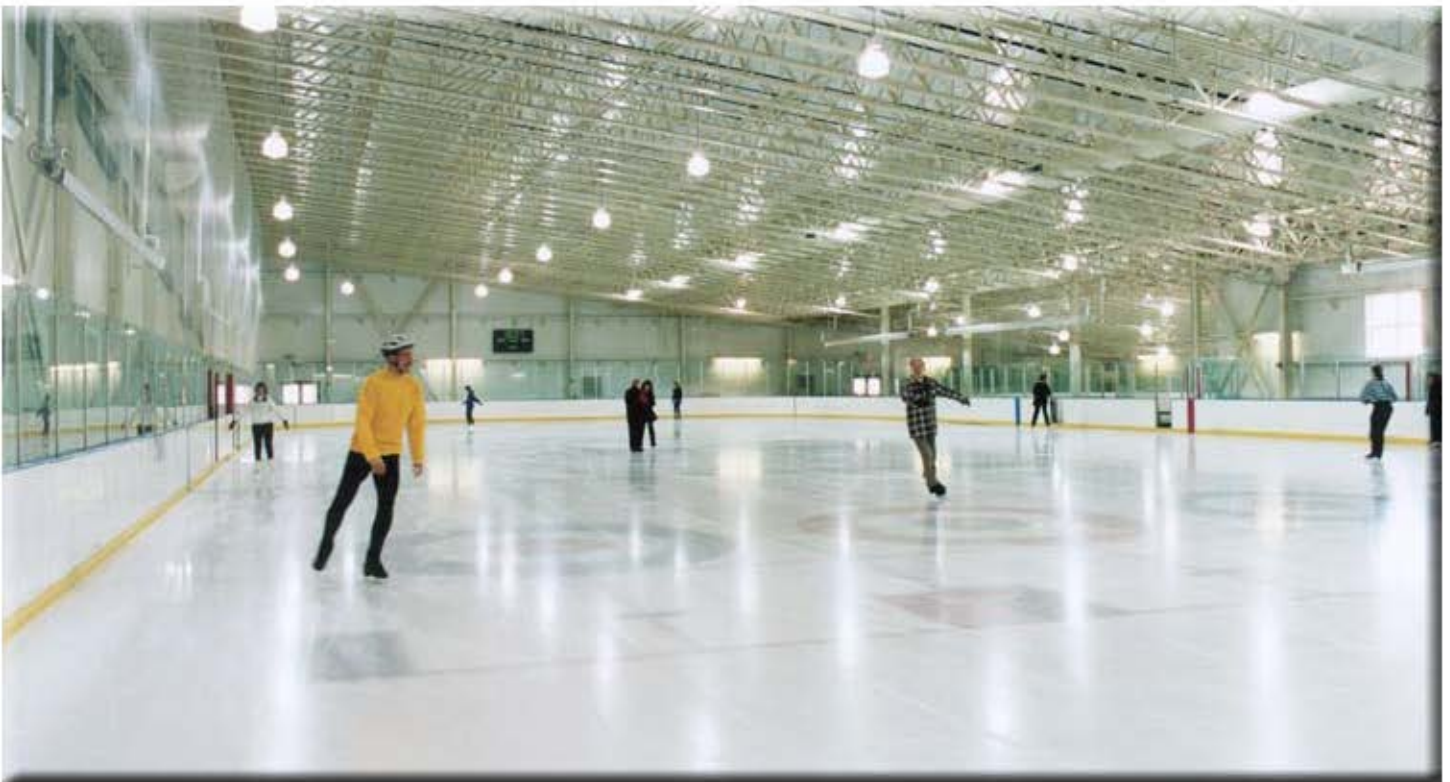


The Maryland-National Capital Park and Planning Commission



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ANNUAL REPORT
of
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
For the Fiscal Year Ended June 30, 2006**

Commissioners

Derick P. Berlage, Chairman of the Commission
Samuel J. Parker, Jr., Vice-Chairman of the Commission
Allison Bryant
Jesse Clark
William M. Eley, Jr.
Wendy C. Perdue
John M. Robinson
John H. Squire
Sylvester J. Vaughns
Meredith K. Wellington

Officers

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

Department Directors

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Mary Bradford, Montgomery County Director of Parks

Fern V. Piret, Prince George's County Director of Planning
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Prepared by the Department of Finance

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Keith R. Phillip, Cash Management
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♦ PART I ♦

INTRODUCTORY SECTION



The Commission's Prince George's Stadium is home to the Bowie Baysox minor league baseball team.

September 15, 2006

Commissioners:

The Comprehensive Annual Financial Report of The Maryland-National Capital Park and Planning Commission ("the Commission") for the fiscal year ended June 30, 2006 is hereby submitted. This Report was prepared by the Commission's Finance Department, in accordance with the provisions of Article 28, Sections 2-113 and 7-107, of the Annotated Code of Maryland. Responsibility for the completeness and reliability of all the information presented, including all disclosures, rests with the Commission. We assert that to the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the governmental activities, business-type activities and various funds of the Commission in accordance with accounting principles generally accepted in the United States of America (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

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

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

State statutes require an annual audit by independent certified public accountants. The Commission selected the accounting firm of Clifton Gunderson LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission for the fiscal year ended June 30, 2006 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, 2006 are fairly presented in conformance with GAAP. The independent auditor's 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 8 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, property taxes, and the Commission's conservative fiscal management policies. The assessable bases in both counties continue to experience solid growth, and collections, including interest and penalties as a percent of the levy, are consistently above 98%. The Commission prepares quarterly financial projections to help guide current year expenditures based upon anticipated revenue sources. In addition, the Commission maintains a comprehensive fund balance policy to provide a cushion against unforeseen expenditures or revenue shortfalls in each fund. At June 30, 2006 the Commission's General Fund budget basis ending fund balance was approximately of \$85.1 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.

Long-term Financial Planning

The Commission prepares a six-year projection of results for its Prince George's County operations, which is reviewed with the Prince George's County Spending Affordability Committee. A high level long-term plan is prepared by Montgomery County government with Commission input. A more detailed long-term projection for the Commission's Montgomery County operations is being developed by the Commission.

The Commission has an established fund balance policy of designating 3% to 5% on budgeted expenditures for contingencies. In Montgomery County a designation of 3% of budgeted FY2007 expenditures was made, while in Prince George's County this percentage was 4.35%. In both Counties there are undesignated fund balances, which could also be used to provide funding for unexpected needs.

There are significant undesignated fund balances in Prince George's County (\$53.6 million) which are planned to be used over the six-year period to maintain a stable tax rate for the Commission in that county.

Major Initiatives

The Commission enjoyed an excellent program year in fiscal year 2006. 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 \$8,878,000 during fiscal year 2006. The average rate of return on the Commission's cash and investments during fiscal year 2006 was 4.22%.

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, 2005 in funding 102.8% 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, 669 retired employees received these benefits, which are financed on a pay-as-you-go-basis. GAAP does not currently require governments to report a liability in the financial statements in connection with an employer's obligation to pay these benefits. The Commission set up a trust fund to begin accumulating funds for payment of future post employment benefits. Amounts placed in the trust were not based on any actuarial studies. Over the past few years, no contributions have been made to the trust; however benefits were paid from the trust through fiscal year 2005. The fund has net assets of \$131,700 at June 30, 2006. This Trust Fund is expected to be the vehicle for any funding that may be appropriated for Other Postemployment Benefits in connection with the implementation of the accounting requirements of GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" in fiscal year 2008.

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, 2005. 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 2006. 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 cursive and fluid, with the first name "Patricia" being the most prominent part of the signature.

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, 2005

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.

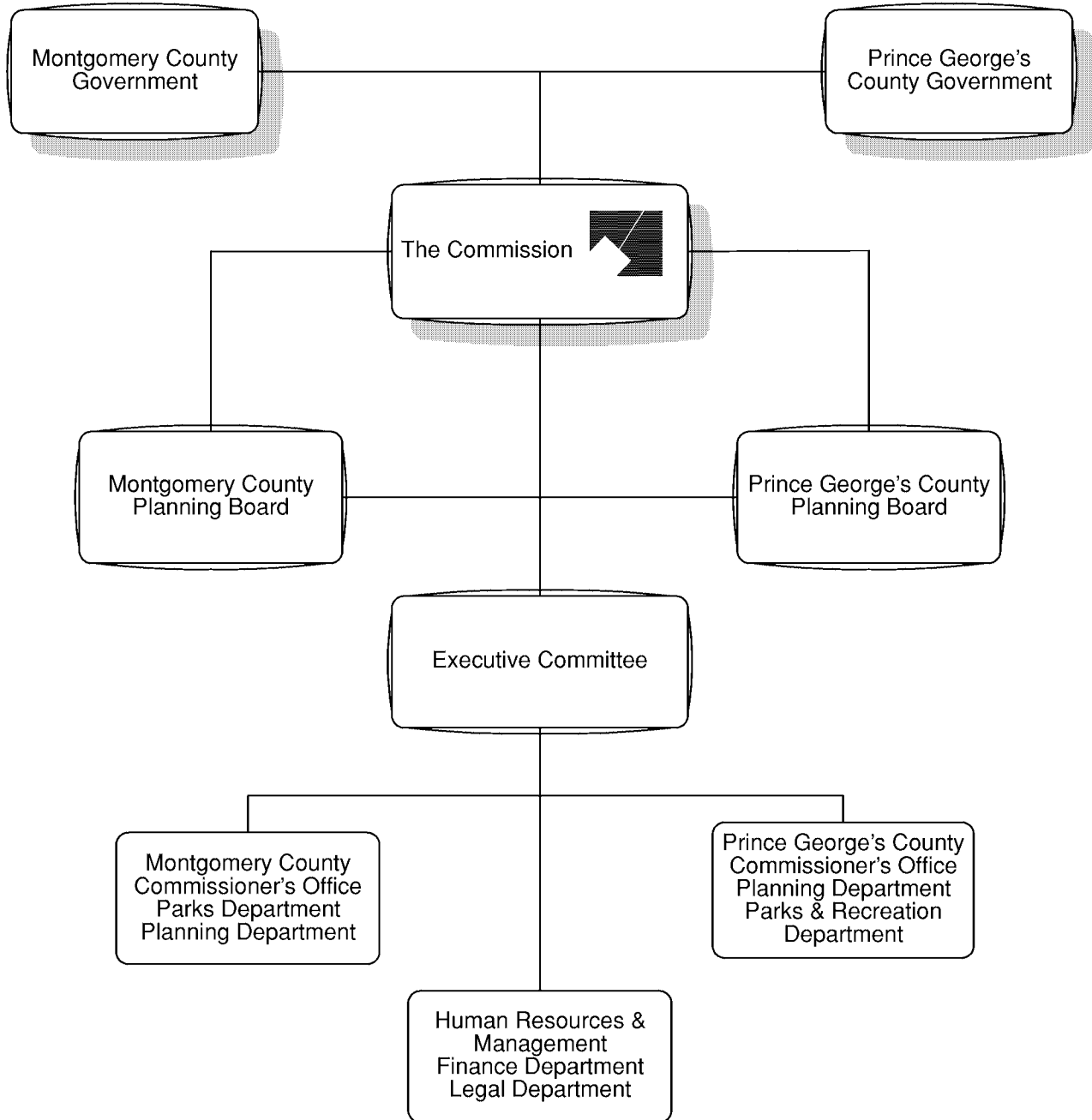
The Commission coordinates and acts on matters of interest to both Counties. Two regional offices are maintained, one in each County. The Commission meets once each month regularly, the site of the meetings alternating between the two regional offices. The members of the Commission from each County serve 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 58,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its staff consists of over 1,935 career employees - planners, park and recreation administrators, park police and administrative staff. In addition, it employs approximately 4,945 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 2006 Program Highlights

The Maryland-National Capital Park and Planning Commission continued its proud tradition of providing outstanding parks, recreation, and planning services to the citizens and residents of Montgomery and Prince George's Counties during fiscal year 2006 (FY06). As the steward of more than 58,000 acres of land, the Commission contributes substantially to the protection and preservation of the entire region's environment, providing recreation and conservation activities, and managing land use and economic growth throughout the bi-county area. During FY06, the Commission's work was again recognized with numerous awards, including: Government Finance Officers Association (GFOA) Awards for Excellence in Budget and Annual Financial Reporting; Apex awards for Excellence in Publications; awards from the Regional Chapter of the American Planning Association (APA) for the Montgomery College Silver Spring expansion, Montgomery County Countywide Bikeways and Prince George's County Green Infrastructure Plans; re-accreditation of the Maryland-National Capital Park Police by the Commission on Accreditation of Law Enforcement Officers (CALEA); and the National Alliance for Workplace Excellence's "Seal of Approval".

As a reflection of its designation as a workplace of excellence, the Commission continued to add to and enhance professional training and development opportunities for staff, adopting a Transformational Leadership Workforce Planning Program for aspiring leaders, additional training opportunities for trade-related occupations, and, "Command Spanish" classes to better serve an increasingly diverse customer base. The Commission also embarked upon a major "branding" campaign to position the organization to be able to better understand the needs and concerns of its customers, and to provide the most appropriate programs, services and facilities to meet those needs now and in the future.

Continuing its commitment to fostering public/private projects and partnerships, the Commission received grants from a number of private partners, including the Bruner Foundation's award for Urban Excellence in Silver Spring, and grants from the First Tee Program and United States Golf Association. A new "Partners in Parks" program in Prince George's County welcomed three initial corporate members, and the historic Uncle Tom's Cabin Site/Riley Farm was purchased with grant assistance from Maryland's Program Open Space.

Montgomery County Departments of Planning and Parks

During FY06, the Montgomery County Department of Park and Planning was divided into two separate departments. This change was implemented to enhance and strengthen the Commission's capacity to deliver first-rate park and planning services to the community.

Planning for Metro Station Areas: The County Council approved a new Shady Grove Sector Plan that provides for the transformation of an existing industrial area into a vibrant new mixed-use community near Metro, and the Woodmont Triangle Amendment to the Bethesda Central Business District Sector Plan that continues creative planning and urban design for Metro station areas. Ongoing changes to the Silver Spring, Twinbrook and Shady Grove Metro Station Areas were presented at the annual conference of the American Planning Association (APA). APA's National Capital Area Chapter honored the Department with an award for planning and implementing the expansion of the Montgomery College Takoma Park/Silver Spring campus near two Metro stations.

Promoting Development Patterns Concurrent with Environmental Protection: The Green Infrastructure Functional Master Plan began; the Damascus Master Plan incorporated low density clustering around the town center to protect environmentally sensitive areas; and the Shady Grove Master Plan focused residential development near Metro to reduce auto travel and sprawl. As the regulatory agency for the Forest Conservation Law, the Department established a task force to review program management, administration, and staffing, to make it a national model. The Going Green program held its second outdoor fair and a lecture series to promote recycled, energy-conserving materials to make homes more comfortable and less expensive to heat and cool.

Keeping Montgomery County Moving: As the County's source of transportation forecasting and analysis, the Department continued to work for the best approaches to knowledge-based decision making. The annual Congestion Monitoring Report was completed. Staff planned for the Bi-County Transitway, Corridor Cities Transitway, a number of interchange projects, and numerous other transportation projects. The Intercounty

Connector study transition from planning to design was supported by staff from all parts of the Department. Staff included pedestrian and bicycle accommodations in its planning and implementation work.

Supporting Employment Center Development in the I-270 Corridor: Master plans and sector plans for Germantown and Gaithersburg continued. 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 transportation, examine opportunities for mixed-use development and redevelopment of mature commercial centers, and increase higher education opportunities, including the University of Maryland, Johns Hopkins University and Montgomery College, in the I-270 Corridor.

Protecting Rural Communities: Protecting agricultural and rural open space, including parts of the Damascus and Olney areas, continued as a focus of planning in the County. In May, the County Council approved the Damascus Master Plan. Strategies include expanding the Legacy Open Space Program, increasing the receiving areas to provide opportunities to transfer development rights, protecting rural villages through the application of the Rural Village Center Overlay Zone, and enhancing the urban/rural edge by use of the Neighborhood Cluster Zone. To preserve water resources of the Patuxent River, the Plan increases forest areas, reduces impervious areas, increases setbacks from sensitive streams, and directs development to the existing town center.

Conserving our Past: Projects included: a strategic plan for M-NCPPC-owned cultural resources; acquisition of two major new historic properties, the Riley Farm/Uncle Tom's Cabin and the Brainard Warner Property in Kensington; work on park-owned historic sites, including major stabilization of the Woodlawn stone barn, ongoing rehabilitation of the Bussard farmhouse and renovation of the Red Door Store; and continuing review of sites for local historic designation. Staff continued to coordinate with the County's Heritage Tourism Alliance to reinforce conservation and interpretation of significant historic resources.

Housing Montgomery: The Department continued to play a critical role in developing and implementing policies and plans affecting the production and retention of housing in the County, and served as a key information resource, providing policy analysis support to the County Council and the Planning Board on affordable housing and other housing-related issues. Master plans approved in the past fiscal year increased the housing capacity of the County by thousands of units. Private proposals for new residential development were examined for conformance with approved regulations, policies, and plans by the development review staff.

Planning Framework in Maturing County: Montgomery County is transitioning from a largely auto-dependent suburb into a more urban form with mixed-use transit-connected centers along major transportation routes. To support this transition, the Department continued to develop a "tool kit" of options for amending or augmenting the County's land-use and regulatory approaches needed to plan the future, and regulate development of a maturing suburb where an increasing share of planned growth is infill and redevelopment.

Streamlining the Development Review Process: The primary focus of Development Review continued to center on improving the predictability and reliability of the review process, while enhancing transparency and responsiveness to the public. The Department continued to work intensively to hire additional development review staff; develop new processes for intake and records management; establish a technical team responsible for providing extensive support to reviewers; create a collaborative problem-solving culture within the Department and with outside agencies; and develop a standard for staff reports that will include standardized conditions and a process for issuing resolutions in a timely manner.

Focusing on Geographic Information Systems and Research: Department staff took major steps to increase the transparency of the development review process through an on-line GIS-based development information searching tool, the capabilities of which continue to expand. Research work included the annual Economy Study; a study of the County's agriculture economy; demographic and market studies supporting master plans; housing studies; and staff support for housing and growth-related policy issues. Substantial investment was made in equipment, management of the website www.mc-mncppc.org and continued expansion of e-commerce offerings.

Serving the Community: The Department continued to serve large numbers of residents and visitors with award-winning parks and facilities, expanding its customer base to more than 14 million visits in FY06. In a customer survey, more than half of respondents, and more than 65% of park users, rated park programs, facilities, and services as superior. The automated user registration system, ParkPASS, continued to grow with

close to 40,000 clients served (20% more than FY05). The web site, www.montgomeryparks.com, continued to provide a variety of information to the public, with nearly 10,000 visitors each month to the home page alone.

Communicating with the Public: A new County Parks and Heritage Sites Map and Guide was printed and distributed free at public and retail locations. The Department and County Recreation Department developed a quarterly Recreation and Parks Program Guide, which includes a full list of classes and programs and is mailed to 86,000 homes. Many publications are now produced in Spanish to reach the growing Latino population, and park managers attend “Command Spanish” courses. Park staff participated in developing a Diversity Action Plan and many of the Plan’s goals and strategies, including cultural competency training, are being implemented.

Storm of June 2006: Lake Needwood Dam became the focus of national news after an attentive Parks staff member spotted a leak. An Emergency Operations Command Center was activated and a residential evacuation was conducted downstream from the dam. Extensive damage throughout the system affected roads, bridges, and many facilities. The Parks Department is cooperating with the County in a FEMA/MEMA application and in reviewing the Emergency Management Plan for the dam, as well as updating the Department’s internal processes.

Promoting Park Safety: An Office of Legislative Oversight (OLO) Report affirmed that the 32,950-acre park system is an extremely safe place for residents to visit and enjoy. The report recommended certain improvements in deployment and other operations. Park Police is addressing these issues to provide the highest degree of park safety in the most efficient manner, and to coordinate effectively with County Police. A new program will include Park Rangers to patrol and monitor local ball fields, and interact with organized and unorganized field users.

Managing the Capital Improvements Program (CIP): Parks’ CIP funds parkland acquisitions, park renovations, infrastructure maintenance, environmental stewardship projects, and construction of new park facilities. In FY06, the focus centered on implementing infrastructure maintenance projects, supported by significantly increased Council funding levels. The Park Development Division continued to manage over 200 active projects in different stages of completion.

Protecting Open Space: Acquisitions of more than 470 acres brought the park system to nearly 33,000 acres. Properties include land in several stream valley parks, three neighborhood parks, two conservation parks, one regional park, two special parks and one recreational park. New parks acquired or placed under contract included Uncle Tom’s Cabin, Circle Manor in Kensington, Kings Crossing Local Park, Maiden Lane Urban Park and Matthew Henson State Park/Greenway. Through its Legacy Open Space program, the Commission protected 248 acres of sensitive natural and heritage resources, including 53 acres of the 470 acres of total acquisitions.

Strategic Planning for Recreational Opportunities: Enterprise Fund facilities continued to provide great recreational opportunities at affordable prices, and were evaluated based on: developing a marketing program; establishing a plan and funding strategy to address capital improvement needs; improving customer service skills for staff; re-examining the Enterprise Fund model; and transferring golf course operations to the Montgomery County Revenue Authority. This transfer is significant in enabling the Fund to continue as a self-sustaining fund and to provide high quality, affordable services to the community as efficiently as possible. Increased marketing in conjunction with a new on-line lesson registration system for the Department’s two ice rinks and the in-line rink achieved more than a \$450,000 (11%) increase in revenue for FY06 over FY05.

Developing Innovative Programs and Volunteer Opportunities: Two new programs served the County’s changing population. The Latino Tennis Initiative, which provided access to tennis for Hispanic youth, was supported by grants from two tennis associations, and transitioned into an after school sports and mentoring program. The Week in the Park Summer Camp provided a fun, educational experience. Thousands of volunteers contributed the equivalent of 24.04 work years at a value of \$877,500 and a new trails volunteer coordinator began developing an inspection and maintenance program. Staff developed training programs for Brookside Garden’s butterfly exhibit volunteers and Oakley Cabin docents; courses for Weed Warriors and Nature Center volunteers are underway.

Managing Park Regions: Recently, the nature centers have undergone significant changes. New management staff has been instrumental in developing and implementing a strategic plan to develop new types of programming

to take free and spontaneous camp programs to schools and heavily used parks. In addition, expanding operating hours at some facilities and publishing the comprehensive Parks and Recreation Program Guide resulted in an overall increase in attendance and revenue.

Conserving Natural Resources: Brookside Gardens' Master Plan opened the way for major improvements, and its School of Botanical Art and Illustration continued to attract students nationwide. Staff expanded the Deer Management program to include 18 parks, reducing deer-vehicle collisions and improving vegetative growth. Volunteers, staff, and contractors helped control non-native invasive plants by treating more than 275 acres, a 300% increase over last year. Staff completed reviews, fieldwork, and recommendations on the Intercounty Connector and dozens of other projects to minimize effects on natural resources. Pope Farm Nursery supplied 1,400 trees and 45,000 annuals to park facilities and obtained funding to move large caliber trees at a local park.

Prince George's County Department of Parks and Recreation

Meeting Customer Needs Through Innovative Service: The Department of Parks and Recreation continued to provide comprehensive park and recreation programs, facilities, and services to respond to changing community needs, and to preserve, enhance, and protect open spaces to enrich the quality of life for present and future generations. The SMARTlink automated registration system continued to grow, with 263,922 customers registered. A new weekly parks and recreation e-mail newsletter was created to keep customers up-to-date on events and activities, and the Department's web site, www.pg parks.com, continued to offer information to the public 24 hours a day. The Partners 'n Parks program was established with REI, AARP and the University of Maryland to assist the Department in beautifying and conserving parkland, and grants were received from state and national organizations to use for specific park and recreation improvements.

Enhancing the Park System: The Department completed Geographic Information System (GIS) park layer re-inventory and mapping to better manage its 25,240-acre park system. Completed construction projects included: Berwyn Heights Neighborhood Playground building; College Park Community Center soccer field; Daisy Lane Neighborhood Park; and equipment, renovation and additions to 19 park sites. Projects underway include: Oxon Hill Manor restoration; renovations at the Bowie and Columbia Park Community Centers; North Forestville Elementary School gym addition; renovation and additions at 15 park sites; Watkins Regional Park entrance road and bridge; and improvements to Allentown Aquatics and Fitness Center, Anacostia River Trail, Beltsville/Laurel Senior Recreation Center, Concord Mansion, Fairland Aquatics Center, Paint Branch Golf Course, Prince George's Sports & Learning Complex, Riversdale House Museum, and Theresa Banks Aquatic Center.

Staging Successful Community Events: A multitude of community days were held throughout the County, and thousands participated in popular annual events such as: the 25th annual Kinderfest, Marlboro Day, the Harlem Renaissance Festival, Festival Hispano, Suitlandfest, New Carrollton Day, Hillcrest Heights Day, Unity in the Community, the Positive Teen Talent Search, and the 8th annual Teen Cotillion. The Festival of Lights at Watkins Regional Park dazzled more than 100,000 visitors with holiday light displays throughout the park.

Planning and Providing Recreational Opportunities for All: Sports leagues attracted over 29,000 participants, and more than 21,000 youth enrolled in summer camps, playgrounds, and teen centers. Through a cooperative agreement between M-NCPPC and a group of apartment communities, transportation, registration and trip fees for the summer playground program were provided for 150 children who otherwise would not have been able to participate. Programs such as the Nike Indoor Championships and the 2006 Special Olympics Spring Games held at the Sports & Learning Complex involved people of all ages and ability levels and proved to be crowd pleasers. The 20th Annual Celebration of Black History Month opening reception and programs highlighted contributions made by African Americans to our community. A series of free outdoor concerts throughout the park system delighted music enthusiasts. Two new accessible golf carts for use by persons with disabilities were purchased with a grant from the United States Golf Association and the Prince George's Youth Golf Foundation for use at two facilities.

Serving the County's Youth: The Department continued to serve as an excellent resource for providing positive youth experiences to last a lifetime. A new web page, www.pg xstremeteens.com was launched, a special training series was developed for staff working with youth, and a Visioning workshop was conducted for youth to gather information about their programming needs. The Prince George's Employees' Child Care Center and the child care facility at Glenridge Elementary School were accredited by the Maryland State Department of Education for

excellence in early childhood education. Lunches were served to needy children at 77 summer program sites; and pre-school, before- and after-care, and Kids Day Out programs continued.

Supporting the Arts and Cultural Heritage: Historic rental properties again proved to be popular, hosting a variety of events, from weddings to business conferences. Critically acclaimed, sold-out performances were hosted by the Department's outstanding arts facilities and over 250,000 patrons attended events at the Show Place Arena. Negotiations began in support of the Brentwood Arts Center, a Gateway Arts District initiative, and M-NCPPC completed negotiations with the City of Bowie, BRAVA and the Prince George's County Board of Education to develop a joint-use agreement for the Bowie Regional Performing Arts Center. The Shakespeare in the Parks program celebrated its 21st year with the National Players production of *A Midsummer Night's Dream*.

Preserving and Protecting Natural and Historical Resources: Innovative and popular educational programs continued at the Department's museums, nature centers, waterfront parks, and natural areas. Staff naturalists, museum educators, park rangers, and volunteers provided programs for thousands of local students from pre-school to college. Environmental improvements within parks and communities were achieved through special events, conservation and reforestation projects, river and stream-valley cleanups, and a continued partnership with the County's Livable Communities Initiative. Partnerships also continued with groups such as the Patuxent River Keepers, Anacostia Watershed Society, Riversdale Historical Society, Prince George's Historical Society, Patuxent 4-H Foundation, Friends of Dorsey Chapel, and the Surratts Society who all worked hand-in-hand with the Department to promote, protect and restore the rich natural and historical heritage of Prince George's County.

Keeping our Parks Secure: The Maryland-National Capital Park Police earned re-accreditation through the Commission on Accreditation for Law Enforcement Officers. Park Police provided security around-the-clock at all parks and recreation facilities, utilizing sophisticated technology such as Mobile Data Terminals in police vehicles and state-of-the-art alarm systems at facilities. A canine program was implemented to add an additional resource to combat crime. Park Police continued to participate in regional area task forces with allied agencies to combat drug abuse and trafficking, and to address gang problems. Officers assisted with mentoring programs, the Drug Awareness Resistance Education (D.A.R.E.) program, the N.F.L. Punt Pass and Kick Competition, the COPS Camp for Kids, and many other community events and safety initiatives, such as the "Click It or Ticket" and the Donate a Phone to Victims of Domestic Violence programs. Graduates of the Park Police Community Volunteer Academy assisted with a variety of tasks and served as citizen eyes and ears in the park system.

Maintaining Parks and Facilities: Maintenance and development staff admirably handled the construction and repair of facilities, and the maintenance of the park system. Staff responded to storm damage for repair and stabilization of banks at Adelphi Mill, Dorsey Chapel, Huntington Community Center, Kirkwood Neighborhood Park, Paint Branch and Henson Creek Golf Course, and removed downed trees at numerous locations. The Department continued to partner with the County in its snow emergency program, by maintaining four major county routes during major storms. In cooperation with the Metropolitan Washington Air Quality Committee and the Council of Governments, the Department continued to make operational changes to improve air quality in the area, including equipment and refueling restrictions on declared Code Purple and Code Red days, conversion of gasoline cans to reduce harmful emissions, and the purchase of hybrid vehicles to conserve natural resources.

Prince George's County Planning Department

Communicating with the Public: The Department launched an interactive web-based program Development Activity Monitoring System (DAMS) that provides the public with ready access to information on development activity in the County. This program, available on the Department's web site at www.mncppc.org/pgco, provides viewers with the opportunity to gain knowledge of and monitor development activity in their neighborhoods and countywide. Access to this information has created a twenty-five percent increase in the over 13 million visitor hits that the web site normally receives annually. The Planning Information Services office in the County Administration Building also served more than 20,000 customers during the year.

Contributing to Policy, Planning, and Development Decisions: The Department collaborated with other public and private agencies to sponsor Prince George's County's first annual Economic Outlook Forum. The forum was designed to hear recommended solutions from a panel of experts, obtain input on future directions from the community of stakeholders, and issue a report on the status of accomplishments regarding the County's economic development strategic plan. In addition to work on the cooperative forecast used by the Metropolitan

Washington Council of Governments as input to regional and local needs and federal funding decisions, research center staff completed reports on the senior housing and office markets in the County, and a study of agriculture land. The Department also contracted for an update to the year 2000 census of the County's population.

Planning for Quality Communities: Work continued on master plans, Sectional Map Amendments (SMAs), Zoning Map Amendments (ZMAs), specialized planning studies, and Planning Assistance to Municipalities and Communities (PAMC) projects. The Bowie and Vicinity Master Plan/SMA, Henson Creek–South Potomac Master Plan/SMA, East Glenn Dale Sector Plan/SMA, Suitland Mixed-Use Town Center Development Plan/ZMA, and West Hyattsville Metro Station Transit District Development Plan were all approved. The Preliminary Westphalia Sector Plan/SMA was completed. Planning studies were completed for the Camp Springs Area Arts District Planning Area, and Landover Mall and Vicinity. A Bladensburg Town Center Sector Plan/SMA and a Hyattsville Artway Study were initiated.

Planning for Public Facilities: Work on the Public Safety Master Plan continued. After an initial draft was completed, it was determined that more specific police analysis would be required. The District Council approved a minor extension of the master plan work schedule to accommodate the additional research. Staff provided public facility technical support for the Bowie, Henson Creek and Westphalia Sector Plans. Staff also assisted the School Construction Management Team, and coordinated the Planning Department's analysis for the Water and Sewer Plan Amendment cycles.

Developing Efficient Transportation Systems: Major planning studies for the Intercounty Connector were completed, while studies for the Bi-County Transitway, US 1/MD 201 Corridors, and the Capital Beltway Corridor continued. Preparations continued towards the initiation of the Countywide Master Plan of Transportation. The new transportation model was completed and delivered at the end of the fiscal year for testing. 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, 41 traffic impact studies for development activities were processed.

Preserving and Protecting the Environment and Historic Properties: The Department continued implementation of the Countywide Green Infrastructure Plan through the review of land development applications; coordinated with the Department of Environmental Resources on a countywide mitigation database; and assisted with the preparation of recommended legislation. A requirement for Natural Resources Inventories to provide documentation of environmental resources earlier in the land development process was also established. Legislation sponsored by the Planning Board requiring archeological review of most subdivision applications was approved. The Planning Board subsequently adopted archeological review guidelines and implemented the archeology review process. An update of the *Illustrated Inventory of Historic Sites* was completed. Properties were designated as Historic Sites through the Bowie and Henson Creek Sector Plans. A National Register Multiple Property Documentation for Mid 20th Century Garden Apartments in Prince George's County and an individual National Register nomination for the Hill Top Manor Apartments were reviewed and forwarded to the County Executive along with a recommendation for listing in the National Register of Historic Places. Staff provided reports and recommendations to the Historic Preservation Commission on development cases, on Historic Area Work Permits, and on Preservation Tax Credit applications. Staff also supported the Historic Preservation Commission in its designation of the Old Town College Park Historic District.

Instituting State-of-the-Art Mapping Systems: Geographic Information System (GIS) staff initiated a major software upgrade that will require virtually all existing data and user applications to be modified or replaced. Once completed, the new GIS database and business applications will provide for a more efficient and effective GIS environment. A long awaited project to integrate GIS on-line mapping (www.pgatlas.com) and data with the Department's Development Activity Monitoring System (DAMS) was also initiated. This application will fundamentally change the way development activity data is delivered to the staff and the public. Once completed, current information about development activity in Prince George's County will be available on the Internet to the public at all times and citizens and residents will be able to research development activity by application number, site address or several other selection items, or by locating the site on a map via www.pgatlas.com.

Promoting Responsible Development: Several hundred applications for zoning map amendments, special exceptions, conceptual and detailed site plans, and preliminary and final plats of subdivision, along with over 28,000 permits, were reviewed and analyzed, with expert professional advice provided to decision makers.

Several major development proposals were approved in the vicinity of Metro Transit Stations and major transportation corridors including Northgate, a 17-story urban-density high-rise; Riverside, in the University of Maryland Research Park comprising 255,000 sq. ft.; and Greenbelt Station, comprising 2.3 million sq. ft. of retail and office space, 2,000+ dwelling units and a 300-room, 5-star hotel. Staff also supported several major initiatives including: completion of the Westphalia Comprehensive Conceptual Plan Study that could potentially support 15,000 dwelling units, 4.5 million sq. ft. of employment and .7 million sq. ft. of retail uses within the Pennsylvania Avenue Corridor; and new innovative development tools designed to preserve and enhance the character of the Rural Tier, including a Purchase of Developments Rights program, Conservation Subdivision process and protective regulations for stream buffers.

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: DHRM led the development and approval of a Strategic Plan that establishes goals and objectives on a Commission-wide basis. In concert with the Strategic Plan, 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 the Transformational Leadership Program, a dynamic workforce (succession) planning process that includes both classroom and experiential components. Twenty employees participated in the inaugural effort. Commission-wide, 106 participants attended Professional Development Training in addition to training offered by the Departments. The Commission's Leadership Institute graduated 45 new supervisors in the Leadership I program. In FY06, a more advanced training tier was implemented with the introduction of the Leadership II program. Forty-five participants graduated during FY06. A Community Spanish component was also added. The third mentoring program got underway during mid-year with 40 participants enrolling in this very successful program. Progress in development of the branding initiative included conducting a public survey, workshops and all-staff training. Additionally, the Department implemented an Apprenticeship Program for the Trades employment category. Work continued on communication through the employee speak-out forum, *Have Your Say*, monthly publication of the supervisory help guide entitled *Tips*, and use of a messaging tree for priority information flow. Information/communication services were also improved via enhancement of intranet services by greatly expanding direct access to documents and resources helpful to employees and by creating on-line resources to support supervisors and managers. The Department provides leadership to the cross-functional Diversity Council and supports a variety of monthly activities recognizing the richness of diversity in the community we serve.

Employee/Labor Relations: In FY06, the Department implemented a new three-year Collective Bargaining Agreement with the Fraternal Order of Police, Lodge No. 30. In addition, the DHRM completed a contractual re-opener on retirement issues and negotiated a new three-year agreement with exclusive representation from the Municipal and County Government Employees Organization (MCGEO) for employees in the Service/Labor Units, Trades and Office/Clerical Bargaining Units that became effective on July 1, 2006. Work in labor relations included a joint labor and management task force resolution of identified, specific workplace issues as provided by the MCGEO contract.

Continuous Improvement in Management and Employee Services: The Department continued participation on a multi-agency committee to explore strategies and actions to curb escalating medical costs and best practices on cost containment, such as participating in multi-agency requests for proposals to ascertain best costs. DHRM conducted another successful employment program for persons with disabilities and, the DHRM, in partnership with the Department of Finance, is expanding and enhancing an automated time and attendance system. In FY06, DHRM increased the quantity and diversity of applicant pools for job vacancies through web-based recruiting and outreach efforts including numerous job fairs and networking. Policy development initiatives included issuance of an updated Administrative Practice of Political Activities and the initiation of an update to the Merit System Rules and Regulations. During FY06, 5 classification series were revised containing 17 specifications and affecting over 51 employees, and 17 reclassification actions were processed during two open windows. The Department also conducted market comparability compensation studies for seasonal and

intermittent employees, the park police command staff and planner series. DHRM implemented an Automated External Defibrillator pilot program at various facilities. The Department conducted supervisory training on over 25 safety-related topics and trained over 600 employees in defensive driving. In FY06, DHRM coordinated and conducted training for over 1,500 employees in Standard First Aid and CPR.

Recognized Efforts: The Department provides leadership and coordination to ensure accreditation criteria remain in compliance and continuous improvement from the Commission for Accreditation of Park and Recreation Agencies (CAPRA). The Department received the *Distinguished Budget Presentation Award* from the Government Finance Officers' Association for the 19th consecutive year.

Department of Finance

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

Refunding Debt and Analysis of Public/Private Partnership Transactions: In FY06, the Department coordinated the refunding of \$5.5 million Montgomery County Park Acquisition and Development Refunding Bonds and \$13.7 million Prince George's County Park Acquisition and Development Refunding Bonds. The refunding of the outstanding debt resulted in a net present value savings to the Commission totaling \$799,334. The Department also facilitated an RFP to add an additional broker-dealer to the Prince George's County Series, AA-2 Variable Auction Rate Notes in order to ensure competitive rates. The Department continued to provide financial and contractual guidance on numerous public/private partnerships including extensive work on SoccerPlex, SilverPlace, Brentwood Arts Center, and the golf course transfers to the Montgomery County Revenue Authority.

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 115 audits of Commission activities and facilities. To address the increasing Audit Program, outside contracting services were put in place to augment the existing staff. The Cash Management Division updated the Commission's Investment Policy, which clarified and expanded the policy in the areas of objectives, ethics, limitations on authorized investments and authorized institutions/brokers/dealers and internal controls. The policy was also updated to expand the Certificates of Deposit and Time Deposits section to allow the Commission to participate in the Certificate of Deposit Account Registry Service (CDARS) program that provides the ability to invest in smaller local banks in Maryland, at competitive market rates.

Automating/Streamlining Efforts: The Department continued implementing recommendations from the Commission-wide procurement study. Certain sole source computer software and hardware maintenance renewals and contracts under \$50,000, are now processed more expeditiously. The automated purchasing module, which allows for online processing and approval of purchase orders and invoices, is near completion with only a small number of units remaining to be automated. This automation is the first step in moving toward an e-procurement environment. The data from Prince George's County Parks and Recreation SMARTlink class registration system is now automatically fed to the Performance Series accounting system, eliminating time consuming manual data entry and increasing accuracy. The Department continued to provide guidance for the planning and implementation of systems with financial components, including KRONOS, an updated and expanded system to automate time and attendance and the continued support of the golf course point of sale systems, SmartParks, ParkPASS and SMARTlink.

Outreach to Minority, Female and Disabled Vendors: The Department's Purchasing Division continues to expand its outreach efforts in trade and procurement events. The events reflect the increasing diversity of the two Counties and included events sponsored by the Hispanic Chamber of Commerce, Congressman Wynn, Council of Governments (Maxaccess), and Montgomery and Prince George's Counties. The Commission achieved an MFD utilization rate of 38%, the highest utilization rate thus far.

Information Systems Support: The Department's IT Division continues to support and maintain more than 70 different applications, primarily the financial, human resources and payroll systems, but also numerous other

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

Financial Reporting: For the 33rd 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 FY05 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. The Office guides the Commission's internal corporate operations; advises staff and the Planning Boards as they navigate their important quasi-judicial and regulatory responsibilities; advocates on the Commission's behalf in litigation before the state and federal courts; and participates in cross-functional teams assembled periodically to develop creative solutions to new challenges facing the Commission.

Protecting the Public Interest in Litigation: The Office of General Counsel represents the Commission in a majority of disputes resolved in the state and federal court systems. Over the course of the past fiscal year, the staff attorneys either handled or supervised 46 court cases carried over from FY05, and managed more than 30 new cases. As of the FY06 year-end, the Office is managing 34 active cases. A sampling of significant cases included successfully defending the Prince George's County Planning Board from an attempt by a public utility company to win an injunction that would have stopped the Board from considering a special exception to construct a massive liquefied natural gas facility in Chillum, Maryland. After failing to achieve a temporary restraining order, and based on the legal brief filed to support the Commission's motion to dismiss, the utility company decided to withdraw the lawsuit. Another significant case involved achieving a favorable settlement in a lawsuit initiated on behalf of the Montgomery County Parks Department to recover on breach of contract and professional negligence claims against the architectural firm that designed the Brookside Gardens Visitors Center without adequate planning for handicap facilities required under the Americans With Disabilities Act (ADA).

Enhancing the Stewardship of Public Funds Through More Effective Contracting: The 2006 Fiscal Year marks the creation of the Transactions Practice Team in the Office of the General Counsel. The overriding purpose of the team is to provide an efficient structure to coordinate and manage the legal support for Commission procurement activities, contract formation, contract management, and the negotiation of various public/private partnership arrangements in both counties. The Team is staffed by a senior transactional attorney, who now supervises and coordinates the work programs of two other attorneys assigned to support the work programs of the Montgomery County Parks Department and the Prince George's County Department of Parks and Recreation.

Building our Quality of Life – One Transaction at a Time: Commission attorneys represented staff and the Planning Boards 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 1,200 legal documents. One significant transaction included negotiating an operating agreement enabling the Montgomery County Revenue Authority to undertake interim operation of the Commission's golf course facilities located in Montgomery County. A longer-term lease and operating agreement based on the interim deal is anticipated during FY07. Another involved a complex 99-year ground lease and option agreement that allows the Commission's Department of Parks and Recreation to operate a senior/recreation center on the same campus as the Laurel Regional Hospital. Commission attorneys also advise field staff, procurement staff, and executive officers in the resolution of several formal bid protests registered by disappointed bidders.

Principal Legal Counsel to the Commission's Employees' Retirement System: The Legal Department provides legal representation to the Employees' Retirement System in a myriad of litigation and non-litigation problems, such as personnel matters and other legal issues relating to plan administration. The attorneys handle a variety of complex agreements reached under prevailing Federal securities laws to govern the System's relationships with its investment managers, portfolio transition managers, and pooled investment trusts. During

the past fiscal year, the Office of General Counsel advised the Retirement Board and supervised outside litigation counsel in prosecuting a private civil action against several Wall Street banks and underwriters responsible for marketing the debt securities issued by WorldCom. That work resulted in a favorable settlement that allowed ERS to recover more than twice the amount that would have been recovered if the System had participated in the WorldCom class action.

Providing a Valuable Resource to the Maryland General Assembly: The Office of the General Counsel continued its role as the Commission's spear-head in the Maryland General Assembly. Working with appropriate staff assembled as the Commission's Legislative Management Team, the Legal Department either played a central role or monitored 92 local and statewide bills of potential interest to the Commission.

Merit System Board

The Merit System Board is an impartial Board, which provides recommendations and decisions regarding the Merit System of the Commission and is the highest level within the Commission for hearing appeals. During FY06, 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 \$562 million. The FY06 annualized rate of return on investments was an overall gain of approximately 7.8%. The Board of Trustees actions for the year included replacement of a high yield investment manager; reappointment of Wilshire Associates as investment consultant; implementation of a new asset allocation policy which includes an allocation to Treasury Inflation Protection Securities, private real estate, indexing large capital equity and increase to international equity; review of the amortization method and actuarial experience; continuous monitoring of the investment program which resulted in monies gained as a result of litigation awards; and continued comprehensive communications to all members including publishing the System's Annual Summary Report and conducting a full day retirement planning workshop for participants.

♦ PART II A ♦

FINANCIAL SECTION

Basic Financial Statements



Montgomery County's rustic Seneca Lodge with its huge stone fireplace is available for family reunions, retreats, birthday parties and informal weddings.

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Maryland-National Capital Park and Planning Commission (the Commission), as of and for the year ended June 30, 2006, 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 an opinion 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 opinion.

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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2006 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress as referenced in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
September 8, 2006



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, 2006.

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 8 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, 2006 by \$629.8 million (net assets). Of this amount, \$162.1 million may be used to meet the Commission's ongoing obligations.
- The Commission's net assets grew by \$46.9 million during fiscal year 2006. This is largely a result of: \$20.6 million of capital grants and contributions; use of current revenues of \$12.8 to purchase and construct capital assets and \$14.7 to pay debt principal; growth in property tax revenues (\$10.2 million) in excess of anticipated, and savings in Governmental Activities expenses (\$6.7 million), offset by depreciation expense of \$19.7.
- As of June 30, 2006, the Commission's governmental funds reported combined ending fund balances of \$155.5 million, an increase of \$30.7 million. Of this amount, \$45.7 million is reserved for contracts already issued (encumbrances) and \$31.2 million is designated for use in the fiscal year 2007 budget and as contingency reserves.
- The Commission's General Fund balance at June 30, 2006 was \$100.9 million, an increase of \$26.7 million during the year. The unreserved fund balance of \$85.1 million is approximately 36% of fiscal year 2006 expenditures and transfers out. Of this amount, \$53.9 million (23% of fiscal year 2006 expenditures and transfers out) is unreserved and undesignated.
- The assets of the enterprise funds exceeded liabilities by \$86.4 million, an increase of \$.6 million.

- The Commission's bonds and notes payable decreased by \$14.4 million due to scheduled principal payments, as the only new issue was a current refunding.

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 8 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 Capital Equipment, 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 \$629.8 million at the close of the most recent fiscal year. A summary of the Commission's net assets (in millions) at June 30, 2006 and 2005 follows:

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
<u>Assets</u>							
Current and Other Assets	\$ 222.5	\$ 193.5	\$ 5.0	\$ 5.6	\$ 227.5	\$ 199.1	14.3%
Capital Assets	509.8	505.1	92.0	92.1	601.8	597.2	0.8%
Total Assets	732.3	698.6	97.0	97.7	829.3	796.3	4.1%
<u>Liabilities</u>							
Current Portion of Long-term							
Liabilities	25.1	23.9	1.5	1.5	26.6	25.4	4.7%
Long-term Liabilities	142.6	155.9	7.1	8.3	149.7	164.2	-8.8%
Other Liabilities	21.2	21.7	1.9	2.1	23.1	23.8	-2.9%
Total Liabilities	188.9	201.5	10.5	11.9	199.4	213.4	-6.6%
<u>Net Assets</u>							
Invested in Capital Assets,							
Net of Related Debt	383.4	370.4	84.3	83.5	467.7	453.9	3.0%
Unrestricted	160.0	126.7	2.1	2.3	162.1	129.0	25.7%
Total Net Assets	\$ 543.4	\$ 497.1	\$ 86.4	\$ 85.8	\$ 629.8	\$ 582.9	8.0%

Current and other assets increased by 14.3%, primarily an increase in cash and investments resulting from the positive operating results this year. Changes in net assets are discussed later.

By far the largest portion of the Commission's net assets of \$467.7 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 \$162.1 million of net assets is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors. Changes in this balance are discussed later.

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

A summary of changes in net assets (in millions) for the years ended June 30, 2006 and 2005 follows:

Commission's Changes in Net Assets (in millions)

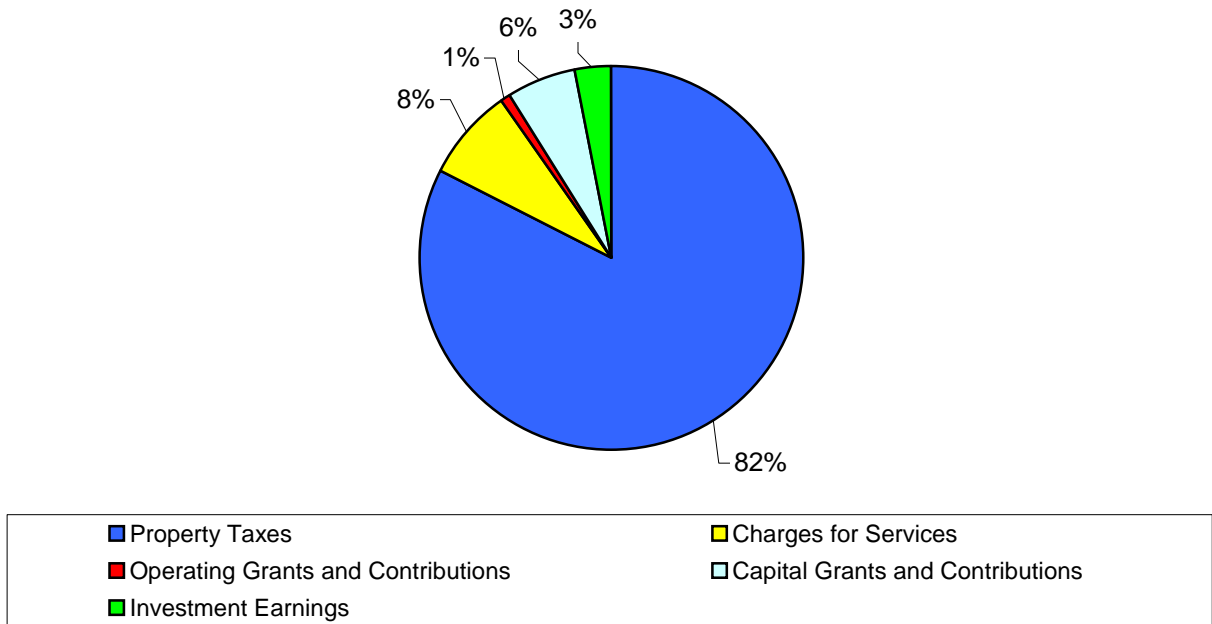
	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
Program Revenues:							
Charges for Services	\$ 22.3	\$ 21.7	\$ 23.0	\$ 23.3	\$ 45.3	\$ 45.0	0.7%
Operating Grants and Contributions	2.6	1.9	-	-	2.6	1.9	36.8%
Capital Grants and Contributions	17.1	16.2	3.5	-	20.6	16.2	27.2%
General Revenues:							
Property Taxes	241.8	213.2	-	-	241.8	213.2	13.4%
Interest	8.9	3.9	0.2	0.1	9.1	4.0	127.5%
Total Revenues	292.7	256.9	26.7	23.4	319.4	280.3	13.9%
Expenses:							
General Government	14.1	13.4	-	-	14.1	13.4	5.2%
County Planning and Zoning	35.9	31.1	-	-	35.9	31.1	15.4%
Park Operations and Maintenance	140.4	117.4	-	-	140.4	117.4	19.6%
Recreation Programs	43.1	42.2	-	-	43.1	42.2	2.1%
Recreational and Cultural Facilities	-	-	33.0	31.6	33.0	31.6	4.4%
Interest on Long-term Debt	6.0	6.4	-	-	6.0	6.4	-6.3%
Total Expenses	239.5	210.5	33.0	31.6	272.5	242.1	12.6%
Increase (Decrease) in Net Assets Before Transfers	53.2	46.4	(6.3)	(8.2)	46.9	38.2	22.8%
Transfers	(6.9)	(5.9)	6.9	5.9	-	-	
Increase (Decrease) in Net Assets	46.3	40.5	0.6	(2.3)	46.9	38.2	
Net Assets - beginning	497.1	456.6	85.8	88.1	582.9	544.7	
Net Assets - ending	<u>\$ 543.4</u>	<u>\$ 497.1</u>	<u>\$ 86.4</u>	<u>\$ 85.8</u>	<u>\$ 629.8</u>	<u>\$ 582.9</u>	

During the current fiscal year the Commission's net assets increased by \$46.9 million. This is largely a result of \$20.6 million of capital grants and contributions; use of current revenues of \$12.8 to purchase and construct capital assets and \$14.7 to pay debt principal; growth in property tax revenues (\$10.2 million) in excess of the amount anticipated, and savings in Governmental Activities expenses (\$6.7 million), offset by governmental activities depreciation expense of \$15.8 million.

Interest income was significantly higher as larger balances were available for investment, and interest rates for investments grew throughout the year. Interest expense decreased as a result of a refunding which reduced interest rates and the decision to incur no new debt in fiscal year 2006.

Governmental activities. Governmental activities increased the Commission's net assets by \$46.3 million, thereby accounting for 99% of the total growth in the net assets of the Commission. This increase is primarily attributable to capital grants receipts of \$17.1 million, added to an excess of ongoing revenues over ongoing expenses of \$36.0 million, which were offset by the transfers to business-type activities of \$6.9 million.

Revenues by Source - Governmental Activities



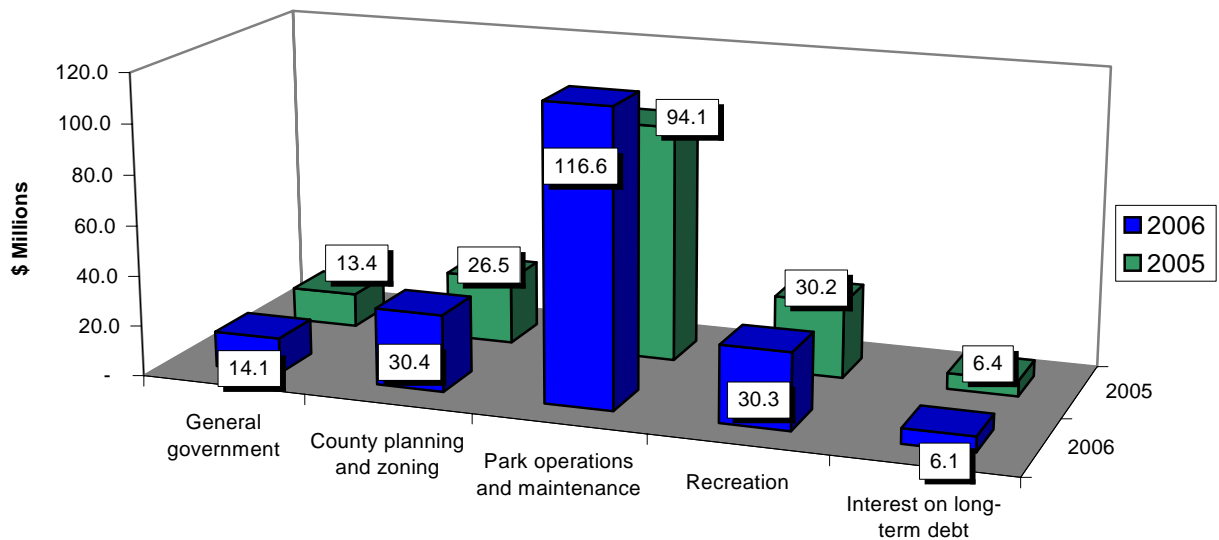
As the above diagram shows, property taxes make up 82% of Commission governmental revenues. Interest income increased due to the gradual increase in interest rates on investments and larger investment balances.

As is reflected in the following chart (000's omitted), the Commission's governmental activities are largely supported by general revenues and in particular property taxes. Charges for services and operating grants cover 10.5% of governmental activities expenses.

The net cost of Park Operations and Maintenance Programs increased 24.0% from last year as the planned growth in costs was funded by property tax growth, not charges for services. County Planning and Zoning net costs increased 14.4% due to increases in planning staff during the year. Interest on long-term debt decreased since no new debt was incurred in fiscal year 2006.

	2006		2005		Percentage Change 2005 - 2006	
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services
General Government	\$ 14,110	\$ 14,110	\$ 13,366	\$ 13,366	5.6%	5.6%
County Planning and Zoning	35,932	30,376	31,089	26,552	15.6%	14.4%
Park Operations and Maintenance	140,379	116,615	117,421	94,061	19.6%	24.0%
Recreation Programs	43,058	30,312	42,176	30,254	2.1%	0.2%
Interest on Long-term Debt	6,046	6,046	6,397	6,397	-5.5%	-5.5%
Total	<u>\$ 239,525</u>	<u>\$ 197,459</u>	<u>\$ 210,449</u>	<u>\$ 170,630</u>	<u>13.8%</u>	<u>15.7%</u>

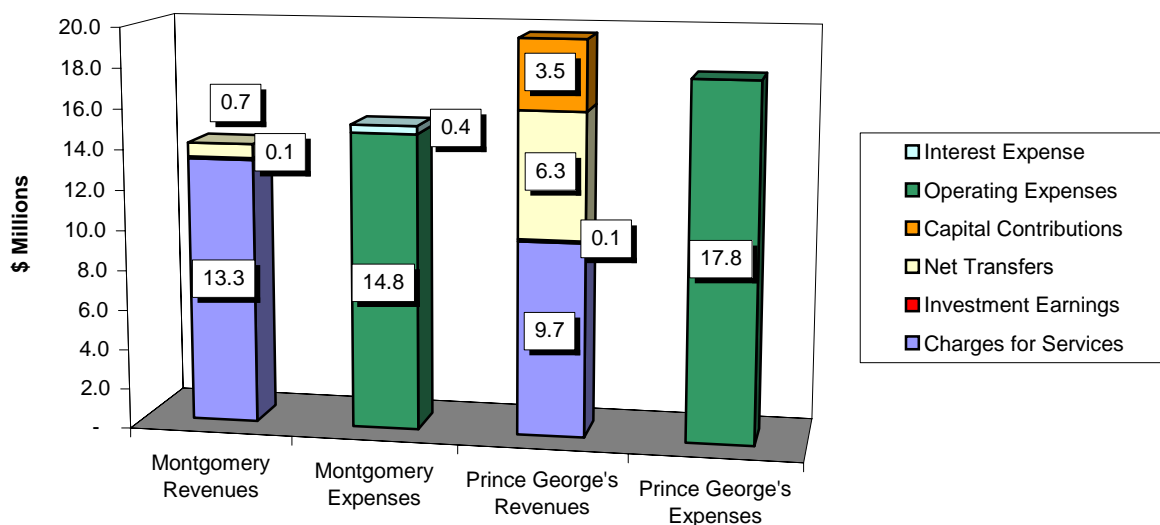
Net Cost by Function - General Government



Business-type Activities. Business-type activities increased the Commission's net assets by \$.6 million, thereby accounting for 1% on the total growth in the net assets of the Commission. Key elements of this increase are as follows:

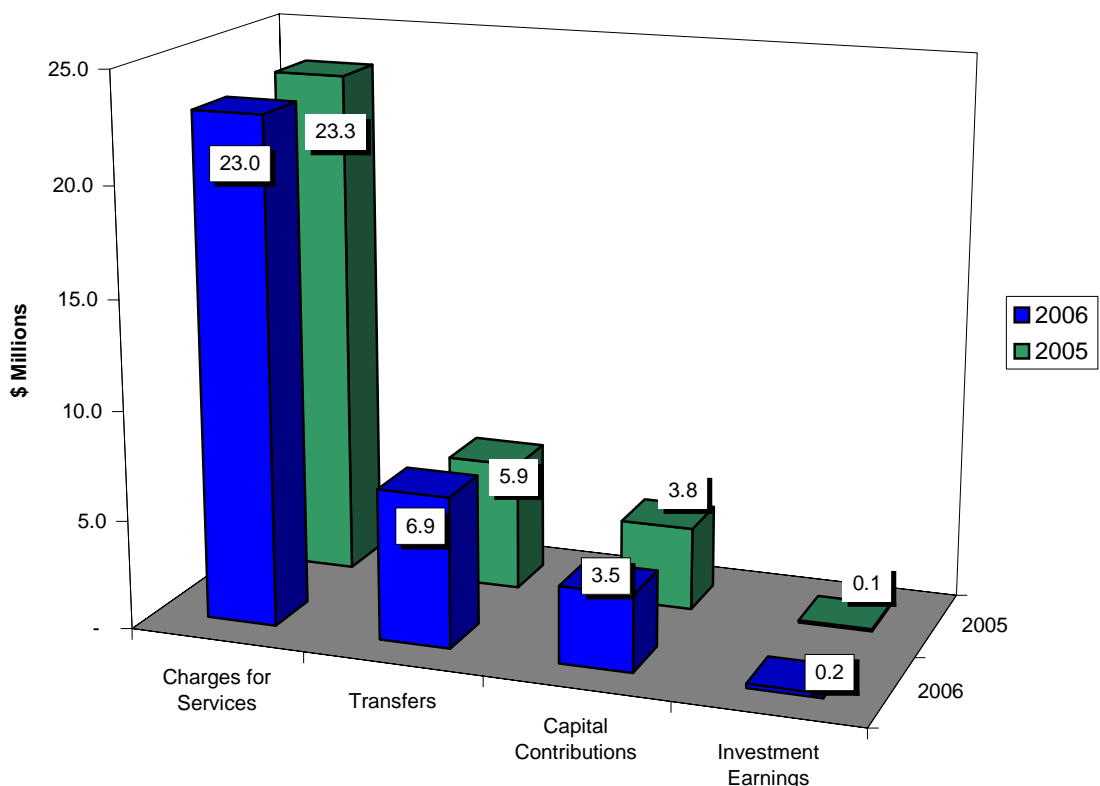
- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services and interest income by \$9.8 million.
- Governmental activities contributed \$6.9 million to support the enterprise activities. The support is primarily \$6.5 million of operating support for the Prince George's County business-type activities.
- Governmental activities contributed \$3.5 million in completed assets to the Prince George's County business-type activities.

Changes in Net Assets - Business-type Activities



The operating losses occurred primarily as a result of operations at the Prince George's County Sports and Learning Center and the Equestrian Center/Multipurpose Arena, and the discontinuation of operations of the Montgomery County golf courses. 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. Capital contributions were significant in fiscal year 2006 because of improvements contributed to the Prince George's County Enterprise Fund of completed capital projects.

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 \$155.5 million, an increase of \$30.7 million in comparison with the prior year. Approximately 50% of this total amount, or \$77.5 million, constitutes unreserved and undesignated fund balance, which is available for spending in future years, with \$15.3 million of this balance in the capital project funds. The remaining fund balances are reserved to indicate that they are not available for new spending as \$45.7 million has been committed for contracts and purchase orders, \$1.0 million has been allocated to pay debt service, and \$31.2 million is designated to fund future fiscal years' expenditures and to 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 \$53.9 million, while total fund balance was \$100.9 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 23% of the total general fund expenditures and transfers out, while total fund balance represents 42% of the same amount.

The fund balance of the Commission's General Fund increased by \$26.7 million during the current fiscal year. Key factors in this increase are as follows:

- Property taxes were \$10.2 million greater than anticipated, primarily due to increases in the assessable base.
- Interest revenues were \$2.6 more than anticipated in the general fund, and \$1.1 more than anticipated in the capital project funds (which are ultimately transferred to the general fund), as interest rates continued to grow, and cash balances were higher than projected.
- A reduction of \$1.1 million was planned in the final budget for fiscal year 2006.
- A control of expenditures generated \$6.7 million savings to provide funding for future years' budgets and assist in covering fiscal year 2006 revenue shortfalls in Montgomery County Accounts.
- Transfers out to fund debt service payments were \$1.9 million less than anticipated, primarily because an anticipated bond sale was delayed as funds were not yet needed.
- Reserves for encumbrances were \$4.4 million higher than in the prior year, representing additional expenditure savings.

The capital project funds for Montgomery and Prince George's counties have total fund balances of \$7.7 million and \$37.1 million, respectively, all of which represents authorized and funded projects that are not completed. The net change in fund balances during the current year in these funds were a decrease of \$2.3 million in Montgomery County, and an increase of \$5.3 million in Prince George's County primarily due to the \$12.7 million in pay-as-you-go funding in Prince George's County, construction grants realized of \$9.0 million in Montgomery County and \$2.7 in Prince George's County, compared to expenditures of \$11.8 million in Montgomery County and \$10.4 in Prince George's County.

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

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

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

Unrestricted net assets of the Montgomery County fund at the end of the year amounted to \$.6 million and those for the Prince George's County fund amounted to \$1.5 million. The total change in net assets for the funds was a \$1.1 million decrease and a \$1.7 million increase, respectively.

Summary comparative results of the financial operations of the Enterprise Funds for fiscal years 2006 and 2005 follow (\$000's):

	Montgomery County		Prince George's County	
	FY2006	FY2005	FY2006	FY2005
Operating Revenues	\$ 13,312	\$ 14,429	\$ 9,657	\$ 8,892
Operating Expenses, Excluding Depreciation	13,130	12,694	15,561	14,679
Operating Income (Loss), Excluding Depreciation	182	1,735	(5,904)	(5,787)
Depreciation	1,640	1,649	2,243	2,222
Operating Income (Loss)	(1,458)	86	(8,147)	(8,009)
Nonoperating Revenue (Expense)	(267)	(345)	137	40
Contribution from General Government Assets	-	-	3,471	-
Transfers	655	161	6,272	5,741
	<u>\$ (1,070)</u>	<u>\$ (98)</u>	<u>\$ 1,733</u>	<u>\$ (2,228)</u>

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

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2006	FY2005	Change	FY2006	FY2005	Change
Conference Centers	\$ 375	\$ 387	\$ (12)	\$ (160)	\$ (84)	\$ (76)
Golf Courses	4,571	6,205	(1,634)	(974)	93	(1,067)
Ice Rinks	4,749	4,291	458	394	466	(72)
Indoor Tennis	1,136	1,139	(3)	280	388	(108)
Park Facilities	2,481	2,407	74	642	872	(230)
Total	<u>\$ 13,312</u>	<u>\$ 14,429</u>	<u>\$ (1,117)</u>	<u>\$ 182</u>	<u>\$ 1,735</u>	<u>\$ (1,553)</u>

The Montgomery County Enterprise Fund revenues decreased by \$1,117,000 and operating income, excluding depreciation, decreased by \$1,553,000. Significant changes occurred at a few of the facilities. The Commission's Montgomery County golf courses were leased to the Montgomery County Revenue Authority on a short-term basis beginning on April 15, 2006. A letter of intent for the long-term leasing arrangement was executed at the same time. This transfer of operations resulted in the elimination of revenues during the peak season. The action was taken to improve the financial outlook for the Enterprise Fund as the golf program has generated significant losses in the past and was expected to continue to generate significant losses in the future. Revenues for ice rinks increased by \$458,000 primarily due to the use of new promotional and reservation systems, both of which resulted in increased usage. However operating costs also increased, resulting in a net reduction of operating income.

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

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2006	FY2005	Change	FY2006	FY2005	Change
Airport	\$ 238	\$ 201	\$ 37	\$ (149)	\$ (83)	\$ (66)
Equestrian Center/Arena	1,707	1,461	246	(1,530)	(1,598)	68
Golf Courses	2,506	2,401	105	(387)	(372)	(15)
Ice Rinks	525	587	(62)	(499)	(427)	(72)
Regional Parks	313	299	14	11	43	(32)
Trap and Skeet Center	1,172	1,211	(39)	(130)	(56)	(74)
Sports and Learning Complex	3,149	2,695	454	(2,859)	(3,052)	193
Bladensburg Marina	47	37	10	(361)	(242)	(119)
Total	<u>\$ 9,657</u>	<u>\$ 8,892</u>	<u>\$ 765</u>	<u>\$ (5,904)</u>	<u>\$ (5,787)</u>	<u>\$ (117)</u>

The Prince George's County Enterprise Fund revenues increased by \$765,000 and the operating loss, excluding depreciation, increased by \$117,000. The major changes occurred in the Equestrian Center and the Sports and Learning Complex. The Sports and Learning Complex revenues increased by \$454,000 and the Equestrian Center/Arena revenues increased by \$246,000 as the facilities enjoyed increased utilization. Expenses increased overall, primarily due to increased compensation costs and energy costs, resulting in greater losses than in 2005. However, the Enterprise Fund in total performed better than budgeted for the year. By policy the fee structures at all facilities are designed for maximum participation with General Fund support.

General Fund Budgetary Highlights

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

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

	Administration Account	Park Account
Unfavorable property tax collections	\$ (363.7)	\$ (948.5)
Favorable (unfavorable) charges for services	(26.3)	65.9
Unfavorable intergovernmental revenue	(125.9)	(213.9)
Favorable investment revenue	104.4	271.1
Favorable other revenue	20.3	134.9
Total favorable (unfavorable) revenue variance	<u>(391.2)</u>	<u>(690.5)</u>
Expenditure savings	533.5	1,438.8
Favorable (unfavorable) other financing sources (uses)	(250.0)	90.8
Total favorable (unfavorable) budgetary variance	<u><u>\$ (107.7)</u></u>	<u><u>\$ 839.1</u></u>

Property tax collections were below budget due to prior year refunds and lower tax billings compared to budgeted current taxes. Investment income was favorable in both funds primarily due to increased interest rates. Favorable other revenue in the Park Account was a result of insurance claim recoveries and other reimbursements. Unfavorable intergovernmental revenues are offset by expenditure savings. The rest of the expenditure savings were primarily the result of the savings generated by turnover of personnel (intentionally higher as positions were kept vacant to cover anticipated tax shortfalls and to fund the subsequent budget) and non-departmental savings from liquidation of prior year encumbrances of \$66,000 in the Administration Account and \$116,000 in the Park Account. The unfavorable other financing uses in the Administration Account results from a transfer to the Capital Equipment Internal Service, which was budgeted as an expenditure.

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

	Administration Account	Park Account
<u>Prior year fund balance</u>		
Designated for Contingencies	\$ 831.7	\$ 1,837.1
Undesignated	575.2	986.4
Planned growth in fund balance	288.4	-
Favorable (unfavorable) budget variance	(107.7)	839.1
Total ending fund balance, budget basis	<u>\$ 1,587.6</u>	<u>\$ 3,662.6</u>
<u>Fund balance, budget basis</u>		
Designated for Subsequent Years	\$ 687.3	\$ 1,609.5
Designated for Contingencies	739.2	1,964.3
Undesignated	161.1	88.8
Total Budgetary Fund Balance	<u>\$ 1,587.6</u>	<u>\$ 3,662.6</u>

The differences between the original budget and the final amended budgets in Montgomery County Administration Account relates to an additional appropriation for the development review process which used fund balance as the source, and additional revenue from Montgomery County Government for technology improvements.

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

	Administration Account	Park Account	Recreation Account
Favorable property tax collections	\$ 2,013.9	\$ 6,950.2	\$ 2,548.7
Favorable charges for services	659.4	161.0	325.5
Unfavorable intergovernmental revenue	(24.4)	(5.0)	-
Favorable investment revenue	451.8	1,244.5	502.6
Favorable (unfavorable) other revenue	95.6	189.8	(121.3)
Total favorable revenue variance	3,196.3	8,540.5	3,255.5
Expenditure savings	630.6	1,762.5	2,344.1
Favorable other financing sources	-	2,933.7	-
Total favorable budgetary variance	<u>\$ 3,826.9</u>	<u>\$ 13,236.7</u>	<u>\$ 5,599.6</u>

Property tax collections were above budget primarily because the assessable base growth was higher than anticipated in the budget. Charges for services increased in the Administrative Account as a result of greater than expected subdivision reviews; in the Park Account due to increased use of park facilities and in the Recreation Account primarily because of increases in the use of activities, and a classification change where items budgeted as other revenues were properly recorded as charges for services. Other revenues in the Park Account were greater than anticipated due to insurance reimbursements and collections of fines. Unfavorable intergovernmental revenues are offset by expenditure savings. The expenditure savings were primarily the result of turnover of personnel in all the Accounts.

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

	Administration Account	Park Account	Recreation Account
<u>Prior year fund balance</u>			
Designated for Contingencies	\$ 848.5	\$ 2,320.3	\$ 1,175.9
Designated for Future Facilities	-	11,589.6	-
Undesignated	7,893.4	22,940.3	9,821.3
Planned growth in fund balance	-	197.8	391.1
Favorable budget variance	3,826.9	13,236.7	5,599.6
Total ending fund balance, budget basis	<u>\$ 12,568.8</u>	<u>\$ 50,284.7</u>	<u>\$ 16,987.9</u>
<u>Fund balance, budget basis</u>			
Designated for Subsequent Years	\$ 2,576.8	\$ 9,263.0	\$ -
Designated for Contingencies	1,357.7	4,046.5	2,320.0
Designated for Future Facilities	-	6,623.0	-
Undesignated	8,634.3	30,352.2	14,667.9
Total Budgetary Fund Balance	<u>\$ 12,568.8</u>	<u>\$ 50,284.7</u>	<u>\$ 16,987.9</u>

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, 2006, amounts to \$601.8 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 .8% (a .9% increase for governmental activities and a .2% decrease for business-type activities). The most significant increase is from construction of a regional park, park renovations, improvements to community centers, and miscellaneous ballfield projects. The significant capital asset changes in business-type activities consist of assets contributed by the general government for Prince George's County (improvements to an ice rink and the Prince George's Equestrian Center/Multipurpose Arena), and depreciation of existing assets.

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 2006, projects totaling \$14.6 million in governmental activities were completed. Among these projects, where most of the costs were incurred in prior years, are Greater Capital Heights Park School, Jessup Blair Park Renovation, Montgomery Village Local Park, and Daisy Lane Community Park.

Expenditures on Montgomery County projects totaled \$11.8 million in fiscal year 2006, of which \$1.4 million was for acquisition and \$10.4 million was for development. The largest projects were construction of the Ovid Hazen Well Recreation Park, with construction cost to date of \$1.7 million, of which \$1.6 million was in fiscal year 2006, and renovation of the Jessup Blair Local Park, with construction cost to date of \$3.0 million, of which \$.6 million was in fiscal year 2006. In addition, expenditures totaling \$3.5 million were spent on 15 projects for routine maintenance of parks, roads, buildings and other structures.

Prince George's County projects totaled \$10.4 million in fiscal year 2006, of which \$4.9 million was for acquisition and \$5.5 million was for development. Major park development expenditures include construction of the Bowie High School Civic Auditorium with construction cost to date of \$3.5 million, of which \$.8 million was in fiscal year 2006 and Community Center renovations of \$.8 million. Renovations of park facilities, playground equipment, and various community centers cost about \$2.2 million.

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

	June 30, 2006			June 30, 2005			Percent Change Total
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total	
Land	\$ 261,871	\$ 19,364	\$ 281,235	\$ 250,579	\$ 19,363	\$ 269,942	4.2%
Buildings and improvements	95,699	69,919	165,618	97,089	69,698	166,787	-0.7%
Infrastructure	120,363	-	120,363	118,512	-	118,512	1.6%
Machinery and equipment	16,307	2,668	18,975	16,332	2,930	19,262	-1.5%
Construction in progress	15,551	10	15,561	22,600	145	22,745	-31.6%
Total	\$ 509,791	\$ 91,961	\$ 601,752	\$ 505,112	\$ 92,136	\$ 597,248	0.8%

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 \$140.9 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 \$18.0 million (Montgomery - \$4.4 million; Prince George's - \$13.6 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled \$134.6 million (Montgomery County - \$29.6 million and Prince George's County - \$105.0 million) at June 30, 2006. Park Bonds debt service expenditures totaled \$16.9 million (Montgomery - \$3.7 million, Prince George's - \$13.2 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 0.35 cents of the mandatory debt service tax proceeds for real property and .88 cents for personal property for Montgomery County and 2.23 cents for real property and 5.58 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 \$7.8 million at June 30, 2006. The bonds and notes have a reported value of \$7.6 million, after considering the \$0.2 million of unamortized discount and are accounted for in the Enterprise Funds. The revenue bonds and notes are not general obligations of the Commission or Montgomery County and are payable solely from revenues generated from revenue producing facilities. Debt service expenditures for the revenue bonds and notes totaled \$1.5 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2006, 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 \$18.8 at June 30, 2006. The AA-2 bonds were issued as auction rate notes, and interest is reset every 35 days. Interest rates have been between 2.40% and 3.85% in 2006.

On August 4, 2005, the Commission issued \$13,685,000 of Prince George's County General Obligation Park Acquisition and Development Refunding Bonds, Series GG-2, and \$5,445,000 of Montgomery County General Obligation Park Acquisition and Development Refunding Bonds, Series HH-2. The bonds provided the resources to retire on September 6, 2005 the remaining principal (after July principal and interest payments) of \$13,480,000 on Prince George's County Park Acquisition and Development Refunding Bonds, Series S-2 and \$5,350,000

Montgomery County Park Acquisition and Development Refunding Bonds, Series R-2. The refunding resulted in a reduction in debt service payments of \$232,549 for Montgomery County and \$605,773 for Prince George's County, with economic gains of \$220,517 and \$578,817 respectively.

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) at June 30, 2006 follow (\$000's):

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

	Governmental Activities		Business-type Activities		Total		Change
	2006	2005	2006	2005	2006	2005	
General obligation bonds	\$ 138,730	\$ 150,274	\$ -	\$ -	\$ 138,730	\$ 150,274	-7.7%
Revenue bonds and notes	-	-	7,588	8,600	7,588	8,600	-11.8%
Notes payable	5,208	6,970	54	114	5,262	7,084	-25.7%
Total	<u>\$ 143,938</u>	<u>\$ 157,244</u>	<u>\$ 7,642</u>	<u>\$ 8,714</u>	<u>\$ 151,580</u>	<u>\$ 165,958</u>	<u>-8.7%</u>

Montgomery County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Change
	2006	2005	2006	2005	2006	2005	
General obligation bonds	\$ 33,900	\$ 36,669	\$ -	\$ -	\$ 33,900	\$ 36,669	-7.6%
Revenue bonds and notes	-	-	7,588	8,600	7,588	8,600	-11.8%
Notes payable	3,712	5,256	54	114	3,766	5,370	-29.9%
Total	<u>\$ 37,612</u>	<u>\$ 41,925</u>	<u>\$ 7,642</u>	<u>\$ 8,714</u>	<u>\$ 45,254</u>	<u>\$ 50,639</u>	<u>-10.6%</u>

Prince George's County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Change
	2006	2005	2006	2005	2006	2005	
General obligation bonds	\$ 104,830	\$ 113,605	\$ -	\$ -	\$ 104,830	\$ 113,605	-7.7%
Revenue bonds and notes	-	-	-	-	-	-	0.0%
Notes payable	1,496	1,714	-	-	1,496	1,714	-12.7%
Total	<u>\$ 106,326</u>	<u>\$ 115,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,326</u>	<u>\$ 115,319</u>	<u>-7.8%</u>

The Commission's total debt decreased by \$14.4 million (8.7%) during the current fiscal year, as the only new debt issued was a current refunding with little net new debt, and principal payments were made as scheduled.

State statutes limit the amount of general obligation debt the Commission may issue to the amount that can be redeemed within 30 years from date of issue by the taxes authorized for payment of the bonds. The legal debt margin for the Commission is \$1,121.4 million of debt service for Montgomery County and \$711.6 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of \$38.4 million and \$136.0 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 \$85.1 million. Of this amount, \$14.2 million is designated to fund fiscal year 2007, \$10.4 million is designated for unforeseen circumstances, \$6.6 million is designated to fund the operating maintenance and debt service costs of future Prince George's County facilities, and \$53.9 million is uncommitted as of June 30, 2006.

Second, property taxes, which constitute approximately 85% of the Commission's Governmental funds revenues in fiscal year 2006, are expected to continue to be a stable revenue source although the strong assessable base growth is anticipated to slow. The assessed value of all taxable property increased, resulting in an increase in property tax revenues from \$216.0 million to \$244.6 (13.2%). The Commission's total Montgomery County tax rate decreased slightly in fiscal year 2007. The Commission's total Prince George's County real and personal property tax rates remained the same for fiscal year 2007. The Montgomery and Prince George's County

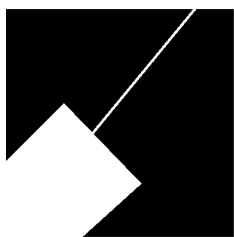
unemployment rates obtained from the Maryland Department of Labor, Licensing and Regulations were 3.2% and 4.4%, respectively, as of June 2006 in comparison to the 4.0% State and 4.6% national unemployment rates.

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 2007 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, 2006**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 195,151,459	\$ 3,690,110	\$ 198,841,569
Receivables - Taxes	2,247,665	-	2,247,665
Receivables - Other	570,174	137,603	707,777
Due from County Governments	3,878,160	-	3,878,160
Due from Other Governments	2,774,873	-	2,774,873
Inventories	-	1,129,253	1,129,253
Deposits and Other	328,173	-	328,173
Restricted Cash, Cash Equivalents and Investments:			
Unspent Debt Proceeds	17,603,491	-	17,603,491
Capital Assets:			
Land and Construction in Progress	277,739,671	19,373,204	297,112,875
Other Capital Assets, Net of Accumulated Depreciation	232,051,731	72,587,509	304,639,240
Total Assets	<u>732,345,397</u>	<u>96,917,679</u>	<u>829,263,076</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	14,805,785	830,540	15,636,325
Accrued Interest Payable	1,800,184	53,978	1,854,162
Due to Other Governments	117,138	1,113	118,251
Deposits and Unearned Revenue	4,530,491	993,990	5,524,481
Claims Payable:			
Due within One Year	2,653,102	-	2,653,102
Due in more than One Year	6,722,755	-	6,722,755
Compensated Absences:			
Due within One Year	9,392,547	422,714	9,815,261
Due in more than One Year	4,926,810	553,548	5,480,358
Bonds and Notes Payable:			
Due within One Year	13,029,962	1,091,679	14,121,641
Due in more than One Year	130,907,908	6,550,502	137,458,410
Estimated Liability for Closure and Postclosure Costs			
Due within One Year	26,230	-	26,230
Due in more than One Year	13,115	-	13,115
Total Liabilities	<u>188,926,027</u>	<u>10,498,064</u>	<u>199,424,091</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	383,457,023	84,318,532	467,775,555
Unrestricted	159,962,347	2,101,083	162,063,430
Total Net Assets	\$ <u>543,419,370</u>	\$ <u>86,419,615</u>	\$ <u>629,838,985</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, 2006

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
General Government	\$ 14,110,350	\$ -	\$ -	\$ -	\$ (14,110,350)	\$ -	\$ (14,110,350)
County Planning and Zoning	35,931,600	4,535,128	1,020,755	-	(30,375,717)	-	(30,375,717)
Park Operations and Maintenance	140,378,771	5,498,642	1,106,898	17,157,775	(116,615,456)	-	(116,615,456)
Recreation Programs	43,058,594	12,294,579	451,706	-	(30,312,309)	-	(30,312,309)
Interest on Long-term Debt	6,045,652	-	-	-	(6,045,652)	-	(6,045,652)
Total Governmental Activities	239,524,967	22,328,349	2,579,359	17,157,775	(197,459,484)	-	(197,459,484)
Business-type Activities:							
Recreational and Cultural Facilities	32,957,080	22,969,521	-	3,470,849	-	(6,516,710)	(6,516,710)
Total Government	\$ 272,482,047	\$ 45,297,870	\$ 2,579,359	\$ 20,628,624	(197,459,484)	(6,516,710)	(203,976,194)
General Revenues:							
Property Taxes					241,784,351	-	241,784,351
Unrestricted Investment Earnings					8,870,876	253,379	9,124,255
Transfers					(6,926,800)	6,926,800	-
Net General Revenues and Transfers					243,728,427	7,180,179	250,908,606
Change in Net Assets					46,268,943	663,469	46,932,412
Net Assets - Beginning					497,150,427	85,756,146	582,906,573
Net Assets - Ending					\$ 543,419,370	\$ 86,419,615	\$ 629,838,985

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, 2006**

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	\$ 113,462,133	\$ 2,778,241	\$ 23,618,143	\$ 10,162,317	\$ 150,020,834
Receivables - Taxes (net of allowance for uncollectibles)	2,247,665	-	-	-	2,247,665
Receivables - Other (net of allowance for uncollectibles)	191,856	-	11,722	12,562	216,140
Due from County Governments	847,965	2,298,903	93,400	378,116	3,618,384
Due from Other Governments	150,826	1,662,739	946,308	15,000	2,774,873
Restricted Cash - Unspent Debt Proceeds	-	2,707,715	13,526,251	-	16,233,966
Other	42,095	-	-	-	42,095
Total Assets	<u>\$ 116,942,540</u>	<u>\$ 9,447,598</u>	<u>\$ 38,195,824</u>	<u>\$ 10,567,995</u>	<u>\$ 175,153,957</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 5,014,869	\$ 946,212	\$ 452,657	\$ 97,940	\$ 6,511,678
Accrued Liabilities	5,415,708	-	-	58,916	5,474,624
Retainage Payable	-	248,415	654,902	-	903,317
Due to County Governments	-	-	-	10,922	10,922
Deposits and Deferred Revenue	5,653,822	600,000	-	524,334	6,778,156
Total Liabilities	<u>16,084,399</u>	<u>1,794,627</u>	<u>1,107,559</u>	<u>692,112</u>	<u>19,678,697</u>
Fund Balances:					
Reserved for Encumbrances	15,766,495	11,634,274	17,827,678	513,538	45,741,985
Reserved for Debt Service	-	-	-	1,003,956	1,003,956
Unreserved, Designated for Subsequent Years	31,187,300	-	-	-	31,187,300
Unreserved, Undesignated, Reported in:					
General Fund	53,904,346	-	-	-	53,904,346
Special Revenue Fund	-	-	-	8,358,389	8,358,389
Capital Projects Fund	-	(3,981,303)	19,260,587	-	15,279,284
Total Fund Balances	<u>100,858,141</u>	<u>7,652,971</u>	<u>37,088,265</u>	<u>9,875,883</u>	<u>155,475,260</u>
Total Liabilities and Fund Balances	<u>\$ 116,942,540</u>	<u>\$ 9,447,598</u>	<u>\$ 38,195,824</u>	<u>\$ 10,567,995</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.	501,369,551
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.	24,836,109
Some of the Commission's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	2,247,665
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(140,509,215)
Net Assets of Governmental Activities	<u>\$ 543,419,370</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, 2006

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 242,639,887	\$ -	\$ -	\$ 1,967,473	\$ 244,607,360
Intergovernmental -					
Federal	188,048	115,025	456,475	-	759,548
State	309,627	3,126,997	2,295,236	-	5,731,860
County	614,704	5,751,069	-	692,151	7,057,924
Local	134,357	-	-	44,818	179,175
Charges for Services	10,720,030	-	5,243	1,444,930	12,170,203
Rentals and Concessions	3,822,217	-	-	5,061,247	8,883,464
Interest	4,724,440	232,057	1,550,907	427,497	6,934,901
Sale of Land	-	12,300	93,400	-	105,700
Contributions	-	336,889	185,530	595,654	1,118,073
Miscellaneous	764,588	-	18,468	306,096	1,089,152
Total Revenues	<u>263,917,898</u>	<u>9,574,337</u>	<u>4,605,259</u>	<u>10,539,866</u>	<u>288,637,360</u>
EXPENDITURES					
Current -					
General Government	14,989,960	-	-	-	14,989,960
Planning and Zoning	34,933,539	-	-	726,713	35,660,252
Park Operations and Maintenance	116,884,621	-	-	1,584,384	118,469,005
Recreation	36,133,332	-	-	5,351,129	41,484,461
Debt Service -					
Principal	-	-	-	11,820,000	11,820,000
Interest	-	-	-	5,986,849	5,986,849
Other Debt Service Costs	-	-	-	262,491	262,491
Capital Outlay -					
Park Acquisition	-	1,450,657	4,886,966	-	6,337,623
Park Development	-	10,381,073	5,550,662	-	15,931,735
Total Expenditures	<u>202,941,452</u>	<u>11,831,730</u>	<u>10,437,628</u>	<u>25,731,566</u>	<u>250,942,376</u>
Excess (Deficiency) of Revenues over Expenditures	<u>60,976,446</u>	<u>(2,257,393)</u>	<u>(5,832,369)</u>	<u>(15,191,700)</u>	<u>37,694,984</u>
OTHER FINANCING SOURCES (USES)					
Refunding Bonds Issued	-	-	-	19,130,000	19,130,000
Premiums on Bonds Issued	-	-	-	88,405	88,405
Payment to Refunding Bond Escrow Account	-	-	-	(19,018,300)	(19,018,300)
Transfers In	1,782,964	140,000	12,672,516	16,731,937	31,327,417
Transfers Out	(36,036,737)	(232,057)	(1,550,907)	(684,516)	(38,504,217)
Total Other Financing Sources (Uses)	<u>(34,253,773)</u>	<u>(92,057)</u>	<u>11,121,609</u>	<u>16,247,526</u>	<u>(6,976,695)</u>
Net Change in Fund Balances	26,722,673	(2,349,450)	5,289,240	1,055,826	30,718,289
Fund Balances - Beginning	<u>74,135,468</u>	<u>10,002,421</u>	<u>31,799,025</u>	<u>8,820,057</u>	<u>124,756,971</u>
Fund Balances - Ending	<u>\$ 100,858,141</u>	<u>\$ 7,652,971</u>	<u>\$ 37,088,265</u>	<u>\$ 9,875,883</u>	<u>\$ 155,475,260</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, 2006

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) \$ 30,718,289

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	\$ 17,109,057	
Depreciation Expense	(14,071,639)	
Net adjustment		3,037,418

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	(105,700)	
Donations	5,076,084	
Transfer of Assets to Enterprise Fund	(3,470,849)	
Net adjustment		1,499,535

Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount by which the deferred revenues changed from last fiscal year.

(2,823,009)

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, including bond premium of \$88,405 and net of bond issuance costs of \$176,840	(19,041,565)	
Repayments of Principal	11,820,000	
Payment to Refunding Bond Escrow Account	19,018,300	
Net adjustment		11,796,735

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.

155,286

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)	\$	1,884,689	
		<u>46,268,943</u>	

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 6

Statement of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual - GENERAL FUND For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 232,439,300	\$ 232,439,300	\$ 242,639,887	\$ 10,200,587
Intergovernmental	1,030,000	1,615,992	1,246,736	(369,256)
Charges for Services	9,878,800	9,878,800	10,720,307	841,507
Rentals and Concessions	3,478,300	3,478,300	3,822,216	343,916
Interest	2,150,000	2,150,000	4,724,440	2,574,440
Miscellaneous	445,000	445,000	764,313	319,313
Total Revenues	<u>249,421,400</u>	<u>250,007,392</u>	<u>263,917,899</u>	<u>13,910,507</u>
Expenditures/Encumbrances:				
Current -				
General Government	15,546,800	15,546,800	15,428,523	118,277
County Planning and Zoning	36,974,000	37,767,280	36,721,407	1,045,873
Park Operation and Maintenance	121,630,400	121,719,908	118,518,640	3,201,268
Recreation Programs	38,796,200	39,042,684	36,698,589	2,344,095
Total Expenditures/Encumbrances	<u>212,947,400</u>	<u>214,076,672</u>	<u>207,367,159</u>	<u>6,709,513</u>
Excess of Revenues over Expenditures/Encumbrances	<u>36,474,000</u>	<u>35,930,720</u>	<u>56,550,740</u>	<u>20,620,020</u>
Other Financing Sources (Uses):				
Transfers In	710,000	710,000	1,782,964	1,072,964
Transfers Out	<u>(37,738,300)</u>	<u>(37,738,300)</u>	<u>(36,036,737)</u>	<u>1,701,563</u>
Total Other Financing Sources (Uses)	<u>(37,028,300)</u>	<u>(37,028,300)</u>	<u>(34,253,773)</u>	<u>2,774,527</u>
Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis	<u>\$ (554,300)</u>	<u>\$ (1,097,580)</u>	<u>22,296,967</u>	<u>\$ 23,394,547</u>
Fund Balances - Budget Basis, Beginning			<u>62,794,679</u>	
Fund Balances - Budget Basis, Ending			<u>\$ 85,091,646</u>	

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 7

**Statement of Net Assets
Proprietary Funds
June 30, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities-
	Recreational and Cultural Activities			Internal Service Funds
	Montgomery County	Prince George's County	Totals	
ASSETS				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 1,538,137	\$ 2,151,973	\$ 3,690,110	\$ 45,130,625
Restricted Cash, Cash Equivalents and Investments:				
Unspent Equipment Financing Proceeds	-	-	-	1,369,525
Accounts Receivable	6,788	130,815	137,603	354,034
Due from County Government	-	-	-	259,776
Deposits and Other	-	-	-	286,078
Inventories	439,635	689,618	1,129,253	-
Total Current Assets	<u>1,984,560</u>	<u>2,972,406</u>	<u>4,956,966</u>	<u>47,400,038</u>
Noncurrent Assets:				
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748,497
Buildings and Improvements	28,156,765	72,043,302	100,200,067	2,752,334
Machinery and Equipment	5,229,699	4,533,341	9,763,040	22,900,898
Construction in Progress	9,605	-	9,605	-
	<u>44,980,537</u>	<u>84,355,774</u>	<u>129,336,311</u>	<u>26,401,729</u>
Less - Accumulated Depreciation	<u>(15,114,822)</u>	<u>(22,260,776)</u>	<u>(37,375,598)</u>	<u>(17,979,878)</u>
Total Capital Assets, Net of Depreciation	<u>29,865,715</u>	<u>62,094,998</u>	<u>91,960,713</u>	<u>8,421,851</u>
Total Noncurrent Assets	<u>29,865,715</u>	<u>62,094,998</u>	<u>91,960,713</u>	<u>8,421,851</u>
Total Assets	<u>31,850,275</u>	<u>65,067,404</u>	<u>96,917,679</u>	<u>55,821,889</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	126,658	263,186	389,844	1,473,549
Claims Payable	-	-	-	2,653,102
Accrued Salaries and Benefits	166,284	274,412	440,696	442,617
Compensated Absences	162,170	260,544	422,714	9,392,547
Interest Payable	53,978	-	53,978	60,609
Revenue Collected in Advance	700,713	293,277	993,990	-
Current Portion of Revenue Bonds Payable	620,269	-	620,269	-
Current Portion of Revenue Notes Payable	444,444	-	444,444	-
Current Portion of Notes Payable	26,966	-	26,966	1,399,962
Due to County Government	-	1,113	1,113	106,216
Total Current Liabilities	<u>2,301,482</u>	<u>1,092,532</u>	<u>3,394,014</u>	<u>15,528,602</u>
Noncurrent Liabilities:				
Claims Payable	-	-	-	6,722,755
Revenue Bonds Payable	3,634,389	-	3,634,389	-
Revenue Notes Payable	2,888,892	-	2,888,892	-
Notes Payable	27,221	-	27,221	3,807,613
Compensated Absences	191,302	362,246	553,548	4,926,810
Total Noncurrent Liabilities	<u>6,741,804</u>	<u>362,246</u>	<u>7,104,050</u>	<u>15,457,178</u>
Total Liabilities	<u>9,043,286</u>	<u>1,454,778</u>	<u>10,498,064</u>	<u>30,985,780</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	22,223,534	62,094,998	84,318,532	4,583,801
Unrestricted	583,455	1,517,628	2,101,083	20,252,308
Total Net Assets	<u>\$ 22,806,989</u>	<u>\$ 63,612,626</u>	<u>\$ 86,419,615</u>	<u>\$ 24,836,109</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 8

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Operating Revenues:				
Sales	\$ 1,302,274	\$ 2,096,380	\$ 3,398,654	\$ -
Charges for Services	9,076,709	4,641,981	13,718,690	44,875,724
Claim Recoveries	-	-	-	1,160,871
Rentals and Concessions	2,933,404	2,918,773	5,852,177	-
Total Operating Revenues	<u>13,312,387</u>	<u>9,657,134</u>	<u>22,969,521</u>	<u>46,036,595</u>
Operating Expenses:				
Cost of Goods Sold	829,811	1,406,243	2,236,054	-
Personal Services	5,142,395	8,731,590	13,873,985	14,093,275
Supplies and Materials	1,729,037	1,491,223	3,220,260	153,014
Claims Incurred	-	-	-	19,267,260
Insurance	-	-	-	9,663,880
Communications	66,406	353,926	420,332	-
Utilities	1,303,792	1,442,989	2,746,781	-
Maintenance	423,665	752,287	1,175,952	-
Contractual Services	1,917,497	507,397	2,424,894	-
Other Services and Charges	320,502	593,699	914,201	1,203,085
Administrative Services	1,397,257	281,200	1,678,457	-
Depreciation	1,639,918	2,243,184	3,883,102	1,770,462
Total Operating Expenses	<u>14,770,280</u>	<u>17,803,738</u>	<u>32,574,018</u>	<u>46,150,976</u>
Operating Income (Loss)	<u>(1,457,893)</u>	<u>(8,146,604)</u>	<u>(9,604,497)</u>	<u>(114,381)</u>
Nonoperating Revenues (Expenses):				
Investment Earnings	116,334	137,045	253,379	1,935,975
Interest Expense, net of Amortization	(383,062)	-	(383,062)	(186,905)
Total Nonoperating Revenue (Expense)	<u>(266,728)</u>	<u>137,045</u>	<u>(129,683)</u>	<u>1,749,070</u>
Income (Loss) before Contributions and Transfers	<u>(1,724,621)</u>	<u>(8,009,559)</u>	<u>(9,734,180)</u>	<u>1,634,689</u>
Contribution from General Government Assets	-	3,470,849	3,470,849	-
Transfers In	655,000	6,471,800	7,126,800	250,000
Transfers Out	-	(200,000)	(200,000)	-
Total Contributions and Transfers	<u>655,000</u>	<u>9,742,649</u>	<u>10,397,649</u>	<u>250,000</u>
Change in Net Assets	<u>(1,069,621)</u>	<u>1,733,090</u>	<u>663,469</u>	<u>1,884,689</u>
Total Net Assets - Beginning	<u>23,876,610</u>	<u>61,879,536</u>	<u>85,756,146</u>	<u>22,951,420</u>
Total Net Assets - Ending	<u>\$ 22,806,989</u>	<u>\$ 63,612,626</u>	<u>\$ 86,419,615</u>	<u>\$ 24,836,109</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 9

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2006**

	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	\$ 13,620,916	\$ 9,532,234	\$ 23,153,150	\$ 45,390,317
Payments to Suppliers	(5,887,926)	(6,777,152)	(12,665,078)	(27,487,097)
Payments to Employees	(5,376,455)	(8,813,530)	(14,189,985)	(13,609,685)
Payments for Interfund Services Used	(624,900)	(281,200)	(906,100)	(351,500)
Payments for Administrative Charges	(1,397,257)	-	(1,397,257)	-
Net Cash Provided (Used) by Operating Activities	334,378	(6,339,648)	(6,005,270)	3,942,035
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	655,000	6,471,800	7,126,800	250,000
Transfers Out to Other Funds	-	(200,000)	(200,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	655,000	6,271,800	6,926,800	250,000
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(194,746)	(42,061)	(236,807)	(1,912,727)
Principal Paid on Notes Payable	(504,028)	-	(504,028)	(1,762,930)
Principal Paid on Revenue Bonds	(600,047)	-	(600,047)	-
Interest Paid	(350,999)	-	(350,999)	(186,905)
Net Cash Used by Capital and Related Financing Activities	(1,649,820)	(42,061)	(1,691,881)	(3,862,562)
Cash Flows from Investing Activities:				
Interest on Investments	116,334	137,045	253,379	1,935,975
Net Cash Provided by Investing Activities	116,334	137,045	253,379	1,935,975
Net Increase (Decrease) in Cash and Cash Equivalents	(544,108)	27,136	(516,972)	2,265,448
Cash and Cash Equivalents, July 1	2,082,245	2,124,837	4,207,082	44,234,702
Cash and Cash Equivalents, June 30	\$ 1,538,137	\$ 2,151,973	\$ 3,690,110	\$ 46,500,150

Exhibit 9
continued

	<u>Business-type Activities- Enterprise Funds</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Recreational and Cultural Activities</u>			
	<u>Montgomery County</u>	<u>Prince George's County</u>	<u>Totals</u>	
Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (1,457,893)	\$ (8,146,604)	\$ (9,604,497)	\$ (114,381)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,639,918	2,243,184	3,883,102	1,770,462
Effect of Changes in Assets and Liabilities in:				
Accounts Receivable	(3,391)	(127,562)	(130,953)	(353,784)
Due from County Government	-	1,113	1,113	(9,776)
Inventories, at Cost	318,202	(108,559)	209,643	-
Due from Other Funds	-	-	-	(282,718)
Accounts Payable	(231,281)	(120,829)	(352,110)	1,353,093
Claims Payable	-	-	-	1,292,247
Accrued Salaries and Benefits	(68,667)	(106,251)	(174,918)	422,377
Compensated Absences	(165,393)	24,311	(141,082)	61,213
Interest Payable	(9,037)	-	(9,037)	(6,304)
Incurred But Unreported Clms	-	-	-	(140,576)
Due to County Government	-	-	-	(49,818)
Revenue Collected in Advance	311,920	1,549	313,469	-
Total Adjustments	<u>1,792,271</u>	<u>1,806,956</u>	<u>3,599,227</u>	<u>4,056,416</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>334,378</u>	\$ <u>(6,339,648)</u>	\$ <u>(6,005,270)</u>	\$ <u>3,942,035</u>

In FY 2006, \$3,470,849 of improvements were contributed to the Prince George's County Enterprise Fund.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 10

**Statement of Net Assets
Fiduciary Funds
June 30, 2006**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ -	\$ 6,740,036	\$ 3,378,859
Cash and Marketable Securities	606,336,945	-	-
Restricted Cash: Unspent Bond Proceeds	-	2,007,124	-
Collateral for Securities Lending Transactions	52,333,354	-	-
Accounts Receivable	2,098,460	2,002	-
Deposits and Other	14,455	-	-
Land Held for Other Governments	-	48,409,820	-
Other	33,205	-	-
Total Assets	<u>660,816,419</u>	<u>57,158,982</u>	<u>3,378,859</u>
LIABILITIES			
Investment Payable	45,821,901	-	-
Accounts Payable	855,329	216	2,562,537
Obligation for Collateral Received under Securities Lending transactions	52,333,354	-	-
Deposits	-	-	816,322
Total Liabilities	<u>99,010,584</u>	<u>216</u>	<u>3,378,859</u>
NET ASSETS			
Assets Held in Trust for:			
Land Held for Other Governments	-	48,409,820	-
Pension Benefits	561,674,100	-	-
Other Postemployment Benefits	131,735	-	-
Other Purposes	-	8,748,946	-
Total Net Assets	<u>\$ 561,805,835</u>	<u>\$ 57,158,766</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, 2006**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 8,337,228	\$ -
Plan Members	3,898,242	-
Private Donations	-	46,489
Total Contributions	<u>12,235,470</u>	<u>46,489</u>
Receipts from Commission Debt Service Funds	-	891,293
Investment Earnings:		
Interest	9,493,754	468,780
Dividends	2,714,314	-
Net increase in the Fair Value of Investments	<u>30,510,085</u>	<u>-</u>
Total Investment Earnings	42,718,153	468,780
Less Investment Advisory and Management Fees	<u>(2,250,463)</u>	<u>-</u>
Net Income from Investing Activities	<u>40,467,690</u>	<u>468,780</u>
Securities Lending Activity		
Securities Lending Income	2,359,693	-
Securities Lending Fees	<u>(2,295,300)</u>	<u>-</u>
Net Income from Securities Lending Activity	<u>64,393</u>	<u>-</u>
Total Net Investment Income	<u>40,532,083</u>	<u>468,780</u>
Total Additions	<u>52,767,553</u>	<u>1,406,562</u>
DEDUCTIONS		
Benefits	19,128,868	-
Refunds of Contributions	359,828	-
Administrative Expenses	1,078,084	-
Other	-	102,828
Total Deductions	<u>20,566,780</u>	<u>102,828</u>
Change in Net Assets	<u>32,200,773</u>	<u>1,303,734</u>
Net Assets - Beginning	<u>529,605,062</u>	<u>55,855,032</u>
Net Assets - Ending	\$ <u>561,805,835</u>	\$ <u>57,158,766</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, 2006

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) The Commission and Its Services

Background

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

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

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

Financial Reporting Entity

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

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

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

(B) Government-wide and Fund Financial Statements

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

In fiscal year 2006, the Commission implemented GASB statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance" and GASB statement No. 44, "Economic Condition Reporting: The Statistical Section". There was no significant impact of implementing GASB statement No. 42. GASB statement No. 44 modifies the disclosures included in the Statistical Section of the Comprehensive Annual Financial Report. No Accounting changes are required in implementing this statement.

The reporting requirements established by GASB include:

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

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

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

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

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the Commission (government and business-type activities). The Commission reports all capital assets, including infrastructure, in the Government-wide Statement of Net Assets and reports depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of the Commission are presented in three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. The Commission generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Commission may defer the use of restricted assets based on a review of the specific transaction. The Commission has no restricted assets as of June 30, 2006.

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

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

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

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

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

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

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

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

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

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

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

The Commission reports the following major governmental funds:

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

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

The Commission reports the following major enterprise funds:

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

Additionally, the Commission reports the following fund types:

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

Internal Service Funds – Internal Service Funds are used to account for the financing of certain goods or services provided by one department to other departments of the Commission on a cost-reimbursement basis. There are six Internal Service Funds reported by the Commission: Montgomery County Capital Equipment Fund, Montgomery County Employee Benefits Fund, Montgomery County Risk Management Fund, Prince George's County Executive Office Building Fund, Prince George's County Employee Benefits Fund, and Prince George's County Risk Management Fund.

The Commission reports the following fiduciary fund types:

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

The Other Postemployment Benefits Fund is used to account for the accumulation of resources for postretirement health care benefits provided by the Commission. The Commission is not required to make additional contributions unless obligated to do so by resolution, and the fund is not funded based on actuarial information. In prior fiscal years this fund was being used to provide current retiree health care benefits. It is expected to be the vehicle for any funding that may be done for Other Postemployment Benefits in connection with the implementation of the accounting requirements of GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" in Fiscal year 2008.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Although governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation, the Commission has elected not to do so.

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

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

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

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

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

Property Taxes Receivable – All property tax receivables are shown net of an allowance for uncollectible accounts of \$2,951,335 at June 30, 2006. 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 \$39,000 over the 1 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 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 \$31,187,300 of fund balances in the General Fund at June 30, 2006, to fund fiscal year 2007 operations and contingencies, as follows:

	Montgomery County	Prince George's County	Total
Administration Account	\$ 1,426,500	\$ 3,934,500	\$ 5,361,000
Park Account	3,573,800	19,932,500	23,506,300
Recreation Account	N/A	2,320,000	2,320,000
	<u>\$ 5,000,300</u>	<u>\$ 26,187,000</u>	<u>\$ 31,187,300</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	\$ 261,122,238
Buildings	162,582,380
Improvements Other than Buildings	27,491,946
Infrastructure	212,318,381
Machinery and Equipment	43,281,579
Accumulated Depreciation on Buildings, Improvements and Machinery and Equipment	(221,295,909)
Construction in Progress	15,868,936
Total	<u>\$ 501,369,551</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	\$ 11,630,000
Due in More than One Year	127,100,295
Estimated Liability for Postclosure Costs:	
Due Within One Year	26,230
Due in More than One Year	13,115
Accrued Interest Payable	1,739,575
Totals	<u>\$ 140,509,215</u>

(3) – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(A) Budgetary Information

The following procedures are used in establishing the annual budget.

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

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

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

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

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

The actual expenditures in the General Fund Statements of Revenues, Expenditures/Encumbrances, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual are presented on a basis consistent with The Maryland-National Capital Park and Planning Commission Adopted Annual Budget. All expenditures made during fiscal year 2006 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, 2006 is as follows. The following account information is reported in Note 8.

	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, 2005	\$ 1,187,545	\$ 2,098,949	\$ 3,916,681	\$ 2,603,111	\$ 1,534,503	\$ 11,340,789
To Decrease -						
Encumbrances -						
June 30, 2006	(1,796,920)	(2,865,673)	(5,533,737)	(3,470,405)	(2,099,760)	(15,766,495)
Total Adjustment	(609,375)	(766,724)	(1,617,056)	(867,294)	(565,257)	(4,425,706)
Net Change in Fund Balance:						
GAAP Basis	790,141	1,009,801	4,065,019	14,301,801	6,555,911	26,722,673
Budget Basis	\$ 180,766	\$ 243,077	\$ 2,447,963	\$ 13,434,507	\$ 5,990,654	\$ 22,296,967

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2006, totaled \$887,241,378. The Commission's unrestricted pool of deposits and investments (\$208,960,464) is available to all funds, except for the Pension Trust Funds.

Commission Cash and Investments

Custodial Credit Risk - Deposits - At year-end, the carrying amount of deposits was a deficit of \$1,460,317 and the bank balance was \$1,236,635. In addition, the Commission held cash at various locations totaling \$243,760. Of the bank balance, \$300,000 was covered by Federal depository insurance and the remainder was collateralized by \$2,989,923 of securities held by a member of the Federal Reserve banking system in the name of the Commission and the Commission's bank.

The Commission requires collateral for the pooled cash and investments to be held in the Commission's name by the trust department of a bank other than the pledging bank. The Commission's policy was complied with throughout the year ended June 30, 2006. Collateral shall be maintained in excess of FDIC insurance coverage for all Commission bank cash accounts, certificates of deposits and time deposits.

Money Market Deposits - At year end the carrying value (fair value) of deposits in money market accounts is \$1,513,599. All such deposits relate to cash and investments restricted for construction or for retiree health costs.

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

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

Cash and Investments Restricted for Unspent Debt Proceeds - At year-end, the Commission had \$19,610,615 of unspent bonds and note proceeds restricted to pay construction costs for various projects, and for equipment purchases.

Custodial Credit Risk - Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Statutes require that securities underlying repurchase agreements have a fair value of at least 102% of the cost of the investment. If during the year, the fair value of securities underlying such investments falls below this required level, additional collateral is pledged or other collateral in the amount of the required level is substituted. All collateral met statutory requirements and is held in the Commission's name by a third-party custodian.

Fixed Income Investments - The Commission's fixed income investments at June 30, 2006 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Commercial Paper	\$ 694,467	53.29
Federal Farm Credit Bank Notes	8,470,986	25.00
U.S. Treasury Notes	992,748	153.00
U.S. Treasury Bills	4,098,134	41.00
Bankers Acceptances	4,987,625	57.19
Federal Home Loan Bank Notes	47,542,608	24.28
Federal Home Loan Mortgage Association Notes	58,334,214	38.62
Federal National Mortgage Association Notes	16,945,767	24.00
Repurchase Agreements	86,221,103	23.70
Total fair value	<u>\$ 228,287,652</u>	
Portfolio Weighted Average Maturity		28.49

Interest Rate Risk - The Commission manages its exposure to declines in fair value by limiting the maturity of its investment portfolio. The majority of investments shall be for a maximum maturity of one year (six months for bankers acceptances). A portion of the portfolio may be invested in U.S. Government and U. S. Agency securities with a maturity of up to two years. At June 30, 2006 the only securities with a maturity in excess of three months is a U. S. Treasury Note maturing in November.

Credit Risk – The Commission's investment policy requires that investments in commercial paper, money market accounts and bankers acceptances have received ratings of the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by the Securities and Exchange Commission. Up to 10% of bond proceeds may be invested in money market mutual funds that have not received the highest rating. All related investments have received ratings of the highest letter quality, except for \$130,458 (.7%) of bond funds invested in an unrated money market fund.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer. It is the Commission's policy to diversify by investment type and institution in order to avoid unreasonable risks, with maximum limitation as follows:

<u>Diversification by Investment Type</u>	<u>Maximum Percent of Portfolio*</u>
Municipal Securities (Bond Proceeds)	100 %
U.S. Government Securities	100
Repurchase Agreements	60
U.S. Agency Securities	60
Bankers' Acceptances	50
Certificates of Deposit and Time Deposits**	25
Money Market Mutual Funds (Non Bond Proceeds)	25
Pooled Investments	25
Money Market Mutual Funds (Bond Proceeds)	10
Commercial Paper	5

<u>Diversification by Institution</u>	<u>Maximum Percent of Portfolio*</u>
Approved Broker/Dealers and Financial Institutions	30 %
Money Market Mutual Funds by Fund	25
U.S. Government Agency by Agency	20
Bankers Acceptances by Institution	10
Commercial Banks for CD's and Time Deposits**	10
Foreign Banks for Bankers' Acceptances	5

* At time of purchase

** Certificates of deposit are classified as deposits for financial reporting purposes.

The Commission is in compliance with this policy.

Employees' Retirement System (ERS) Cash and Investments

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

The amount of ERS's total cash and cash equivalents at June 30, 2006, was \$23,651,723. Cash deposits in the bank account totaled \$48,230 that was insured and collateralized. At June 30, 2006, ERS held \$23,603,493 of cash equivalents in its custodial investment accounts.

As of June 30, 2006, ERS's cash equivalents were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 117,114
Uninsured and held by custodial bank not in ERS's name	281,523
	<u>\$ 398,637</u>

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

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

Domestic Equities	50 %
International Equities	15
Core Fixed Income	20
High Yield Fixed Income	5
Treasury Inflated Protection Securities	5
Real Estate	5
Total	<u>100 %</u>

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

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

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

U.S. Equity

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

Non-U.S. Equity

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

Fixed Income Guidelines

- The Fixed Income Composite is limited to 20% of its value in cash equivalents at any time.
- A single issuer cannot exceed 5% of the market value of the fixed income composite at any time.
- Duration of the fixed income composite should remain within +/- 1.5 years relative to the asset class benchmarks. The duration of the fixed income composite at June 30, 2006 was 5.01 years with the Merrill Lynch BB/B and the Lehman Aggregate at 4.79 and 4.80 years, respectively.
- Securities with a weighted-average life greater than 30 years are prohibited.
- The fixed income composite is expected to maintain an aggregate weighting of at least a single A.

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

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

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

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

ERS's investments at June 30, 2006 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Common Stock	\$ 346,027,335
Convertible Equity	1,263,286
Government Bonds	11,072,494
Government Agencies	24,941,617
Provincial Bonds	422,985
Corporate Bonds	55,780,636
Government Mortgage Backed Securities	64,112,468
Commercial Mortgage-Backed	2,433,858
Asset Backed Securities	13,958,461
Non-Government Backed CMOs	23,002,004
Index Linked Government Bonds	4,950,501
Other Fixed Income	34,587,842
Short Term Bills and Notes	1,260,379
Commercial Paper	128,434
Cash & Cash Equivalent Derivative-Options	62,819
Short Term Investment Funds	21,720,923
Securities Lending Short Term Collateral Investment Pool	52,333,354
Cash	430,938
Total Investments	<u>\$ 658,490,334</u>

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

Of ERS's \$658.5 million in investments at June 30, 2006, \$52.3 million were cash collateral reinvestment securities acquired by the custodian, whom is also the lending agent/counterparty. This is consistent with ERS's securities lending agreement in place with the custodian.

The fair value of cash collateral securities as of June 30, 2006, are presented by type below:

<u>Collateral</u>	<u>Fair Value</u>
Global Government	\$ 573,554
U.S. Agencies	6,080,194
U.S. Corporate Fixed	9,969,513
U.S. Equities	23,045,642
U.S. Government Fixed	12,664,451
Total	<u>\$ 52,333,354</u>

As of June 30, 2006, ERS had the following fixed income investments and short term investments with the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity-Years</u>
Asset Backed Securities	\$ 13,958,461	15.767219
Commercial Mortgage-Backed	2,433,858	32.810534
Corporate Bonds	54,819,849	10.543943
Corporate convertible Bonds	960,787	3.495713
Government Agencies	24,941,617	12.845639
Government Bonds	11,072,494	9.945712
Government Mortgage Backed Securities	64,112,468	24.572061
Index Linked Government Bonds	4,950,501	15.023641
Provincial Bonds	422,985	4.566298
Non - Government Backed CMOs	23,002,004	30.187971
Other Fixed Income	34,587,842	N/A
Short Term Bills and Notes	1,260,379	0.123728
Short Term Investment Funds	21,720,923	N/A
Commercial Paper	128,434	0.227000
Totals	<u>\$ 258,372,602</u>	
Portfolio Weighted Average Maturity		11.642488

Collateralized Mortgage Obligations - Collateralized mortgage obligations (CMOs) are a type of mortgage-backed security that creates several pools of pass-through rates for different classes of bonds, called tranches. The tranches have their own risk characteristics with varying maturities. The repayments of principal and interest from the pass-through securities are used to retire the bonds in an established order of maturity. ERS held \$23,002,004 in CMOs at June 30, 2006.

Asset-backed Securities – Asset-backed securities (ABS) are bond or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Brokerage firms underwrite the securities and reoffer them to the public. ERS held \$13,958,461 in ABS at June 30, 2006.

Credit Quality – ERS Credit Quality Ratings Summary as rated by Standard & Poor's Rating Services as of June 30, 2006 is as follows:

Quality Distribution for Securities
With Credit Exposure as a Percentage of Total Investments

Agency	Government	12.808 %
Agency	AAA	2.732
Agency	A	0.021
Agency	BB	0.137
Agency	Not Rated	0.302
Asset Backed Securities	AAA	1.874
Asset Backed Securities	BBB	0.094
Asset Backed Securities	Not Rated	0.152
Commercial Mortgage Backed Securities	AAA	0.325
Commercial Mortgage Backed Securities	Not Rated	0.044
Non-Government Backed C.M.O.s	AAA	2.681
Non-Government Backed C.M.O.s	Not Rated	0.812
Corporate Bonds	AAA	0.203
Corporate Bonds	AA	0.598
Corporate Bonds	A	2.019
Corporate Bonds	BBB	1.690
Corporate Bonds	BB	0.946
Corporate Bonds	B	1.927
Corporate Bonds	CCC	0.154
Corporate Bonds	Not Rated	1.752
Provincial Bonds	AAA	0.039
Provincial Bonds	AA	0.025
Other Fixed Income	Not Rated	4.441
Short Term Bills and Notes	AAA	0.168
Short Term Investment fund	Not Rated	3.299

Foreign Currency Risk – ERS's exposure to foreign currency risk at June 30, 2006, is as follows:

<u>Investment Type</u>	<u>Currency</u>	<u>Fair Value</u>
Common Stock	Far-East-Asia	\$ 624,456
Common Stock	Canadian Dollars	1,218,722
Common Stock	Europe, Australia, & Far East	66,472,315
Common Stock	French Franc	554,659
Common Stock	International Region	786,088
Common Stock	Japanese yen	261,475
Common Stock	Mexican Peso	332,600
Common Stock	Sweden	148,680
Common Stock	Switzerland	614,906
Common Stock	British Pounds Sterling	580,973
Government Bonds	Argentine Peso	251,304
Government Bonds	Brazilian Real	805,127
Government Bonds	Columbian Peso	126,485
Government Bonds	South African Rand	39,584
Government Bonds	Mexican Peso	772,736
Government Agencies	Canadian Dollars	97,740
Provincial Bonds	Australian Dollars	256,920
Provincial Bonds	Canadian Dollars	166,065
Corporate Bonds	Indonesian Rupiah	330,389
Corporate Bonds	New Zealand Dollars	256,526
Corporate Bonds	Bermuda Dollars	60,800
Corporate Bonds	Canadian Dollars	1,561,174
Corporate Bonds	Chilean Peso	91,387
Corporate Bonds	Icelandic Krona	660,198
Corporate Bonds	Irish Pound	386,775
Corporate Bonds	Liberian Dollars	242,615
Corporate Bonds	Netherlands Guilder	113,257
Corporate Bonds	South Korean Won	235,428
Corporate Bonds	British Pound Sterling	437,006
Commercial Mortgage-Backed	British Pound Sterling	217,524
Commercial Paper	Canadian Dollars	128,434
Total		<u>\$ 78,832,348</u>

Cash Received as Securities Lending Collateral

The following table details the net income from securities lending for the period ending June 30, 2006:

Security lending income	\$ 2,359,693
Less security lending fees	<u>2,295,300</u>
Net securities lending income	<u>\$ 64,393</u>

The Board of Trustees authorized the lending of fixed income securities, which activity is managed by the custodian bank. There were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent as of June 30, 2006. Due to the nature of the program's collateralization of loans at a minimum of 102% of market value plus accrued interest, management of ERS believes that there is no credit risk exposure, since ERS owes the borrower more than the borrower owes ERS.

Securities are loaned against collateral that may include cash, U.S. government securities, and irrevocable letters of credit. U.S. government securities are loaned against collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. government securities are loaned against collateral valued at 105% of the market value of the securities plus any accrued interest. Non-

cash collateral cannot be pledged or sold unless the borrower defaults. Consequently, the non-cash collateral has not been reported as an asset or liability on the statement of plan net assets. All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans were approximately 98 days in 2006.

Cash open collateral is invested in a short-term investment pool, which had an average weighted maturity of 41 days in 2006. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. There are no dividends or coupon payments owing on the securities lent.

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

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2006.

<u>Securities Lent</u>	<u>Fair Value</u>	<u>Cash Collateral Received*</u>	<u>Noncash Collateral Value*</u>
Fixed income securities	\$ 28,805,281	\$ 29,287,712	\$ 4,536,394
Domestic equities	22,655,174	23,045,642	124,068
Total	<u>\$ 51,460,455</u>	<u>\$ 52,333,354</u>	<u>\$ 4,660,462</u>

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

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

Statement of Net Assets

Equity in Pooled Cash and Investments	\$ 198,841,569
Restricted Cash, Cash Equivalents and Investments - Unspent Bonds Proceeds	17,603,491

Statement of Net Assets - Fiduciary Funds

Equity in Pooled Cash and Investments - Private Purpose Trust Funds	6,740,036
Equity in Pooled Cash and Investments - Agency Funds	3,378,859
Restricted Cash Unspent Bond Proceeds - Private Purpose Trust Funds	2,007,124
Cash and Marketable Securities - Pension Trust Funds	606,336,945
Collateral for Securities Lending Transactions - Pension Trust Funds	52,333,354
Total	<u>\$ 887,241,378</u>

They are composed of:

Cash in Banks of Commission	\$ (1,460,317)
Cash of Employees' Retirement System Pension Trust Fund	48,230
Cash in Other Locations - Commission	243,760
Money Market Deposits of Commission	1,513,599
Investments of Commission	
Fixed Income Securities	228,287,652
Mutual funds	118,120
Investments of Employees' Retirement System Pension Trust Fund	
Equity Investments	347,290,621
Fixed Income Securities	258,372,602
Cash	430,938
Cash & Cash Equivalent Derivative-Options	62,819
Collateral for Securities Lending Transactions	52,333,354
Total	<u>\$ 887,241,378</u>

(B) Capital Assets

A summary of governmental activities capital assets at June 30, 2006 is as follows:

	July 1, 2005	Increases	Decreases	Transfers/ Contributions	June 30, 2006
Capital assets not being depreciated:					
Land	\$ 250,578,568	\$ 11,397,867	\$ (105,700)	\$ -	\$ 261,870,735
Construction in progress	22,600,695	7,903,946	-	(14,635,705)	15,868,936
Total capital assets not being depreciated	<u>273,179,263</u>	<u>19,301,813</u>	<u>(105,700)</u>	<u>(14,635,705)</u>	<u>277,739,671</u>
Other capital assets, being depreciated:					
Buildings and improvements	188,607,691	15,840	-	3,885,653	192,509,184
Infrastructure	205,356,654	-	-	7,279,203	212,635,857
Machinery and equipment	62,867,910	4,780,214	(1,465,648)	-	66,182,476
Total other capital assets	<u>456,832,255</u>	<u>4,796,054</u>	<u>(1,465,648)</u>	<u>11,164,856</u>	<u>471,327,517</u>
Less accumulated depreciation for:					
Buildings and improvements	(91,519,095)	(5,609,120)	-	-	(97,128,215)
Infrastructure	(86,844,556)	(5,427,939)	-	-	(92,272,495)
Machinery and equipment	(46,535,681)	(4,805,043)	1,465,648	-	(49,875,076)
Total accumulated depreciation	<u>(224,899,332)</u>	<u>(15,842,102)</u>	<u>1,465,648</u>	<u>-</u>	<u>(239,275,786)</u>
Total other capital assets, net	<u>231,932,923</u>	<u>(11,046,048)</u>	<u>-</u>	<u>11,164,856</u>	<u>232,051,731</u>
Governmental activities capital assets, net	<u>\$ 505,112,186</u>	<u>\$ 8,255,765</u>	<u>\$ (105,700)</u>	<u>\$ (3,470,849)</u>	<u>\$ 509,791,402</u>

Summaries of business-type activities capital assets at June 30, 2006, made up of two major enterprise funds, is as follows:

	July 1, 2005	Increases	Decreases	Transfers	June 30, 2006
<u>Montgomery County Enterprise Fund</u>					
Capital assets not being depreciated:					
Land	\$ 11,584,468	\$ -	\$ -	\$ -	\$ 11,584,468
Construction in progress	144,753	9,605	(144,753)	-	9,605
Total capital assets not being depreciated	<u>11,729,221</u>	<u>9,605</u>	<u>(144,753)</u>	<u>-</u>	<u>11,594,073</u>
Capital assets being depreciated					
Buildings and improvements	28,072,831	83,934	-	-	28,156,765
Machinery and equipment	5,028,884	245,959	(45,144)	-	5,229,699
Total capital assets being depreciated	<u>33,101,715</u>	<u>329,893</u>	<u>(45,144)</u>	<u>-</u>	<u>33,386,464</u>
Less accumulated depreciation for:					
Buildings	(9,807,136)	(1,306,664)	-	-	(11,113,800)
Machinery and equipment	(3,712,914)	(333,252)	45,144	-	(4,001,022)
Total accumulated depreciation	<u>(13,520,050)</u>	<u>(1,639,916)</u>	<u>45,144</u>	<u>-</u>	<u>(15,114,822)</u>
Total capital assets being depreciated, net	<u>19,581,665</u>	<u>(1,310,023)</u>	<u>-</u>	<u>-</u>	<u>18,271,642</u>
Capital assets, net	<u>\$ 31,310,886</u>	<u>\$ (1,300,418)</u>	<u>\$ (144,753)</u>	<u>\$ -</u>	<u>\$ 29,865,715</u>
<u>Prince George's County Enterprise Fund</u>					
Capital assets not being depreciated:					
Land	\$ 7,779,131	\$ -	\$ -	\$ -	\$ 7,779,131
Capital assets being depreciated:					
Buildings and improvements	68,875,825	3,470,849	(303,372)	-	72,043,302
Machinery and equipment	4,518,023	42,062	(26,744)	-	4,533,341
Total capital assets being depreciated	<u>73,393,848</u>	<u>3,512,911</u>	<u>(330,116)</u>	<u>-</u>	<u>76,576,643</u>
Less accumulated depreciation for:					
Buildings and improvements	(17,443,944)	(2,026,604)	303,372	-	(19,167,176)
Machinery and equipment	(2,903,763)	(216,581)	26,744	-	(3,093,600)
Total accumulated depreciation	<u>(20,347,707)</u>	<u>(2,243,185)</u>	<u>330,116</u>	<u>-</u>	<u>(22,260,776)</u>
Total capital assets being depreciated, net	<u>53,046,141</u>	<u>1,269,726</u>	<u>-</u>	<u>-</u>	<u>54,315,867</u>
Capital assets, net	<u>\$ 60,825,272</u>	<u>\$ 1,269,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,094,998</u>

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

Governmental activities:	
General Government	\$ 304,143
County Planning and Zoning	694,957
Park Operations and Maintenance	12,484,759
Recreation Programs	2,358,243
Total depreciation expense - governmental activities	<u>\$ 15,842,102</u>
Total depreciation expense - business-type activities:	
Recreational and Cultural Facilities	<u>\$ 3,883,101</u>

Construction Commitments - The Commission is committed to \$29,461,952 for construction contracts for work to be performed in subsequent years.

(C) Interfund Receivables, Payables, and Transfers

The Commission had no interfund receivable and payable balances at June 30, 2006.

The Commission had the following interfund transfers during fiscal year 2006:

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	\$ -	\$ -	\$ -	\$ 50,000	\$ 250,000	\$ 300,000
General Fund - Park Account	-	140,000	11,788,000	16,681,937	6,726,800	35,336,737
General Fund - Recreation Account	-	-	-	-	400,000	400,000
Special Revenue Fund	-	-	684,516	-	-	684,516
Capital Projects - Interest	1,782,964	-	-	-	-	1,782,964
Enterprise Fund	-	-	200,000	-	-	200,000
Total Transfers In	\$ 1,782,964	\$ 140,000	\$ 12,672,516	\$ 16,731,937	\$ 7,376,800	\$ 38,704,217
Transfers Out						
General Fund - Park Account	\$ -	\$ 232,057	\$ 1,550,907	\$ -	\$ -	\$ 1,782,964
Internal Service Fund - Capital Equipment	250,000	-	-	-	-	250,000
Debt Service Fund	16,661,238	-	-	-	-	16,661,238
Capital Projects	11,928,000	-	-	684,516	200,000	12,812,516
Special Revenue Fund	70,699	-	-	-	-	70,699
Enterprise Fund	7,126,800	-	-	-	-	7,126,800
Total Transfers Out	\$ 36,036,737	\$ 232,057	\$ 1,550,907	\$ 684,516	\$ 200,000	\$ 38,704,217

A majority of the transfers was to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds (\$16,661,238) and current funding for Capital Projects (\$12,812,516).

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	\$ 655,000	\$ 6,071,800	\$ -	\$ 6,726,800
General Fund - Recreation Account	-	400,000	-	400,000
Internal Service Fund - Capital Equipment	-	-	250,000	250,000
Total Transfers In	\$ 655,000	\$ 6,471,800	\$ 250,000	\$ 7,376,800
Transfers Out				
Capital Projects	\$ -	\$ 200,000	\$ -	\$ 200,000

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

In addition to the above transfers, tax revenues of \$891,293 not needed to pay current debt service were contributed by the Advanced Land Acquisition Debt Service Funds to the Advanced Land Acquisition Accounts in the Private Purpose Trust Funds.

(D) Operating Leases

The Commission is committed under several operating leases for office space expiring at various dates through 2012. Each agreement provides for termination in the event of nonappropriation of funds.

Future minimum commitments under operating leases at June 30, 2006 are as follows (\$000's):

Year Ending June 30	Operating Leases		
	Total	Montgomery County	Prince George's County
2007	\$ 1,681	\$ 334	\$ 1,347
2008	701	292	409
2009	416	266	150
2010	428	278	150
2011	440	290	150
2012	303	303	-
Total minimum lease payments	<u>\$ 3,969</u>	<u>\$ 1,763</u>	<u>\$ 2,206</u>

In fiscal year 2006, expenditures in the General Fund included \$1,190,438 (Montgomery - \$243,458, Prince George's - \$946,980) relating to the rental of office space.

(E) Long-Term Obligations

Notes Payable - Notes payable are only reported in proprietary funds and at the Government-wide level. Payments required to maturity on notes payable at June 30, 2006 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	Interest
2007	\$ 1,583	\$ 1,171	\$ 89	\$ 27	\$ 1	\$ 229	\$ 66
2008	1,570	1,195	57	27	1	235	55
2009	986	663	33	-	-	247	43
2010	987	682	13	-	-	260	32
2011	211	-	-	-	-	200	11
2012-2013	342	-	-	-	-	325	17
Total payments	<u>\$ 5,679</u>	<u>\$ 3,711</u>	<u>\$ 192</u>	<u>\$ 54</u>	<u>\$ 2</u>	<u>\$ 1,496</u>	<u>\$ 224</u>

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

Mandatory taxes of 3.6 cents per \$100 of real property assessed valuation (9 cents for personal property) in Montgomery County and at least 4 cents per \$100 of real property assessed valuation (10 cents for personal property) in Prince George's County are required by Article 28 of the Annotated Code of Maryland to be levied in the Metropolitan District in the respective counties for the payment of Park Bond debt service. In 2006, debt service payments approximated 0.35 cents per \$100 of real property and 0.88 cents per \$100 of personal property for Montgomery County and 2.23 cents for real property and 5.58 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for operating and maintaining the park system of the respective counties.

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

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

Montgomery County General Obligation Bonds						
Fiscal Year	Governmental Activities					
	Total Park	Total Park	Total Park	Total ALA	Total ALA	Total ALA
	Principal	Interest	Payments	Principal	Interest	Payments
2007	\$ 2,230	\$ 1,143	\$ 3,373	\$ 555	\$ 185	\$ 740
2008	2,375	1,068	3,443	545	163	708
2009	2,395	988	3,383	535	141	676
2010	2,495	902	3,397	530	118	648
2011	2,510	810	3,320	535	95	630
2012 - 2016	9,435	2,767	12,202	1,065	307	1,372
2017 - 2021	6,415	1,047	7,462	600	157	757
2022 - 2025	1,700	114	1,814	480	40	520
Totals	<u>\$ 29,555</u>	<u>\$ 8,839</u>	<u>\$ 38,394</u>	<u>\$ 4,845</u>	<u>\$ 1,206</u>	<u>\$ 6,051</u>

Prince George's County General Obligation Bonds							
Fiscal Year	Governmental Activities						Total Commission
	Total Park	Total Park	Total Park	Total ALA	Total ALA	Total ALA	General
	Principal	Interest	Payments	Principal	Interest	Payments	Obligation Bonds
2007	\$ 8,530	\$ 4,003	\$ 12,533	\$ 315	\$ 68	\$ 383	\$ 17,029
2008	9,310	3,686	12,996	305	53	358	17,505
2009	9,170	3,387	12,557	300	37	337	16,953
2010	9,180	3,078	12,258	295	22	317	16,620
2011	9,050	2,761	11,811	290	8	298	16,059
2012 - 2016	35,385	9,512	44,897	-	-	-	58,471
2017 - 2021	20,165	3,341	23,506	-	-	-	31,725
2022 - 2025	4,240	278	4,518	-	-	-	6,852
Totals	<u>\$ 105,030</u>	<u>\$ 30,046</u>	<u>\$ 135,076</u>	<u>\$ 1,505</u>	<u>\$ 188</u>	<u>\$ 1,693</u>	<u>\$ 181,214</u>

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 3.85%, the rate in effect starting June 30, 2006, was used. Interest rates during the year ranged from 2.40% to 3.85%.

Outstanding General Obligation Bonds - General obligation bonds outstanding at June 30, 2006, 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>FY2007 Serial Payment</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2006</u>
<u>Montgomery County</u>						
Park Acquisition and Development Bonds						
Series U-2	4.5346 %	08/01/98	08/01/18	\$ 280	\$ 7,000	\$ 5,390
Series Y-2	5.0232	11/01/00	11/01/20	230	5,700	4,850
Series CC-2 (Note 1)	3.7819	12/01/02	12/01/22	865	12,155	10,030
Series FF-2	3.8457	11/15/04	12/01/24	160	4,000	3,840
Series HH-2	3.1807	07/15/05	07/01/14	695	5,445	5,445
				<u>2,230</u>	<u>34,300</u>	<u>29,555</u>
Advance Land Acquisition Bonds						
Bonds of 1995 Advance Refunding	4.7707	12/01/95	07/01/10	315	3,345	1,520
ALA Refunding Bonds of 2002, Series DD-2	3.4748	12/01/02	12/01/14	160	1,550	1,405
ALA Bonds of 2004	3.8457	11/15/04	12/01/24	80	2,000	1,920
				<u>555</u>	<u>6,895</u>	<u>4,845</u>
Total Montgomery County General Obligation Bonds				<u>\$ 2,785</u>	<u>\$ 41,195</u>	<u>\$ 34,400</u>
<u>Prince George's County</u>						
Park Acquisition and Development Bonds						
Series T-2	5.3913	01/15/97	01/15/07	\$ 1,300	\$ 33,000	\$ 1,300
Series W-2	6.4000	06/25/98	07/01/12	600	7,325	3,825
Series Z-2	4.5481	07/15/01	05/01/21	750	18,700	15,900
Series AA-2 (Note 2)	Note 2	07/25/02	05/01/22	600	21,200	18,800
Series BB-2 Advance Refunding	3.3944	12/01/02	07/01/14	2,560	21,110	15,175
Series EE-2 (Note 1)	3.2824	03/15/04	01/15/24	660	37,525	36,345
Series GG-2	3.1053	07/15/05	07/01/12	2,060	13,685	13,685
				<u>8,530</u>	<u>152,545</u>	<u>105,030</u>
Advance Land Acquisition Bonds						
Bonds of 1995 Advance Refunding	4.8991	12/01/95	07/01/10	315	3,300	1,505
Total Prince George's County General Obligation Bonds				<u>\$ 8,845</u>	<u>\$ 155,845</u>	<u>\$ 106,535</u>

- Notes: (1) The CC-2 and EE-2 Bonds include Advance Refunding and Park Acquisition and Development Project Bonds;
(2) Series AA Bonds are auction rate notes, with short-term interest rates reset every 35 days. At June 30, 2006 a rate of 3.85% 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 \$7,780,162 at June 30, 2006, are accounted for in the Montgomery County Enterprise Funds. Debt service expenditures for the revenue bonds and notes totaled \$1,398,000 for the fiscal year. There were no revenue bonds or revenue notes payable for Prince George's County.

The outstanding proprietary fund debt as of June 30, 2006, 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
2007	\$ 1,065	\$ 311	\$ 1,376
2008	1,086	266	1,352
2009	1,107	222	1,329
2010	1,130	176	1,306
2011	1,151	130	1,281
2012 - 2015	2,241	125	2,366
Total	<u>\$ 7,780</u>	<u>\$ 1,230</u>	<u>\$ 9,010</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 \$192,377 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2006, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale		Dated	Final Maturity Date	FY2007 Serial Payment	Original Issue	Outstanding at June 30, 2006
<u>Montgomery County</u>							
Revenue Bonds and Notes							
Little Bennett Golf Course (net of deferred amount)	3.3705	%	12/09/03	11/01/12	\$ 326	\$ 3,154	\$ 2,524
Wheaton Ice Rink	3.3706		12/09/03	05/01/12	295	2,799	1,923
Cabin John Ice Rink	5.1600		04/24/99	11/01/13	444	6,000	3,333
					<u>\$ 1,065</u>	<u>\$ 11,953</u>	<u>\$ 7,780</u>

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

Changes in Long-term Liabilities – Changes in long-term liabilities for the year ended June 30, 2006, 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	\$ 31,760,000	\$ 5,445,000	\$ 7,650,000	\$ 29,555,000	\$ 2,230,000
General Obligation ALA Bonds Payable	5,390,000	-	545,000	4,845,000	555,000
Deferred charges, net of premiums, on General Obligation Bonds	(481,124)	(76,613)	(57,747)	(499,990)	-
Notes Payable - Governmental	5,256,308	-	1,544,565	3,711,743	1,171,416
Estimated Liability for Landfill Closure and Postclosure Costs	65,575	-	26,230	39,345	26,230
Accrued Compensated Absences	6,428,122	4,657,110	4,263,771	6,821,461	4,263,771
Long-term Liabilities	<u>48,418,881</u>	<u>10,025,497</u>	<u>13,971,819</u>	<u>44,472,559</u>	<u>8,246,417</u>
<u>Prince George's County</u>					
General Obligation Park Bonds Payable	113,480,000	13,685,000	22,135,000	105,030,000	8,530,000
General Obligation ALA Bonds Payable	1,825,000	-	320,000	1,505,000	315,000
Deferred charges, net of premiums, on General Obligation Bonds	(1,700,218)	(200,123)	(195,623)	(1,704,718)	-
Notes Payable - Governmental	1,714,200	-	218,365	1,495,835	228,546
Accrued Compensated Absences	7,830,022	4,796,650	5,128,776	7,497,896	5,128,776
Long-term Liabilities	<u>123,149,004</u>	<u>18,281,527</u>	<u>27,606,518</u>	<u>113,824,013</u>	<u>14,202,322</u>
Total Long-term Liabilities	<u>\$ 171,567,885</u>	<u>\$ 28,307,024</u>	<u>\$ 41,578,337</u>	<u>\$ 158,296,572</u>	<u>\$ 22,448,739</u>
Business type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
<u>Montgomery County</u>					
Revenue Bonds and Notes Payable	\$ 8,824,862	\$ -	\$ 1,044,490	\$ 7,780,372	\$ 1,064,712
Unamortized Discount on Revenue Bonds and Notes	(224,440)	-	(32,063)	(192,377)	-
Notes Payable - Enterprise	113,770	-	59,584	54,186	26,967
Accrued Compensated Absences	518,865	129,505	294,898	353,472	162,170
Long-term Liabilities	<u>9,233,057</u>	<u>129,505</u>	<u>1,366,909</u>	<u>7,995,653</u>	<u>1,253,849</u>
<u>Prince George's County</u>					
Accrued Compensated Absences	598,479	284,855	260,544	622,790	260,544
Long-term Liabilities	<u>598,479</u>	<u>284,855</u>	<u>260,544</u>	<u>622,790</u>	<u>260,544</u>
Total Long-term Liabilities	<u>\$ 9,831,536</u>	<u>\$ 414,360</u>	<u>\$ 1,627,453</u>	<u>\$ 8,618,443</u>	<u>\$ 1,514,393</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	\$ 9,392,547	\$ 422,714	\$ 9,815,261
Due in more than One Year	4,926,810	553,548	5,480,358
Bonds and Notes Payable:			
Due within One Year	13,029,962	1,091,679	14,121,641
Due in more than One Year	130,907,908	6,550,502	137,458,410
Estimated Liability for Closure and Postclosure Costs:			
Due within One Year	26,230	-	26,230
Due in more than One Year	13,115	-	13,115
Total Long-term Liabilities	<u>\$ 158,296,572</u>	<u>\$ 8,618,443</u>	<u>\$ 166,915,015</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 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 are \$21,500,000 of Prince George's County Series T-2 bonds, which will be redeemed on July 15, 2007.

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

(5) – OTHER INFORMATION

(A) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission protects against unforeseen losses through self-insurance and commercial insurance coverages. Self-insurance and some commercial insurance policies are administered through the Montgomery County Self-Insurance Fund (the "Program"), of which the Commission is a participant. The "Program" is beneficial for the purpose of economic pooling of risks and resources, and providing claims administration. Self-insured coverage is available for workers' compensation (Maryland state mandatory limits), comprehensive general, police professional, public official liability (Maryland Tort caps apply), and property and fire damage (up to \$250,000). Commercial insurance policies are retained for boiler and machinery damage, and data processing system breakdown, property and fire damage above \$250,000. The Commission is responsible for reimbursing the Program, the full amount of all self-insured claims with the exception of property loss claims which are limited to \$250,000 reimbursement after which point, group commercial insurance policies provide protection. Outside the "Program" coverages, the Commission also carries honesty bond coverage, and comprehensive crime coverage for its public officials and employees, airport liability coverage, airport museum coverages, and other coverages for specialized needs. The Commission did not pay any claims settlements in excess of \$250,000 for fiscal years 2004, 2005, and 2006. No insurance coverages were reduced in fiscal year 2006.

The Commission's employees and retirees have various options in their selection of health insurance benefits. The Commission self-insures the following medical plans: a health maintenance organization (HMO), a point of service (POS), out-of-area POS (retirees only) and Medicare compliment plan (retirees only), as well as the prescription drug plan. All other group health insurance plans are fully insured including one other HMO, a dental plan and a vision plan with three coverage options. The Commission

expenses (net of employee and retiree contributions) were \$18,436,575 for all group health benefits in fiscal year 2006. 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 2006 totaled \$3,445,084. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for IBNR claims which is determined annually based on an actuarial valuation. In addition, individual claim liabilities are established for each case based on the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

		Risk Management
Unpaid Claims, June 30, 2004	\$ 1,589,465	\$ 5,557,771
Incurred Claims, Fiscal Year 2005	13,466,082	3,367,450
Claims Paid, Fiscal Year 2005	(13,112,286)	(2,644,296)
Unpaid Claims, June 30, 2005	1,943,261	6,280,925
Incurred Claims, Fiscal Year 2006	13,928,781	3,445,084
Claims Paid, Fiscal Year 2006	(13,920,851)	(2,301,343)
Unpaid Claims, June 30, 2006	<u>\$ 1,951,191</u>	<u>\$ 7,424,666</u>

The medical column excludes expenses that are fully insured.

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

	Medical	Risk Management	Total
Due within One Year	\$ 796,174	\$ 1,856,928	\$ 2,653,102
Due in more than One Year	1,155,017	5,567,738	6,722,755
Total	<u>\$ 1,951,191</u>	<u>\$ 7,424,666</u>	<u>\$ 9,375,857</u>

(B) Related Party Transactions

The Commission was involved in the following related party transactions during fiscal year 2006:

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

Rental of office space in County Administration Building	\$ 748,900
Zoning enforcement unit	750,400
Planning and zoning functions	600,000
Redevelopment Authority	400,000
Geographic Information System	340,500
Community College pool operation and maintenance	200,000
Department of Environmental Resources Water and Sewer Planning	136,800
Peoples Zoning Counsel	126,700
Other project charges	144,100
Total	<u>\$ 3,447,400</u>

(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, 2005 actuarial valuation.

The Entry Age Normal Cost method is used, with level dollar amortization of the unfunded actuarial liabilities over a closed 11 year amortization period.

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2005. 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 plus variable merit increases, (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 \$13,976,127 as of July 1, 2005. The net assets available for benefits at June 30, 2006, totaled \$561,674,100.

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, 2006 was 7.86%.

The Commission's annual pension cost (APC) and net pension obligation (NPO) to the System for fiscal years 2004, 2005, and 2006 are presented below:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Annual Pension Cost (APC)	\$1,203	\$ 5,052	\$ 8,337
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation (NPO)	-	-	-

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

Deferred Compensation Plans

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

(E) Other Postemployment Benefits

In addition to the pension benefits provided by the System, the Commission itself provides postretirement health care benefits, in accordance with Commission approval, to all full-time and part-time career employees, directors appointed by Montgomery County and Prince George's County Planning Boards, Merit System Board Members, Commissioners and appointed officials who retire under a Commission Retirement Plan or the State of Maryland Retirement Plan and who have been insured under any Commission-sponsored group medical plan during the three years immediately preceding the date of retirement or ability to prove similar coverage in another plan immediately prior to retirement. Currently 669 retirees and survivors are participating in the Commission's medical plans. The Commission contributes 85 percent of the amount of medical, prescription drug, and dental insurance rates and 80 percent of vision benefit rates. The System contributes the same percentages for its full-time and part-time employees.

Expenditures for postretirement health care benefits are recognized on the accrual basis as retirees' insurance costs are incurred. The Commission's net expense was \$4,064,555 for the year ended June 30, 2006 for the retirees' benefits.

On July 1, 1999, the Commission established a 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. The fund was used in certain prior fiscal years to pay the net cost of postretirement health care benefits, net of the retiree contributions. A minimal balance was retained in the fund to maintain the legal status of the trust.

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

(6) – LEASE OF MONTGOMERY COUNTY GOLF COURSES

On April 14, 2006 the Commission entered into an Operating Agreement and a Letter of Intent with the Montgomery County Revenue Authority ("Authority") (a component unit of Montgomery County) regarding operations of the four Commission golf courses in Montgomery County. The Letter of Intent relates to a proposed long-term lease agreement to be entered into by October 31, 2006 whereby the Authority will operate the courses in exchange for a rental payment. Although the Authority has been operating the courses since April 15, 2006 the long-term agreement has not been finalized. It is expected to be completed by the required date.

(7) – SUBSEQUENT EVENT

On August 1, 2006 the Commission sold to the State of Maryland Land Held for Other Governments costing \$11,929,740, accounted for in the Montgomery County Private Purpose Trust Fund. In accordance with State law, the land was transferred to the State upon repayment to the Commission of \$19,835,172, representing the funds disbursed plus interest. State law requires that the proceeds remain in this fund until used for a subsequent advance land acquisition meeting the legal requirements.

(8) – 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, 2006

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
ASSETS						
Equity in Pooled Cash and Investments	\$ 4,106,351	\$ 8,975,739	\$ 13,082,090	\$ 2,778,241	\$ 1,168,178	\$ 17,028,509
Receivables - Taxes (net of allowance for uncollectibles)	162,362	420,789	583,151	-	-	583,151
Receivables - Other	35,105	10,602	45,707	-	11,476	57,183
Due from County Government	301,078	177,337	478,415	2,298,903	378,116	3,155,434
Due from Other Governments	-	137,015	137,015	1,662,739	15,000	1,814,754
Restricted Cash - Unspent Debt Proceeds	-	-	-	2,707,715	-	2,707,715
Other	32,693	-	32,693	-	-	32,693
Total Assets	<u>\$ 4,637,589</u>	<u>\$ 9,721,482</u>	<u>\$ 14,359,071</u>	<u>\$ 9,447,598</u>	<u>\$ 1,572,770</u>	<u>\$ 25,379,439</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 387,659	\$ 951,444	\$ 1,339,103	\$ 946,212	\$ 5,779	\$ 2,291,094
Accrued Liabilities	700,281	1,609,948	2,310,229	-	-	2,310,229
Retainage Payable	-	-	-	248,415	-	248,415
Due to County Government	-	-	-	-	10,922	10,922
Deposits and Deferred Revenue	165,099	631,824	796,923	600,000	214,523	1,611,446
Total Liabilities	<u>1,253,039</u>	<u>3,193,216</u>	<u>4,446,255</u>	<u>1,794,627</u>	<u>231,224</u>	<u>6,472,106</u>
Fund Balances:						
Reserved for Encumbrances	1,796,920	2,865,673	4,662,593	11,634,274	329,405	16,626,272
Reserved for Debt Service	-	-	-	-	2,870	2,870
Unreserved, Designated for Subsequent Years	1,426,500	3,573,800	5,000,300	-	-	5,000,300
Unreserved, Undesignated, Reported in:						
General Fund	161,130	88,793	249,923	-	-	249,923
Special Revenue Fund	-	-	-	-	1,009,271	1,009,271
Capital Projects	-	-	-	(3,981,303)	-	(3,981,303)
Total Fund Balances	<u>3,384,550</u>	<u>6,528,266</u>	<u>9,912,816</u>	<u>7,652,971</u>	<u>1,341,546</u>	<u>18,907,333</u>
Total Liabilities and Fund Balances	<u>\$ 4,637,589</u>	<u>\$ 9,721,482</u>	<u>\$ 14,359,071</u>	<u>\$ 9,447,598</u>	<u>\$ 1,572,770</u>	<u>\$ 25,379,439</u>

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2006

	General Fund Accounts			Capital	Other	Total
	Administration	Park	Total	Projects	Governmental	Governmental
					Funds	Funds
REVENUES						
Property Taxes	\$ 22,236,424	\$ 61,730,615	\$ 83,967,039	\$ -	\$ 1,189,342	\$ 85,156,381
Intergovernmental:						
Federal	-	127,252	127,252	115,025	-	242,277
State	-	52,523	52,523	3,126,997	-	3,179,520
County	274,122	-	274,122	5,751,069	616,521	6,641,712
Local	-	31,311	31,311	-	44,818	76,129
Charges for Services	1,565,359	858,246	2,423,605	-	617,122	3,040,727
Rentals and Concessions	-	1,571,934	1,571,934	-	-	1,571,934
Interest	254,415	531,113	785,528	232,057	62,928	1,080,513
Sale of Land	-	-	-	12,300	-	12,300
Contributions	-	-	-	336,889	78,189	415,078
Miscellaneous	20,603	204,941	225,544	-	168,884	394,428
Total Revenues	<u>24,350,923</u>	<u>65,107,935</u>	<u>89,458,858</u>	<u>9,574,337</u>	<u>2,777,804</u>	<u>101,810,999</u>
EXPENDITURES						
Current:						
General Government	7,125,838	-	7,125,838	-	-	7,125,838
Planning and Zoning	16,184,944	-	16,184,944	-	726,713	16,911,657
Park Operations and Maintenance	-	59,940,821	59,940,821	-	945,049	60,885,870
Debt Service:						
Principal	-	-	-	-	2,845,000	2,845,000
Interest	-	-	-	-	1,505,042	1,505,042
Other Debt Service Costs	-	-	-	-	72,665	72,665
Capital Outlay:						
Park Acquisition	-	-	-	1,450,657	-	1,450,657
Park Development	-	-	-	10,381,073	-	10,381,073
Total Expenditures	<u>23,310,782</u>	<u>59,940,821</u>	<u>83,251,603</u>	<u>11,831,730</u>	<u>6,094,469</u>	<u>101,177,802</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,040,141</u>	<u>5,167,114</u>	<u>6,207,255</u>	<u>(2,257,393)</u>	<u>(3,316,665)</u>	<u>633,197</u>
OTHER FINANCING SOURCES (USES)						
Refunding Bonds Issued	-	-	-	-	5,445,000	5,445,000
Premiums on Bonds Issued	-	-	-	-	41,144	41,144
Payment to Refunding Bond Escrow Account	-	-	-	-	(5,403,500)	(5,403,500)
Transfers In	-	232,057	232,057	140,000	3,594,370	3,966,427
Transfer Out	(250,000)	(4,389,370)	(4,639,370)	(232,057)	-	(4,871,427)
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(4,157,313)</u>	<u>(4,407,313)</u>	<u>(92,057)</u>	<u>3,677,014</u>	<u>(822,356)</u>
Net Change in Fund Balances	790,141	1,009,801	1,799,942	(2,349,450)	360,349	(189,159)
Fund Balances - Beginning	<u>2,594,409</u>	<u>5,518,465</u>	<u>8,112,874</u>	<u>10,002,421</u>	<u>981,197</u>	<u>19,096,492</u>
Fund Balances - Ending	<u>\$ 3,384,550</u>	<u>\$ 6,528,266</u>	<u>\$ 9,912,816</u>	<u>\$ 7,652,971</u>	<u>\$ 1,341,546</u>	<u>\$ 18,907,333</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, 2006

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 22,600,100	\$ 22,600,100	\$ 22,236,424	\$ (363,676)
Intergovernmental -				
State	150,000	150,000	-	(150,000)
County	-	250,000	274,122	24,122
Charges for Services	1,592,000	1,592,000	1,565,634	(26,366)
Interest	150,000	150,000	254,415	104,415
Miscellaneous	-	-	20,328	20,328
Total Revenues	<u>24,492,100</u>	<u>24,742,100</u>	<u>24,350,923</u>	<u>(391,177)</u>
Expenditures/Encumbrances:				
Commissioners' Office	1,322,200	1,322,200	1,295,128	27,072
Central Administrative Services -				
Department of Human Resources and Management	2,048,800	2,048,800	2,041,811	6,989
Department of Finance	2,564,200	2,564,200	2,563,700	500
Legal Department	926,100	926,100	913,863	12,237
Support Services	500,300	500,300	490,604	9,696
Merit System Board	44,000	44,000	34,200	9,800
Total Central Administrative Services	<u>6,083,400</u>	<u>6,083,400</u>	<u>6,044,178</u>	<u>39,222</u>
Planning Department -				
Park and Planning Director's Office	296,600	296,600	290,860	5,740
Management Services	1,033,000	1,004,000	957,142	46,858
Strategic Planning	492,400	492,400	459,050	33,350
Community-Based Planning	3,650,100	3,570,100	3,405,151	164,949
County-wide Planning	3,604,600	3,604,600	3,528,314	76,286
Development Review	2,472,600	3,015,880	2,936,986	78,894
Research and Technology	3,355,300	3,605,300	3,651,912	(46,612)
Support Services	1,200,200	1,309,200	1,417,855	(108,655)
Grants	150,000	150,000	-	150,000
Total Planning Department	<u>16,254,800</u>	<u>17,048,080</u>	<u>16,647,270</u>	<u>400,810</u>
Non-Departmental	-	-	(66,419)	66,419
Total Expenditures/Encumbrances	<u>23,660,400</u>	<u>24,453,680</u>	<u>23,920,157</u>	<u>533,523</u>
Excess of Revenues over (under)				
Expenditures/Encumbrances	<u>831,700</u>	<u>288,420</u>	<u>430,766</u>	<u>142,346</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Internal Service Fund - Capital Equipment	-	-	(250,000)	(250,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(250,000)</u>
Excess of Revenues and Other Financing Sources				
over (under) Expenditures and Other Financing Uses	<u>\$ 831,700</u>	<u>\$ 288,420</u>	<u>180,766</u>	<u>\$ (107,654)</u>
Fund Balance - Budget Basis, Beginning			1,406,864	
Fund Balance - Budget Basis, Ending			<u>\$ 1,587,630</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 62,679,100	\$ 62,679,100	\$ 61,730,615	\$ (948,485)
Intergovernmental -				
Federal	-	127,252	127,252	-
State	425,000	266,437	52,523	(213,914)
Other	-	31,311	31,311	-
Charges for Services	783,900	783,900	858,248	74,348
Rentals and Concessions	1,580,400	1,580,400	1,571,933	(8,467)
Interest	260,000	260,000	531,113	271,113
Miscellaneous	70,000	70,000	204,941	134,941
Total Revenues	<u>65,798,400</u>	<u>65,798,400</u>	<u>65,107,936</u>	<u>(690,464)</u>
Expenditures/Encumbrances:				
Director of Montgomery Parks	2,991,500	3,075,600	3,110,022	(34,422)
County-wide Planning	1,741,300	1,741,300	1,714,744	26,556
Research and Technology	1,453,800	1,453,800	1,562,344	(108,544)
Park Development	2,809,300	2,809,300	2,855,743	(46,443)
Park Police	9,625,900	9,625,900	9,429,225	196,675
Natural Resources	5,222,800	5,222,800	5,308,957	(86,157)
Central Maintenance	9,750,500	9,666,400	9,373,181	293,219
Northern Region	7,711,600	7,711,600	7,501,941	209,659
Southern Region	11,504,000	11,504,000	11,235,953	268,047
Support Services	8,000,600	8,000,600	7,593,446	407,154
Grants	425,000	425,000	185,446	239,554
Property Management	910,000	910,000	952,508	(42,508)
Non-Departmental	-	-	(115,964)	115,964
Total Expenditures/Encumbrances	<u>62,146,300</u>	<u>62,146,300</u>	<u>60,707,546</u>	<u>1,438,754</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>3,652,100</u>	<u>3,652,100</u>	<u>4,400,390</u>	<u>748,290</u>
Other Financing Sources (Uses):				
Transfers In/Out-				
Capital Projects Funds	220,000	220,000	232,057	12,057
Debt Service Fund	(3,627,100)	(3,627,100)	(3,573,671)	53,429
Capital Projects Funds - Development	(176,000)	(176,000)	(140,000)	36,000
Special Revenue-Historic Preservation	(10,000)	(10,000)	(20,699)	(10,699)
Enterprise Fund	(655,000)	(655,000)	(655,000)	-
Total Other Financing Sources (Uses)	<u>(4,248,100)</u>	<u>(4,248,100)</u>	<u>(4,157,313)</u>	<u>90,787</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (596,000)</u>	<u>\$ (596,000)</u>	243,077	<u>\$ 839,077</u>
Fund Balance - Budget Basis, Beginning			3,419,516	
Fund Balance - Budget Basis, Ending			<u>\$ 3,662,593</u>	

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2006

	General Fund Accounts				Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total			
ASSETS							
Equity in Pooled Cash and Investments	\$ 20,288,861	\$ 56,547,841	\$ 23,543,341	\$ 100,380,043	\$ 23,618,143	\$ 8,994,139	\$ 132,992,325
Receivables - Taxes (net of allowance for uncollectibles)	443,000	643,514	578,000	1,664,514	-	-	1,664,514
Receivables - Other	-	141,694	4,455	146,149	11,722	1,086	158,957
Due from County Government	173,884	146,872	48,794	369,550	93,400	-	462,950
Due from Other Governments	-	13,083	728	13,811	946,308	-	960,119
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	13,526,251	-	13,526,251
Other	2,011	7,391	-	9,402	-	-	9,402
Total Assets	<u>\$ 20,907,756</u>	<u>\$ 57,500,395</u>	<u>\$ 24,175,318</u>	<u>\$ 102,583,469</u>	<u>\$ 38,195,824</u>	<u>\$ 8,995,225</u>	<u>\$ 149,774,518</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 1,631,874	\$ 1,289,588	\$ 754,304	\$ 3,675,766	\$ 452,657	\$ 92,161	\$ 4,220,584
Accrued Liabilities	703,761	1,379,920	1,021,798	3,105,479	-	58,916	3,164,395
Retainage Payable	-	-	-	-	654,902	-	654,902
Deposits and Deferred Revenue	469,565	1,075,728	3,311,606	4,856,899	-	309,811	5,166,710
Total Liabilities	<u>2,805,200</u>	<u>3,745,236</u>	<u>5,087,708</u>	<u>11,638,144</u>	<u>1,107,559</u>	<u>460,888</u>	<u>13,206,591</u>
Fund Balances:							
Reserved for Encumbrances	5,533,737	3,470,405	2,099,760	11,103,902	17,827,678	184,133	29,115,713
Reserved for Debt Service	-	-	-	-	-	1,001,086	1,001,086
Unreserved, Designated for Subsequent Years	3,934,500	19,932,500	2,320,000	26,187,000	-	-	26,187,000
Unreserved, Undesignated, Reported in:							
General Fund	8,634,319	30,352,254	14,667,850	53,654,423	-	-	53,654,423
Special Revenue Fund	-	-	-	-	-	7,349,118	7,349,118
Capital Projects	-	-	-	-	19,260,587	-	19,260,587
Total Fund Balances	<u>18,102,556</u>	<u>53,755,159</u>	<u>19,087,610</u>	<u>90,945,325</u>	<u>37,088,265</u>	<u>8,534,337</u>	<u>136,567,927</u>
Total Liabilities and Fund Balances	<u>\$ 20,907,756</u>	<u>\$ 57,500,395</u>	<u>\$ 24,175,318</u>	<u>\$ 102,583,469</u>	<u>\$ 38,195,824</u>	<u>\$ 8,995,225</u>	<u>\$ 149,774,518</u>

PRINCE GEORGE'S COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2006

	General Fund Accounts				Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total			
REVENUES							
Property Taxes	\$ 27,225,865	\$ 95,952,219	\$ 35,494,764	\$ 158,672,848	\$ -	\$ 778,131	\$ 159,450,979
Intergovernmental:							
Federal	-	55,917	4,879	60,796	456,475	-	517,271
State	-	28,579	228,525	257,104	2,295,236	-	2,552,340
County	340,582	-	-	340,582	-	75,630	416,212
Local	89,966	-	13,080	103,046	-	-	103,046
Charges for Services	2,103,909	442,863	5,749,653	8,296,425	5,243	827,808	9,129,476
Rentals and Concessions	-	1,649,296	600,987	2,250,283	-	5,061,247	7,311,530
Interest	871,812	2,144,541	922,559	3,938,912	1,550,907	364,569	5,854,388
Sale of Land	-	-	-	-	93,400	-	93,400
Contributions	-	-	-	-	185,530	517,465	702,995
Miscellaneous	95,602	368,646	74,796	539,044	18,468	137,212	694,724
Total Revenues	<u>30,727,736</u>	<u>100,642,061</u>	<u>43,089,243</u>	<u>174,459,040</u>	<u>4,605,259</u>	<u>7,762,062</u>	<u>186,826,361</u>
EXPENDITURES							
Current:							
General Government	7,864,122	-	-	7,864,122	-	-	7,864,122
Planning and Zoning	18,748,595	-	-	18,748,595	-	-	18,748,595
Park Operations and Maintenance	-	56,943,800	-	56,943,800	-	639,335	57,583,135
Recreation	-	-	36,133,332	36,133,332	-	5,351,129	41,484,461
Debt Service:							
Principal	-	-	-	-	-	8,975,000	8,975,000
Interest	-	-	-	-	-	4,481,807	4,481,807
Other Debt Service Costs	-	-	-	-	-	189,826	189,826
Capital Outlay:							
Park Acquisition	-	-	-	-	4,886,966	-	4,886,966
Park Development	-	-	-	-	5,550,662	-	5,550,662
Total Expenditures	<u>26,612,717</u>	<u>56,943,800</u>	<u>36,133,332</u>	<u>119,689,849</u>	<u>10,437,628</u>	<u>19,637,097</u>	<u>149,764,574</u>
Excess (deficiency) of Revenues over Expenditures	<u>4,115,019</u>	<u>43,698,261</u>	<u>6,955,911</u>	<u>54,769,191</u>	<u>(5,832,369)</u>	<u>(11,875,035)</u>	<u>37,061,787</u>
OTHER FINANCING SOURCES (USES)							
Refunding Bonds Issued	-	-	-	-	-	13,685,000	13,685,000
Premiums on Bonds Issued	-	-	-	-	-	47,261	47,261
Payment to Refunding Bond Escrow Account	-	-	-	-	-	(13,614,800)	(13,614,800)
Transfers In	-	1,550,907	-	1,550,907	12,672,516	13,137,567	27,360,990
Transfer Out	(50,000)	(30,947,367)	(400,000)	(31,397,367)	(1,550,907)	(684,516)	(33,632,790)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(29,396,460)</u>	<u>(400,000)</u>	<u>(29,846,460)</u>	<u>11,121,609</u>	<u>12,570,512</u>	<u>(6,154,339)</u>
Net Change in Fund Balances	4,065,019	14,301,801	6,555,911	24,922,731	5,289,240	695,477	30,907,448
Fund Balances - Beginning	14,037,537	39,453,358	12,531,699	66,022,594	31,799,025	7,838,860	105,660,479
Fund Balances - Ending	<u>\$ 18,102,556</u>	<u>\$ 53,755,159</u>	<u>\$ 19,087,610</u>	<u>\$ 90,945,325</u>	<u>\$ 37,088,265</u>	<u>\$ 8,534,337</u>	<u>\$ 136,567,927</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, 2006

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 25,212,000	\$ 25,212,000	\$ 27,225,865	\$ 2,013,865
Intergovernmental -				
County	455,000	455,000	340,582	(114,418)
Local	-	-	89,966	89,966
Charges for Services	1,444,500	1,444,500	2,103,909	659,409
Interest	420,000	420,000	871,812	451,812
Miscellaneous	-	-	95,602	95,602
Total Revenues	<u>27,531,500</u>	<u>27,531,500</u>	<u>30,727,736</u>	<u>3,196,236</u>
Expenditures/Encumbrances:				
Commissioners' Office	2,057,800	2,057,800	2,045,039	12,761
Central Administrative Services -				
Department of Human Resources and Management	2,048,800	2,048,800	2,041,811	6,989
Department of Finance	2,564,200	2,564,200	2,563,700	500
Legal Department	926,100	926,100	913,863	12,237
Support Services	500,300	500,300	490,604	9,696
Merit System Board	44,000	44,000	34,200	9,800
Total Central Administrative Services	<u>6,083,400</u>	<u>6,083,400</u>	<u>6,044,178</u>	<u>39,222</u>
Planning Department	20,719,200	20,719,200	20,392,911	326,289
Non-Departmental	-	-	(252,355)	252,355
Total Expenditures/Encumbrances	<u>28,860,400</u>	<u>28,860,400</u>	<u>28,229,773</u>	<u>630,627</u>
Excess of Revenues over Expenditures/Encumbrances	<u>(1,328,900)</u>	<u>(1,328,900)</u>	<u>2,497,963</u>	<u>3,826,863</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Special Revenue Fund	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (1,378,900)</u>	<u>\$ (1,378,900)</u>	<u>2,447,963</u>	<u>\$ 3,826,863</u>
Fund Balance - Budget Basis, Beginning			<u>10,120,856</u>	
Fund Balance - Budget Basis, Ending			<u>\$ 12,568,819</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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 89,002,000	\$ 89,002,000	\$ 95,952,219	\$ 6,950,219
Intergovernmental -				
Federal	-	60,929	55,917	(5,012)
State	-	28,579	28,579	-
Charges for Services	388,300	388,300	442,863	54,563
Rentals and Concessions	1,542,900	1,542,900	1,649,296	106,396
Interest	900,000	900,000	2,144,541	1,244,541
Miscellaneous	178,900	178,900	368,646	189,746
Total Revenues	<u>92,012,100</u>	<u>92,101,608</u>	<u>100,642,061</u>	<u>8,540,453</u>
Expenditures/Encumbrances:				
Director's Office	3,808,300	3,808,300	3,547,027	261,273
Park Police	10,398,600	10,398,600	10,492,149	(93,549)
Support Services	7,449,500	7,449,500	7,437,085	12,415
Park Planning and Development	3,925,900	3,925,900	3,800,911	124,989
Facility Operations -				
Associate Director	402,600	402,600	364,778	37,822
Maintenance and Development	16,142,900	16,142,900	16,253,429	(110,529)
Natural and Historical Resources	2,087,700	2,087,700	1,865,283	222,417
Arts and Cultural Heritage	1,266,500	1,266,500	916,801	349,699
Park Permits	259,500	259,500	250,514	8,986
Total Facility Operations	<u>20,159,200</u>	<u>20,159,200</u>	<u>19,650,805</u>	<u>508,395</u>
Area Operations -				
Northern Area	4,834,500	4,834,500	4,965,589	(131,089)
Central Area	4,477,700	4,477,700	4,186,570	291,130
Southern Area	4,081,800	4,081,800	3,617,404	464,396
Total Area Operations	<u>13,394,000</u>	<u>13,394,000</u>	<u>12,769,563</u>	<u>624,437</u>
Grants	-	89,508	89,508	-
Non-Departmental	348,600	348,600	24,046	324,554
Total Expenditures/Encumbrances	<u>59,484,100</u>	<u>59,573,608</u>	<u>57,811,094</u>	<u>1,762,514</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>32,528,000</u>	<u>32,528,000</u>	<u>42,830,967</u>	<u>10,302,967</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Interest	490,000	490,000	1,550,907	1,060,907
Debt Service - Park Fund	(14,960,400)	(14,960,400)	(13,087,567)	1,872,833
Enterprise Fund	(6,071,800)	(6,071,800)	(6,071,800)	-
Capital Projects Funds - Development	(11,788,000)	(11,788,000)	(11,788,000)	-
Total Other Financing Sources (Uses)	<u>(32,330,200)</u>	<u>(32,330,200)</u>	<u>(29,396,460)</u>	<u>2,933,740</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 197,800</u>	<u>\$ 197,800</u>	<u>13,434,507</u>	<u>\$ 13,236,707</u>
Fund Balance - Budget Basis, Beginning			36,850,247	
Fund Balance - Budget Basis, Ending			<u>\$ 50,284,754</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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 32,946,100	\$ 32,946,100	\$ 35,494,764	\$ 2,548,664
Intergovernmental - Federal	-	4,879	4,879	-
State	-	228,525	228,525	-
Other Local Munis/Gov	-	13,080	13,080	-
Charges for Services	5,670,100	5,670,100	5,749,653	79,553
Rentals and Concessions	355,000	355,000	600,987	245,987
Interest	420,000	420,000	922,559	502,559
Miscellaneous	196,100	196,100	74,796	(121,304)
Total Revenues	<u>39,587,300</u>	<u>39,833,784</u>	<u>43,089,243</u>	<u>3,255,459</u>
Expenditures/Encumbrances:				
Director's Office	420,300	420,300	377,618	42,682
Support Services	<u>4,786,400</u>	<u>4,786,400</u>	<u>4,589,681</u>	<u>196,719</u>
Total Director's Office	5,206,700	5,206,700	4,967,299	239,401
Facility Operations:				
Sports/Athletic/Outreach Program	3,926,700	3,926,700	3,632,504	294,196
Natural and Historical Resources	3,463,200	3,463,200	3,218,756	244,444
Arts and Cultural Heritage	2,895,700	2,895,700	2,863,499	32,201
Grants	-	246,484	246,484	-
Total Facility Operations	<u>10,285,600</u>	<u>10,532,084</u>	<u>9,961,243</u>	<u>570,841</u>
Area Operations:				
Deputy Director	370,800	370,800	354,520	16,280
Northern Area	6,030,100	6,030,100	6,010,410	19,690
Central Area	5,741,400	5,741,400	5,393,721	347,679
Southern Area	5,976,000	5,976,000	5,244,991	731,009
Child Care and Special Projects	<u>4,082,900</u>	<u>4,082,900</u>	<u>3,850,400</u>	<u>232,500</u>
Total Area Operations	22,201,200	22,201,200	20,854,042	1,347,158
Non-Departmental	<u>1,102,700</u>	<u>1,102,700</u>	<u>916,005</u>	<u>186,695</u>
Total Operating Expenditures/Encumbrances	<u>38,796,200</u>	<u>39,042,684</u>	<u>36,698,589</u>	<u>2,344,095</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>791,100</u>	<u>791,100</u>	<u>6,390,654</u>	<u>5,599,554</u>
Other Financing Sources (Uses):				
Transfers In (Out) - Enterprise	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 391,100</u>	<u>\$ 391,100</u>	<u>5,990,654</u>	<u>\$ 5,599,554</u>
Fund Balance - Budget Basis, Beginning			10,997,196	
Fund Balance - Budget Basis, Ending			<u>\$ 16,987,850</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, 2003</u>	<u>July 1, 2004</u>	<u>July 1, 2005</u>
Actuarial Valuation of Plan Assets	\$ 506,099	\$ 507,413	\$ 521,369
Actuarial Accrued Liability	434,485	469,344	507,393
Funded Ratio	116.5%	108.1%	102.8%
Actuarial Value of Assets in Excess of Actuarial Accrued Liability	71,614	38,069	13,976
Annual Covered Payroll	99,789	101,882	106,058
Actuarial Value of Assets in Excess of Actuarial Accrued Liability as a Percentage of Covered Payroll	71.8%	37.4%	13.2%

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

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



♦ PART IIB ♦

FINANCIAL SECTION

Combining Statements and Schedules



Visitors to the annual Kinderfest celebration at Watkins Park choose a pumpkin from the patch to decorate and display.

SPECIAL REVENUE FUNDS

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

DEBT SERVICE FUNDS

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

THE MARYLAND-NATIONAL PARK AND PLANNING COMMISSION

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	MONTGOMERY COUNTY						PRINCE GEORGE'S COUNTY						
	Special Revenue Funds			Park Debt Service	Advance Land Acquisition Debt Service	Total	Special Revenue Funds			Park Debt Service	Advance Land Acquisition Debt Service	Total	Total Nonmajor Governmental Funds
	Planning	Parks	Total Special Revenue				Planning	Parks and Recreation	Total Special Revenue				
ASSETS													
Equity in Pooled Cash and Investments	\$ 951,002	\$ 217,176	\$ 1,168,178	\$ -	\$ -	\$ 1,168,178	\$ 461,463	\$ 7,532,676	\$ 7,994,139	\$ 1,000,000	\$ -	\$ 8,994,139	\$ 10,162,317
Accounts Receivable	-	8,606	8,606	-	2,870	11,476	-	-	-	-	1,086	1,086	12,562
Due from County Government	265,010	113,106	378,116	-	-	378,116	-	-	-	-	-	-	378,116
Due from Other Government	15,000	-	15,000	-	-	15,000	-	-	-	-	-	-	15,000
Total Assets	<u>\$ 1,231,012</u>	<u>\$ 338,888</u>	<u>\$ 1,569,900</u>	<u>\$ -</u>	<u>\$ 2,870</u>	<u>\$ 1,572,770</u>	<u>\$ 461,463</u>	<u>\$ 7,532,676</u>	<u>\$ 7,994,139</u>	<u>\$ 1,000,000</u>	<u>\$ 1,086</u>	<u>\$ 8,995,225</u>	<u>\$ 10,567,995</u>
LIABILITIES													
Accounts Payable	\$ 4,558	\$ 1,221	\$ 5,779	\$ -	\$ -	\$ 5,779	\$ -	\$ 92,161	\$ 92,161	\$ -	\$ -	\$ 92,161	\$ 97,940
Accrued Liabilities	-	-	-	-	-	-	-	58,916	58,916	-	-	58,916	58,916
Due to County Government	10,922	-	10,922	-	-	10,922	-	-	-	-	-	-	10,922
Deposits and Deferred Revenue	214,523	-	214,523	-	-	214,523	-	309,811	309,811	-	-	309,811	524,334
Total Liabilities	<u>230,003</u>	<u>1,221</u>	<u>231,224</u>	<u>-</u>	<u>-</u>	<u>231,224</u>	<u>-</u>	<u>460,888</u>	<u>460,888</u>	<u>-</u>	<u>-</u>	<u>460,888</u>	<u>692,112</u>
FUND BALANCES													
Reserved for Encumbrances	327,128	2,277	329,405	-	-	329,405	2,850	181,283	184,133	-	-	184,133	513,538
Reserved for Debt Service	-	-	-	-	2,870	2,870	-	-	-	1,000,000	1,086	1,001,086	1,003,956
Unreserved, Undesignated	673,881	335,390	1,009,271	-	-	1,009,271	458,613	6,890,505	7,349,118	-	-	7,349,118	8,358,389
Total Fund Balances	<u>1,001,009</u>	<u>337,667</u>	<u>1,338,676</u>	<u>-</u>	<u>2,870</u>	<u>1,341,546</u>	<u>461,463</u>	<u>7,071,788</u>	<u>7,533,251</u>	<u>1,000,000</u>	<u>1,086</u>	<u>8,534,337</u>	<u>9,875,883</u>
Total Liabilities and Fund Balances	<u>\$ 1,231,012</u>	<u>\$ 338,888</u>	<u>\$ 1,569,900</u>	<u>\$ -</u>	<u>\$ 2,870</u>	<u>\$ 1,572,770</u>	<u>\$ 461,463</u>	<u>\$ 7,532,676</u>	<u>\$ 7,994,139</u>	<u>\$ 1,000,000</u>	<u>\$ 1,086</u>	<u>\$ 8,995,225</u>	<u>\$ 10,567,995</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, 2006**

MONTGOMERY COUNTY						PRINCE GEORGE'S COUNTY																			
Special Revenue Funds			Park Debt Service	Advance Land Acquisition Debt Service	Total	Special Revenue Funds			Park Debt Service	Advance Land Acquisition Debt Service	Total	Total Nonmajor Governmental Funds													
Planning	Parks	Total Special Revenue				Planning	Parks and Recreation	Total Special Revenue																	
\$	-	\$	-	\$	-	\$	1,189,342	\$	1,189,342	\$	-	\$	-	\$	-	\$	778,131	\$	778,131	\$	1,967,473				
	295,085		321,436		616,521	-	-		616,521	-	75,630		75,630	-	-		75,630		75,630		692,151				
	21,000		23,818		44,818	-	-		44,818	-	-		-	-	-		-		-		44,818				
	592,180		24,942		617,122	-	-		617,122	-	827,808		827,808	-	-		827,808		827,808		1,444,930				
	-		-		-	-	-		-	-	5,061,247		5,061,247	-	-		5,061,247		5,061,247		5,061,247				
	37,643		11,988		49,631	13,297	-		62,928	17,897	312,082		329,979	34,590	-		364,569		427,497		427,497				
	-		-		-	-	78,189		78,189	-	517,465		517,465	-	-		517,465		517,465		595,654				
	157,475		11,409		168,884	-	-		168,884	-	137,212		137,212	-	-		137,212		137,212		306,096				
	1,103,383		393,593		1,496,976	13,297	1,267,531		2,777,804	17,897	6,931,444		6,949,341	34,590	-		778,131		7,762,062		10,539,866				
	-		-		-	2,300,000	545,000		2,845,000	-	-		-	8,655,000	320,000		8,975,000		8,975,000		11,820,000				
	-		-		-	1,298,816	206,226		1,505,042	-	-		-	4,397,825	83,982		4,481,807		4,481,807		5,986,849				
	-		-		-	70,796	1,869		72,665	-	-		-	187,957	1,869		189,826		189,826		262,491				
	-		-		-	-	519,060		519,060	-	-		-	-	372,233		372,233		372,233		891,293				
	726,713		-		726,713	-	-		726,713	-	-		-	-	-		-		-		726,713				
	-		425,989		425,989	-	-		425,989	-	267,102		267,102	-	-		267,102		267,102		693,091				
	-		-		-	-	-		-	-	5,351,129		5,351,129	-	-		5,351,129		5,351,129		5,351,129				
	726,713		425,989		1,152,702	3,669,612	1,272,155		6,094,469	-	5,618,231		5,618,231	13,240,782	778,084		19,637,097		19,637,097		25,731,566				
	376,670		(32,396)		344,274	(3,656,315)	(4,624)		(3,316,685)	17,897	1,313,213		1,331,110	(13,206,192)	47		(11,875,035)		(11,875,035)		(15,191,700)				
S):																									
	-		-		-	5,445,000	-		5,445,000	-	-		-	13,685,000	-		13,685,000		13,685,000		19,130,000				
	-		-		-	41,144	-		41,144	-	-		-	47,261	-		47,261		47,261		88,405				
	-		-		-	(5,403,500)	-		(5,403,500)	-	-		-	(13,614,800)	-		(13,614,800)		(13,614,800)		(19,018,300)				
	-		20,699		20,699	3,573,671	-		3,594,370	50,000	-		50,000	13,087,567	-		13,137,567		13,137,567		16,731,937				
	-		-		-	-	-		-	-	(684,516)		(684,516)	-	-		(684,516)		(684,516)		(684,516)				
	-		20,699		20,699	3,656,315	-		3,677,014	50,000	(684,516)		(634,516)	13,205,028	-		12,570,512		12,570,512		16,247,526				
	376,670		(11,697)		364,973	-	(4,624)		360,349	67,897	628,697		696,594	(1,164)	47		695,477		695,477		1,055,826				
	624,339		349,364		973,703	-	7,494		981,197	393,566	6,443,091		6,836,657	1,001,164	1,039		7,838,860		7,838,860		8,820,057				
\$	1,001,009	\$	337,667	\$	1,338,676	\$	-	\$	2,870	\$	1,341,546	\$	461,463	\$	7,071,788	\$	7,533,251	\$	1,000,000	\$	1,086	\$	8,534,337	\$	9,875,883

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 3

**Combining Schedule of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - Special Revenue Funds
For the Year Ended June 30, 2006**

	Montgomery County				Prince George's County			
	Budgeted Amounts		Actual	Variance Positive (Negative)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 445,000	\$ 445,000	\$ 661,339	\$ 216,339	\$ 390,000	\$ 390,000	\$ 75,625	\$ (314,375)
Charges for Services	397,000	755,800	614,693	(141,107)	715,000	715,000	863,814	148,814
Recreation Activities	-	-	-	-	4,732,500	4,732,500	5,061,251	328,751
Interest	-	-	49,631	49,631	59,200	59,200	329,975	270,775
Contributions	-	-	72,926	72,926	415,500	415,500	573,780	158,280
Miscellaneous	40,500	40,500	98,387	57,887	123,500	123,500	44,896	(78,604)
Total Revenues	<u>882,500</u>	<u>1,241,300</u>	<u>1,496,976</u>	<u>255,676</u>	<u>6,435,700</u>	<u>6,435,700</u>	<u>6,949,341</u>	<u>513,641</u>
Expenditures/Encumbrances:								
Current -								
County Planning and Zoning	595,000	953,800	723,055	230,745	90,600	90,600	-	90,600
Park Operations and Maintenance	431,300	431,300	427,957	3,343	606,600	606,600	268,322	338,278
Recreation	-	-	-	-	5,042,900	5,042,900	5,143,495	(100,595)
Total Expenditures/Encumbrances	<u>1,026,300</u>	<u>1,385,100</u>	<u>1,151,012</u>	<u>234,088</u>	<u>5,740,100</u>	<u>5,740,100</u>	<u>5,411,817</u>	<u>328,283</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>(143,800)</u>	<u>(143,800)</u>	<u>345,964</u>	<u>489,764</u>	<u>695,600</u>	<u>695,600</u>	<u>1,537,524</u>	<u>841,924</u>
Other Financing (Uses):								
Operating Transfers In	-	-	20,699	20,699	50,000	50,000	50,000	-
Transfers Out	-	-	-	-	(650,000)	(650,000)	(684,516)	(34,516)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>20,699</u>	<u>20,699</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>(634,516)</u>	<u>(34,516)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures/Encumbrances and Other Financing Uses - Budget Basis	<u>\$ (143,800)</u>	<u>\$ (143,800)</u>	<u>366,663</u>	<u>\$ 510,463</u>	<u>\$ 95,600</u>	<u>\$ 95,600</u>	<u>903,008</u>	<u>\$ 807,408</u>
Fund Balances - Budget Basis, July 1			<u>642,608</u>				<u>6,446,110</u>	
Fund Balances - Budget Basis, June 30			<u>\$ 1,009,271</u>				<u>\$ 7,349,118</u>	

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



The Agricultural History Farm Park showcases life on the farm of yesteryear and hosts many special events each year.

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, 2006 and 2005

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Totals	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
ASSETS						
Current Assets:						
Equity in Pooled Cash and Investments	\$ 1,538,137	\$ 2,082,245	\$ 2,151,973	\$ 2,124,837	\$ 3,690,110	\$ 4,207,082
Accounts Receivable	6,788	3,397	130,815	3,253	137,603	6,650
Inventories	439,635	757,837	689,618	581,059	1,129,253	1,338,896
Total Current Assets	1,984,560	2,843,479	2,972,406	2,709,149	4,956,966	5,552,628
Capital Assets:						
Land	11,584,468	11,584,468	7,779,131	7,779,131	19,363,599	19,363,599
Buildings and Improvements	28,156,765	28,072,831	72,043,302	68,875,825	100,200,067	96,948,656
Machinery and Equipment	5,229,699	5,028,884	4,533,341	4,518,023	9,763,040	9,546,907
Construction in Progress	9,605	144,753	-	-	9,605	144,753
	44,980,537	44,830,936	84,355,774	81,172,979	129,336,311	126,003,915
Less - Accumulated Depreciation	(15,114,822)	(13,520,050)	(22,260,776)	(20,347,707)	(37,375,598)	(33,867,757)
Total Capital Assets (net of depreciation)	29,865,715	31,310,886	62,094,998	60,825,272	91,960,713	92,136,158
Total Assets	31,850,275	34,154,365	65,067,404	63,534,421	96,917,679	97,688,786
LIABILITIES						
Current Liabilities:						
Accounts Payable	126,658	357,939	263,186	384,015	389,844	741,954
Accrued Salaries and Benefits	166,284	234,951	274,412	380,663	440,696	615,614
Compensated Absences	162,170	219,425	260,544	188,107	422,714	407,532
Due to Other Gov't's	-	-	1,113	-	1,113	-
Interest Payable	53,978	63,015	-	-	53,978	63,015
Revenue Collected in Advance	700,713	388,793	293,277	291,728	993,990	680,521
Current Portion of Revenue Bonds Payable	620,269	600,047	-	-	620,269	600,047
Current Portion of Revenue Notes Payable	444,444	444,444	-	-	444,444	444,444
Current Portion of Notes Payable	26,966	59,584	-	-	26,966	59,584
Total Current Liabilities	2,301,482	2,368,198	1,092,532	1,244,513	3,394,014	3,612,711
Noncurrent Liabilities:						
Revenue Bonds Payable	3,634,389	4,222,595	-	-	3,634,389	4,222,595
Revenue Notes Payable	2,888,892	3,333,336	-	-	2,888,892	3,333,336
Notes Payable	27,221	54,186	-	-	27,221	54,186
Compensated Absences	191,302	299,440	362,246	410,372	553,548	709,812
Total Noncurrent Liabilities	6,741,804	7,909,557	362,246	410,372	7,104,050	8,319,929
Total Liabilities	9,043,286	10,277,755	1,454,778	1,654,885	10,498,064	11,932,640
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	22,223,534	22,596,694	62,094,998	60,825,272	84,318,532	83,421,966
Unrestricted	583,455	1,279,916	1,517,628	1,054,264	2,101,083	2,334,180
Total Net Assets	\$ 22,806,989	\$ 23,876,610	\$ 63,612,626	\$ 61,879,536	\$ 86,419,615	\$ 85,756,146

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, 2006 and 2005

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Totals	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2006	2005	2006	2005	2006	2005
Operating Revenues:						
Sales	\$ 1,302,274	\$ 1,399,070	\$ 2,096,380	\$ 1,339,282	\$ 3,398,654	\$ 2,738,352
Charges for Services	9,076,709	10,008,537	4,641,981	4,305,529	13,718,690	14,314,066
Rentals and Concessions	2,933,404	3,021,551	2,918,773	3,247,762	5,852,177	6,269,313
Total Operating Revenues	<u>13,312,387</u>	<u>14,429,158</u>	<u>9,657,134</u>	<u>8,892,573</u>	<u>22,969,521</u>	<u>23,321,731</u>
Operating Expenses:						
Cost of Goods Sold	829,811	857,764	1,406,243	1,231,199	2,236,054	2,088,963
Personal Services	5,142,395	5,799,746	8,731,590	8,396,133	13,873,985	14,195,879
Supplies and Materials	1,729,037	1,384,248	1,491,223	1,393,161	3,220,260	2,777,409
Communications	66,406	85,823	353,926	544,464	420,332	630,287
Utilities	1,303,792	1,057,712	1,442,989	1,322,032	2,746,781	2,379,744
Maintenance	423,665	383,367	752,287	759,903	1,175,952	1,143,270
Contractual Services	1,917,497	1,601,341	507,397	698,033	2,424,894	2,299,374
Other Services and Charges	320,502	251,008	593,699	335,030	914,201	586,038
Administrative Services	1,397,257	1,272,681	281,200	-	1,678,457	1,272,681
Depreciation	1,639,918	1,649,817	2,243,184	2,221,639	3,883,102	3,871,456
Total Operating Expenses	<u>14,770,280</u>	<u>14,343,507</u>	<u>17,803,738</u>	<u>16,901,594</u>	<u>32,574,018</u>	<u>31,245,101</u>
Operating Income (Loss)	<u>(1,457,893)</u>	<u>85,651</u>	<u>(8,146,604)</u>	<u>(8,009,021)</u>	<u>(9,604,497)</u>	<u>(7,923,370)</u>
Nonoperating Revenues (Expenses):						
Investment Earnings	116,334	44,754	137,045	39,882	253,379	84,636
Interest Expense, net of Amortization	(383,062)	(390,151)	-	-	(383,062)	(390,151)
Total Nonoperating Revenue (Expense)	<u>(266,728)</u>	<u>(345,397)</u>	<u>137,045</u>	<u>39,882</u>	<u>(129,683)</u>	<u>(305,515)</u>
Loss before Contributions and Transfers	<u>(1,724,621)</u>	<u>(259,746)</u>	<u>(8,009,559)</u>	<u>(7,969,139)</u>	<u>(9,734,180)</u>	<u>(8,228,885)</u>
Contribution from General Government Assets	-	-	3,470,849	-	3,470,849	-
Transfers In	655,000	161,309	6,471,800	5,741,123	7,126,800	5,902,432
Transfers Out	-	-	(200,000)	-	(200,000)	-
Total Contributions and Transfers	<u>655,000</u>	<u>161,309</u>	<u>9,742,649</u>	<u>5,741,123</u>	<u>10,397,649</u>	<u>5,902,432</u>
Change in Net Assets	<u>(1,069,621)</u>	<u>(98,437)</u>	<u>1,733,090</u>	<u>(2,228,016)</u>	<u>663,469</u>	<u>(2,326,453)</u>
Total Net Assets - Beginning	<u>23,876,610</u>	<u>23,975,047</u>	<u>61,879,536</u>	<u>64,107,552</u>	<u>85,756,146</u>	<u>88,082,599</u>
Total Net Assets - Ending	<u>\$ 22,806,989</u>	<u>\$ 23,876,610</u>	<u>\$ 63,612,626</u>	<u>\$ 61,879,536</u>	<u>\$ 86,419,615</u>	<u>\$ 85,756,146</u>

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 6

**Schedule of Cash Flows - Enterprise Funds
For the Years Ended June 30, 2006 and 2005**

	Recreational and Cultural Facilities					
	Montgomery County		Prince George's County		Year Ended June 30,	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2006	2005	2006	2005	2006	2005
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 13,620,916	\$ 14,291,207	\$ 9,532,234	\$ 9,061,119	\$ 23,153,150	\$ 23,352,326
Payments to Suppliers	(5,887,926)	(4,919,847)	(6,777,152)	(5,952,968)	(12,665,078)	(10,872,815)
Payments to Employees	(5,376,455)	(5,704,572)	(8,813,530)	(8,256,161)	(14,189,985)	(13,960,733)
Payments for Interfund Services Used	(624,900)	(700,500)	(281,200)	(262,900)	(906,100)	(963,400)
Payments for Administrative Charges	(1,397,257)	(1,272,681)	-	-	(1,397,257)	(1,272,681)
Net Cash Provided (Used) by Operating Activities	334,378	1,693,607	(6,339,648)	(5,410,910)	(6,005,270)	(3,717,303)
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	655,000	161,309	6,471,800	5,741,123	7,126,800	5,902,432
Transfers Out to Other Funds	-	-	(200,000)	-	(200,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	655,000	161,309	6,271,800	5,741,123	6,926,800	5,902,432
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(194,746)	(250,055)	(42,061)	(106,953)	(236,807)	(357,008)
Principal Paid on Notes Payable	(504,028)	(534,361)	-	-	(504,028)	(534,361)
Principal Paid on Revenue Bonds	(600,047)	(590,256)	-	-	(600,047)	(590,256)
Interest Paid	(350,999)	(358,088)	-	-	(350,999)	(358,088)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,649,820)	(1,732,760)	(42,061)	(106,953)	(1,691,881)	(1,839,713)
Cash Flows from Investing Activities:						
Interest on Investments	116,334	44,754	137,045	39,882	253,379	84,636
Net Cash Provided (Used) by Investing Activities	116,334	44,754	137,045	39,882	253,379	84,636
Net Increase (Decrease) in Cash and Cash Equivalents	(544,108)	166,910	27,136	263,142	(516,972)	430,052
Cash, Cash Equivalents and Restricted Cash, July 1	2,082,245	1,915,335	2,124,837	1,861,695	4,207,082	3,777,030
Cash, Cash Equivalents and Restricted Cash, June 30	\$ 1,538,137	\$ 2,082,245	\$ 2,151,973	\$ 2,124,837	\$ 3,690,110	\$ 4,207,082
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (1,457,893)	\$ 85,651	\$ (8,146,604)	\$ (8,009,021)	(9,604,497)	\$ (7,923,370)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	1,639,918	1,649,817	2,243,184	2,221,639	3,883,102	3,871,456
Effect of Changes in Assets and Liabilities in:						
Accounts Receivable	(3,391)	(2,950)	(127,562)	2,226	(130,953)	(724)
Due from County Government	-	-	1,113	-	1,113	-
Inventories, at Cost	318,202	4,913	(108,559)	(56,884)	209,643	(51,971)
Accounts Payable	(231,281)	43,981	(120,829)	124,838	(352,110)	168,819
Accrued Salaries and Benefits	(68,667)	21,343	(106,251)	68,367	(174,918)	89,710
Compensated Absences	(165,393)	73,831	24,311	71,605	(141,082)	145,436
Interest Payable	(9,037)	(47,978)	-	-	(9,037)	(47,978)
Revenue Collected in Advance	311,920	(135,001)	1,549	166,320	313,469	31,319
Total Adjustments	1,792,271	1,607,956	1,806,956	2,598,111	3,599,227	4,206,067
Net Cash Provided (Used) by Operating Activities	\$ 334,378	\$ 1,693,607	\$ (6,339,648)	\$ (5,410,910)	\$ (6,005,270)	\$ (3,717,303)

In FY 2006, \$3,470,849 of improvements were contributed to the Prince George's County Enterprise Fund.



Re-enactors depicting soldiers from the War of 1812 entertain audiences at the historic Riversdale House Museum.

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, 2006**

	MONTGOMERY COUNTY					PRINCE GEORGE'S COUNTY					TOTALS	
	Capital Equipment	Employee Benefits	Risk Management	TOTALS		Capital Equipment/ Executive Building	Employee Benefits	Risk Management	TOTALS		June 30, 2006	June 30, 2005
				June 30, 2006	June 30, 2005				June 30, 2006	June 30, 2005		
ASSETS												
Current Assets:												
Equity in Pooled Cash and Investments	\$ 2,931,320	\$ 12,209,878	\$ 6,399,581	\$ 21,540,779	\$ 20,501,458	\$ 750,430	\$ 12,430,378	\$ 10,409,038	\$ 23,589,846	\$ 22,412,411	\$ 45,130,625	\$ 42,913,869
Restricted Cash, Cash Equivalents and Investments:												
Unspent Revenue Bond and Equipment Financing												
Proceeds	1,247,623	-	-	1,247,623	1,198,931	121,902	-	-	121,902	121,902	1,369,525	1,320,833
Accounts Receivable	-	-	250	250	250	-	-	353,784	353,784	-	354,034	250
Due from County Government	-	-	129,888	129,888	125,000	-	-	129,888	129,888	125,000	259,776	250,000
Deposits and Other	-	143,039	-	143,039	1,680	-	143,039	-	143,039	1,680	286,078	3,360
Total Current Assets	4,178,943	12,352,917	6,529,719	23,061,579	21,827,319	872,332	12,573,417	10,892,710	24,338,459	22,660,993	47,400,038	44,488,312
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	21,917,880	-	170,629	22,088,509	20,548,664	467,506	-	344,883	812,389	666,687	22,900,898	21,215,351
Less-Accumulated Depreciation	(16,228,306)	-	(129,606)	(16,357,912)	(15,019,376)	(1,396,271)	-	(225,695)	(1,621,966)	(1,417,218)	(17,979,878)	(16,436,594)
Total Capital Assets (net of accumulated depreciation)	5,792,043	-	41,023	5,833,066	5,631,757	2,469,597	-	119,188	2,588,785	2,647,831	8,421,851	8,279,588
Total Assets	9,970,986	12,352,917	6,570,742	28,894,645	27,459,076	3,341,929	12,573,417	11,011,898	26,927,244	25,308,824	55,821,889	52,767,900
LIABILITIES												
Current Liabilities:												
Accounts Payable	18,181	102,783	102,305	223,269	91,614	4,640	102,782	1,142,858	1,250,280	28,842	1,473,549	120,456
Current Portion of Claims Payable	-	398,087	840,233	1,238,320	1,026,677	-	398,087	1,016,695	1,414,782	1,236,463	2,653,102	2,263,140
Accrued Salaries and Benefits	-	179,708	17,023	196,731	10,120	2,962	230,501	12,423	245,886	10,120	442,617	20,240
Current Portion of Notes Payable	1,171,416	-	-	1,171,416	1,544,565	228,546	-	-	228,546	218,385	1,399,962	1,762,930
Current Portion of Compensated Absences	-	4,257,700	6,071	4,263,771	3,577,863	3,805	5,118,900	6,071	5,128,776	4,433,463	9,392,547	8,011,326
Due to County Government	-	-	53,108	53,108	78,017	-	-	53,108	53,108	78,017	106,216	156,034
Interest Payable	26,106	-	-	26,106	29,522	34,503	-	-	34,503	37,391	60,809	66,913
Total Current Liabilities	1,215,703	4,938,278	1,018,740	7,172,721	6,358,378	274,456	5,850,270	2,231,155	8,355,881	6,042,661	15,528,602	12,401,039
Noncurrent Liabilities:												
Claims Payable - Net of Current Portion	-	577,508	2,519,228	3,096,736	2,665,839	-	577,509	3,048,510	3,626,019	3,295,207	6,722,755	5,961,046
Notes Payable - Net of Current Portion	2,540,325	-	-	2,540,325	3,711,742	1,267,288	-	-	1,267,288	1,495,835	3,807,613	5,207,577
Compensated Absences - Net of Current Portion	-	2,531,700	25,990	2,557,690	2,850,259	9,930	2,333,200	25,990	2,369,120	3,396,559	4,926,810	6,246,818
Total Noncurrent Liabilities	2,540,325	3,109,208	2,545,218	8,194,751	9,227,840	1,277,218	2,910,709	3,074,500	7,262,427	8,187,601	15,457,178	17,415,441
Total Liabilities	3,756,028	8,047,486	3,563,958	15,367,472	15,586,218	1,551,674	8,760,979	5,305,655	15,618,308	14,230,262	30,985,780	29,816,480
NET ASSETS												
Invested in Capital Assets, Net of Related Debt	3,327,925	-	41,023	3,368,948	1,574,381	1,095,665	-	119,188	1,214,853	1,055,533	4,583,801	2,629,914
Unrestricted	2,887,033	4,305,431	2,965,761	10,158,225	10,298,477	694,590	3,812,438	5,587,055	10,094,083	10,023,029	20,252,308	20,321,506
Total Net Assets	\$ 6,214,958	\$ 4,305,431	\$ 3,006,784	\$ 13,527,173	\$ 11,872,858	\$ 1,790,255	\$ 3,812,438	\$ 5,706,243	\$ 11,308,936	\$ 11,078,562	\$ 24,836,109	\$ 22,951,420

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, 2006

	MONTGOMERY COUNTY					PRINCE GEORGE'S COUNTY					TOTALS	
	Capital Equipment	Employee Benefits	Risk Management	TOTALS		Capital Equipment/ Executive Building	Employee Benefits	Risk Management	TOTALS		June 30, 2006	June 30, 2005
				June 30, 2006	June 30, 2005				June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Operating Revenues:												
Charges for Services	\$ 1,773,831	\$ 18,359,927	\$ 2,702,500	\$ 22,836,258	\$ 23,213,867	\$ 994,325	\$ 19,292,641	\$ 1,752,500	\$ 22,039,466	\$ 22,330,436	\$ 44,875,724	\$ 45,544,303
Claim Recoveries	-	74,132	125,299	199,431	135,950	-	74,132	887,308	961,440	273,042	1,160,871	408,992
Total Operating Revenues	<u>1,773,831</u>	<u>18,434,059</u>	<u>2,827,799</u>	<u>23,035,689</u>	<u>23,349,817</u>	<u>994,325</u>	<u>19,366,773</u>	<u>2,639,808</u>	<u>23,000,906</u>	<u>22,603,478</u>	<u>46,036,595</u>	<u>45,953,295</u>
Operating Expenses:												
Personal Services	-	6,404,929	391,088	6,796,017	5,704,191	82,756	6,883,376	331,126	7,297,258	7,320,144	14,093,275	13,024,335
Supplies and Materials	87,026	51	29,878	116,955	136,350	6,129	52	29,878	36,059	101,033	153,014	237,383
Claims Incurred	-	7,246,233	1,486,753	8,732,986	8,285,603	-	7,246,232	3,288,042	10,534,274	9,934,172	19,267,260	18,219,775
Insurance	-	4,339,900	443,609	4,783,509	4,316,666	-	4,339,900	540,471	4,880,371	4,433,153	9,663,880	8,749,819
Other Services and Charges	150,434	48,422	239,231	438,087	353,673	303,713	48,422	412,863	764,998	455,328	1,203,085	809,001
Depreciation	1,540,400	-	25,314	1,565,714	1,608,024	144,583	-	60,165	204,748	182,689	1,770,462	1,790,713
Total Operating Expenses	<u>1,777,860</u>	<u>18,039,535</u>	<u>2,615,873</u>	<u>22,433,268</u>	<u>20,404,507</u>	<u>537,181</u>	<u>18,517,982</u>	<u>4,662,545</u>	<u>23,717,708</u>	<u>22,426,519</u>	<u>46,150,976</u>	<u>42,831,026</u>
Operating Income (Loss)	<u>(4,029)</u>	<u>394,524</u>	<u>211,926</u>	<u>602,421</u>	<u>2,945,310</u>	<u>457,144</u>	<u>848,791</u>	<u>(2,022,737)</u>	<u>(716,802)</u>	<u>176,959</u>	<u>(114,381)</u>	<u>3,122,269</u>
Nonoperating Revenues (Expenses):												
Interest Income	149,926	480,076	283,050	913,052	395,999	16,153	507,049	499,721	1,022,923	515,743	1,935,975	911,742
Interest Expense	(111,158)	-	-	(111,158)	(96,144)	(75,747)	-	-	(75,747)	(76,008)	(186,905)	(172,152)
Total Nonoperating Revenues (Expenses)	<u>38,768</u>	<u>480,076</u>	<u>283,050</u>	<u>801,894</u>	<u>299,855</u>	<u>(59,594)</u>	<u>507,049</u>	<u>499,721</u>	<u>947,176</u>	<u>439,735</u>	<u>1,749,070</u>	<u>739,590</u>
Income (Loss) Before Contributions and Transfers	<u>34,739</u>	<u>874,600</u>	<u>494,976</u>	<u>1,404,315</u>	<u>3,245,165</u>	<u>397,550</u>	<u>1,355,840</u>	<u>(1,523,016)</u>	<u>230,374</u>	<u>616,694</u>	<u>1,634,689</u>	<u>3,861,859</u>
Transfers In (Out) :												
Reimbursement from Trust Funds	-	-	-	-	1,372,693	-	-	-	-	1,372,692	-	2,745,385
Transfers In	250,000	-	-	250,000	5,772	-	-	-	-	107,529	250,000	113,301
Transfers (Out)	-	-	-	-	(2,193,441)	-	-	-	-	(2,193,441)	-	(4,386,882)
Net Operating Transfers	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>(814,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(713,220)</u>	<u>250,000</u>	<u>(1,528,196)</u>
Change in Net Assets	<u>284,739</u>	<u>874,600</u>	<u>494,976</u>	<u>1,654,315</u>	<u>2,430,189</u>	<u>397,550</u>	<u>1,355,840</u>	<u>(1,523,016)</u>	<u>230,374</u>	<u>(96,526)</u>	<u>1,884,689</u>	<u>2,333,663</u>
Total Net Assets, July 1	<u>5,930,219</u>	<u>3,430,831</u>	<u>2,511,808</u>	<u>11,872,858</u>	<u>9,442,699</u>	<u>1,392,705</u>	<u>2,456,598</u>	<u>7,229,259</u>	<u>11,078,562</u>	<u>11,175,088</u>	<u>22,951,420</u>	<u>20,617,757</u>
Total Net Assets, June 30	<u>\$ 6,214,958</u>	<u>\$ 4,305,431</u>	<u>\$ 3,006,784</u>	<u>\$ 13,527,173</u>	<u>\$ 11,872,858</u>	<u>\$ 1,790,255</u>	<u>\$ 3,812,438</u>	<u>\$ 5,706,243</u>	<u>\$ 11,308,936</u>	<u>\$ 11,078,562</u>	<u>\$ 24,836,109</u>	<u>\$ 22,951,420</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, 2006**

	MONTGOMERY COUNTY				PRINCE GEORGE'S COUNTY				
	Capital Equipment	Employee Benefits	Risk Management	TOTAL	Capital Equipment/ Executive Building	Employee Benefits	Risk Management	TOTAL	TOTAL
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 1,773,831	\$ 18,292,700	\$ 2,822,911	\$ 22,889,442	\$ 994,325	\$ 19,225,414	\$ 2,281,136	\$ 22,500,875	\$ 45,390,317
Payments to Suppliers	(261,591)	(11,499,005)	(1,374,871)	(13,135,467)	(314,838)	(11,499,005)	(2,537,787)	(14,351,630)	(27,487,097)
Payments to Employees	-	(5,840,121)	(375,946)	(6,216,067)	(66,059)	(7,006,975)	(320,584)	(7,393,618)	(13,609,685)
Payments for Interfund Services Used	(30,000)	(41,700)	(118,500)	(190,200)	(1,100)	(41,700)	(118,500)	(161,300)	(351,500)
Net Cash Provided by Operating Activities	<u>1,482,240</u>	<u>911,874</u>	<u>953,594</u>	<u>3,347,708</u>	<u>612,328</u>	<u>677,734</u>	<u>(695,735)</u>	<u>594,327</u>	<u>3,942,035</u>
Cash Flows from Noncapital Financing Activities:									
Transfers In From Other Funds	250,000	-	-	250,000	-	-	-	-	250,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Cash Flows from Capital and Related Financing Activities:									
Acquisition of Capital Assets	(1,767,024)	-	-	(1,767,024)	(145,703)	-	-	(145,703)	(1,912,727)
Principal Paid on Notes Payable	(1,544,565)	-	-	(1,544,565)	(218,365)	-	-	(218,365)	(1,762,930)
Interest Paid on Notes Payable	(111,158)	-	-	(111,158)	(75,747)	-	-	(75,747)	(186,905)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,422,747)</u>	<u>-</u>	<u>-</u>	<u>(3,422,747)</u>	<u>(439,815)</u>	<u>-</u>	<u>-</u>	<u>(439,815)</u>	<u>(3,862,562)</u>
Cash Flows from Investing Activities:									
Interest on Investments	149,926	480,076	283,050	913,052	16,153	507,049	499,721	1,022,923	1,935,975
Net Cash Provided (Used) by Investing Activities	<u>149,926</u>	<u>480,076</u>	<u>283,050</u>	<u>913,052</u>	<u>16,153</u>	<u>507,049</u>	<u>499,721</u>	<u>1,022,923</u>	<u>1,935,975</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,540,581)	1,391,950	1,236,644	1,088,013	188,666	1,184,783	(196,014)	1,177,435	2,265,448
Cash and Cash Equivalents, July 1	5,719,524	10,817,928	5,162,937	21,700,389	683,666	11,245,595	10,605,052	22,534,313	44,234,702
Cash and Cash Equivalents, June 30	<u>\$ 4,178,943</u>	<u>\$ 12,209,878</u>	<u>\$ 6,399,581</u>	<u>\$ 22,788,402</u>	<u>\$ 872,332</u>	<u>\$ 12,430,378</u>	<u>\$ 10,409,038</u>	<u>\$ 23,711,748</u>	<u>\$ 46,500,150</u>
Operating Income (Loss)	\$ (4,029)	\$ 394,524	\$ 211,926	\$ 602,421	\$ 457,144	\$ 848,791	\$ (2,022,737)	\$ (716,802)	\$ (114,381)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:									
Depreciation	1,540,400	-	25,314	1,565,714	144,583	-	60,165	204,748	1,770,462
Effect of Changes in Assets and Liabilities in:									
Accounts Receivable	-	-	-	-	-	-	(353,784)	(353,784)	(353,784)
Due from County Government	-	-	(4,888)	(4,888)	-	-	(4,888)	(4,888)	(9,776)
Due from Other Funds	-	(141,359)	-	(141,359)	-	(141,359)	-	(141,359)	(282,718)
Accounts Payable	(50,715)	89,936	92,434	131,655	(3,208)	89,935	1,134,711	1,221,438	1,353,093
Claims Payable	-	74,253	638,575	712,828	-	74,254	505,165	579,419	1,292,247
Accrued Salaries and Benefits	-	179,708	6,903	186,611	2,962	230,501	2,303	235,766	422,377
Compensated Absences	-	385,100	8,239	393,339	13,735	(354,100)	8,239	(332,126)	61,213
Interest Payable	(3,416)	-	-	(3,416)	(2,888)	-	-	(2,888)	(6,304)
Incurred But Unreported Clms	-	(70,288)	-	(70,288)	-	(70,288)	-	(70,288)	(140,576)
Due to County Government	-	-	(24,909)	(24,909)	-	-	(24,909)	(24,909)	(49,818)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,482,240</u>	<u>\$ 911,874</u>	<u>\$ 953,594</u>	<u>\$ 3,347,708</u>	<u>\$ 612,328</u>	<u>\$ 677,734</u>	<u>\$ (695,735)</u>	<u>\$ 594,327</u>	<u>\$ 3,942,035</u>



At Woodlawn Manor Park, school kids enjoy a teambuilding exercise with a colorful parachute and a ball.

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, 2006

	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	\$ -	\$ -	\$ -	\$ 2,162,638	\$ 4,577,398	\$ 6,740,036	\$ 2,562,537	\$ 816,322	\$ 3,378,859
Cash and Marketable Securities	606,205,210	131,735	606,336,945	-	-	-	-	-	-
Restricted Cash: Unspent Bond Proceeds	-	-	-	2,007,124	-	2,007,124	-	-	-
Collateral for Securities Lending Transactions	52,333,354	-	52,333,354	-	-	-	-	-	-
Accounts Receivable	2,098,460	-	2,098,460	-	2,002	2,002	-	-	-
Deposits and Other	14,455	-	14,455	-	-	-	-	-	-
Land Held for Other Governments	-	-	-	30,572,478	17,837,342	48,409,820	-	-	-
Other	33,205	-	33,205	-	-	-	-	-	-
Total Assets	<u>660,684,684</u>	<u>131,735</u>	<u>660,816,419</u>	<u>34,742,240</u>	<u>22,416,742</u>	<u>57,158,982</u>	<u>2,562,537</u>	<u>816,322</u>	<u>3,378,859</u>
LIABILITIES									
Investment Payable	45,821,901	-	45,821,901	-	-	-	-	-	-
Accounts Payable	855,329	-	855,329	-	216	216	2,562,537	-	2,562,537
Obligation for Collateral Received under Securities Lending transactions	52,333,354	-	52,333,354	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	816,322	816,322
Total Liabilities	<u>99,010,584</u>	<u>-</u>	<u>99,010,584</u>	<u>-</u>	<u>216</u>	<u>216</u>	<u>2,562,537</u>	<u>816,322</u>	<u>3,378,859</u>
NET ASSETS									
Assets Held in Trust for:									
Land Held for Transfer	-	-	-	30,572,478	17,837,342	48,409,820	-	-	-
Pension Benefits	561,674,100	-	561,674,100	-	-	-	-	-	-
Other Postemployment Benefits	-	131,735	131,735	-	-	-	-	-	-
Other Purposes	-	-	-	4,169,762	4,579,184	8,748,946	-	-	-
Total Net Assets	<u>\$ 561,674,100</u>	<u>\$ 131,735</u>	<u>\$ 561,805,835</u>	<u>\$ 34,742,240</u>	<u>\$ 22,416,526</u>	<u>\$ 57,158,766</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, 2006

	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	\$ 8,337,228	\$ -	\$ 8,337,228	\$ -	\$ -	\$ -
Plan Members	3,898,242	-	3,898,242	-	-	-
Private Donations	-	-	-	6,025	40,464	46,489
Total Contributions	<u>12,235,470</u>	<u>-</u>	<u>12,235,470</u>	<u>6,025</u>	<u>40,464</u>	<u>46,489</u>
Contributions from Commission Debt Service Funds	-	-	-	519,060	372,233	891,293
Investment Earnings:						
Interest	9,493,459	295	9,493,754	150,354	318,426	468,780
Dividends	2,709,615	4,699	2,714,314	-	-	-
Net increase (decrease) in the Fair Value of Investments	<u>30,510,960</u>	<u>(875)</u>	<u>30,510,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment Earnings	42,714,034	4,119	42,718,153	150,354	318,426	468,780
Less Investment Advisory and Management Fees	<u>(2,249,284)</u>	<u>(1,179)</u>	<u>(2,250,463)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income from Investing Activities	<u>40,464,750</u>	<u>2,940</u>	<u>40,467,690</u>	<u>150,354</u>	<u>318,426</u>	<u>468,780</u>
Securities Lending Activity						
Securities Lending Income	2,359,693	-	2,359,693	-	-	-
Securities Lending Fees	<u>(2,295,300)</u>	<u>-</u>	<u>(2,295,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income from Securities Lending Activity	<u>64,393</u>	<u>-</u>	<u>64,393</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Investment Income	<u>40,529,143</u>	<u>2,940</u>	<u>40,532,083</u>	<u>150,354</u>	<u>318,426</u>	<u>468,780</u>
Total Additions	<u>52,764,613</u>	<u>2,940</u>	<u>52,767,553</u>	<u>675,439</u>	<u>731,123</u>	<u>1,406,562</u>
DEDUCTIONS:						
Benefits	19,128,868	-	19,128,868	-	-	-
Refunds of Contributions	359,828	-	359,828	-	-	-
Administrative expenses	1,078,084	-	1,078,084	-	-	-
Contribution to Commission Debt Service Funds	-	-	-	78,189	-	78,189
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,454</u>	<u>22,185</u>	<u>24,639</u>
Total Deductions	<u>20,566,780</u>	<u>-</u>	<u>20,566,780</u>	<u>80,643</u>	<u>22,185</u>	<u>102,828</u>
Change in Net Assets	<u>32,197,833</u>	<u>2,940</u>	<u>32,200,773</u>	<u>594,796</u>	<u>708,938</u>	<u>1,303,734</u>
Net Assets - Beginning	529,476,267	128,795	529,605,062	34,147,444	21,707,588	55,855,032
Net Assets - Ending	<u>\$ 561,674,100</u>	<u>\$ 131,735</u>	<u>\$ 561,805,835</u>	<u>\$ 34,742,240</u>	<u>\$ 22,416,526</u>	<u>\$ 57,158,766</u>

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, 2006**

	July 1, 2005	Additions	Deductions	June 30, 2006
MARYLAND STATE RETIREMENT SYSTEM FUND				
ASSETS				
Equity in Pooled Cash and Investments	\$ 2,606,885	\$ 226,677	\$ 271,025	\$ 2,562,537
Total Current Assets	\$ 2,606,885	\$ 226,677	\$ 271,025	\$ 2,562,537
LIABILITIES				
Accounts Payable	\$ 2,606,885	\$ 226,677	\$ 271,025	\$ 2,562,537
Total Current Liabilities	\$ 2,606,885	\$ 226,677	\$ 271,025	\$ 2,562,537
MONTGOMERY COUNTY FUND				
ASSETS				
Equity in Pooled Cash and Investments	\$ 725,364	\$ 104,281	\$ 13,323	\$ 816,322
Total Current Assets	\$ 725,364	\$ 104,281	\$ 13,323	\$ 816,322
LIABILITIES				
Deposits	\$ 725,364	\$ 117,604	\$ 26,646	\$ 816,322
Total Current Liabilities	\$ 725,364	\$ 117,604	\$ 26,646	\$ 816,322
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash and Investments	\$ 3,332,249	\$ 330,958	\$ 284,348	\$ 3,378,859
Total Current Assets	\$ 3,332,249	\$ 330,958	\$ 284,348	\$ 3,378,859
LIABILITIES				
Accounts Payable	\$ 2,606,885	\$ 226,677	\$ 271,025	\$ 2,562,537
Deposits	\$ 725,364	\$ 117,604	\$ 26,646	\$ 816,322
Total Current Liabilities	\$ 3,332,249	\$ 344,281	\$ 297,671	\$ 3,378,859

♦ PART III ♦

STATISTICAL SECTION



Prince George's Publick Playhouse for the Performing Arts offers a wide variety of reasonably priced dance, music and theater performances for all ages.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-1

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities:					
Invested in Capital Assets, net of related debt	\$ 282,595,478	\$ 305,800,251	\$ 364,642,396	\$ 370,469,274	\$ 383,457,023
Unrestricted	<u>82,792,312</u>	<u>86,192,777</u>	<u>91,953,723</u>	<u>126,681,153</u>	<u>159,962,347</u>
Subtotal Governmental Activities Net Assets	<u>365,387,790</u>	<u>391,993,028</u>	<u>456,596,119</u>	<u>497,150,427</u>	<u>543,419,370</u>
Business-type Activities:					
Invested in Capital Assets, net of related debt	82,267,248	80,397,496	85,843,860	83,421,966	84,318,532
Restricted for Debt Service	583,266	589,848	-	-	-
Unrestricted	<u>3,772,189</u>	<u>1,910,929</u>	<u>2,238,739</u>	<u>2,334,180</u>	<u>2,101,083</u>
Subtotal Business-type Activities Net Assets	<u>86,622,703</u>	<u>82,898,273</u>	<u>88,082,599</u>	<u>85,756,146</u>	<u>86,419,615</u>
Primary Government:					
Invested in Capital Assets, net of related debt	364,862,726	386,197,747	450,486,256	453,891,240	467,775,555
Restricted for Debt Service	583,266	589,848	-	-	-
Unrestricted	<u>86,564,501</u>	<u>88,103,706</u>	<u>94,192,462</u>	<u>129,015,333</u>	<u>162,063,430</u>
Total Government Net Assets	<u>\$ 452,010,493</u>	<u>\$ 474,891,301</u>	<u>\$ 544,678,718</u>	<u>\$ 582,906,573</u>	<u>\$ 629,838,985</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 five 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 Five Fiscal Years (1)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government	\$ 11,614,891	\$ 12,678,079	\$ 12,497,931	\$ 13,365,605	\$ 14,110,350
County Planning and Zoning	29,739,984	29,119,749	29,792,531	31,089,512	35,931,600
Park Operations and Maintenance	102,355,291	104,484,551	112,777,571	117,420,745	140,378,771
Recreation Programs	37,992,630	38,057,899	39,174,875	42,175,861	43,058,594
Interest on Long-term Debt	8,460,869	6,994,245	5,483,168	6,396,948	6,045,652
Subtotal Governmental Activities	<u>190,163,665</u>	<u>191,334,523</u>	<u>199,726,076</u>	<u>210,448,671</u>	<u>239,524,967</u>
Business-type Activities:					
Recreational and Cultural Facilities	<u>28,203,070</u>	<u>28,243,046</u>	<u>30,033,511</u>	<u>31,635,252</u>	<u>32,957,080</u>
Total Government Expenses	<u>218,366,735</u>	<u>219,577,569</u>	<u>229,759,587</u>	<u>242,083,923</u>	<u>272,482,047</u>
Program Revenues					
Governmental Activities:					
County Planning and Zoning	2,771,580	3,058,135	4,392,957	4,537,266	5,555,883
Park Operations and Maintenance	31,666,712	26,321,407	20,104,060	23,359,117	23,763,315
Recreation Programs	10,330,965	9,410,542	11,550,937	11,921,917	12,746,285
Subtotal Governmental Activities	<u>44,769,257</u>	<u>38,790,084</u>	<u>36,047,954</u>	<u>39,818,300</u>	<u>42,065,483</u>
Business-type Activities:					
Recreational and Cultural Facilities	<u>22,420,258</u>	<u>19,757,618</u>	<u>25,901,631</u>	<u>23,321,731</u>	<u>26,440,370</u>
Total Government Program Revenues	<u>67,189,515</u>	<u>58,547,702</u>	<u>61,949,585</u>	<u>63,140,031</u>	<u>68,505,853</u>
Net Government Expenses	<u>(151,177,220)</u>	<u>(161,029,867)</u>	<u>(167,810,002)</u>	<u>(178,943,892)</u>	<u>(203,976,194)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities	166,516,795	179,149,677	196,451,625	211,184,679	243,728,427
Business-type Activities	8,383,624	4,760,998	9,316,206	5,987,068	7,180,179
Total Primary Government	<u>174,900,419</u>	<u>183,910,675</u>	<u>205,767,831</u>	<u>217,171,747</u>	<u>250,908,606</u>
Change in Net Assets					
Governmental Activities	21,122,387	26,605,238	32,773,503	40,554,308	46,268,943
Business-type Activities	2,600,812	(3,724,430)	5,184,326	(2,326,453)	663,469
Total Primary Government	\$ <u>23,723,199</u>	\$ <u>22,880,808</u>	\$ <u>37,957,829</u>	\$ <u>38,227,855</u>	\$ <u>46,932,412</u>

(1) The entity-wide change in net assets figures are only available for five 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 Five Fiscal Years (1)

	Fiscal Year				
	2002	2003	2004	2005	2006
Program Revenues					
Governmental Activities:					
County Planning and Zoning					
Charges for services	\$ 2,004,103	\$ 2,206,015	\$ 3,743,951	\$ 3,523,763	\$ 4,535,128
Operating grants and contributions	767,477	852,120	649,006	1,013,503	1,020,755
Total County Planning and Zoning	<u>2,771,580</u>	<u>3,058,135</u>	<u>4,392,957</u>	<u>4,537,266</u>	<u>5,555,883</u>
Park Operations and Maintenance					
Charges for services	5,029,035	4,689,195	5,294,071	6,544,420	5,498,642
Operating grants and contributions	570,005	762,869	705,213	645,795	1,106,898
Capital grants and contributions	26,067,672	20,869,343	14,104,776	16,168,902	17,157,775
Total Park Operations and Maintenance	<u>31,666,712</u>	<u>26,321,407</u>	<u>20,104,060</u>	<u>23,359,117</u>	<u>23,763,315</u>
Recreation Programs					
Charges for services	9,989,550	9,083,148	11,239,721	11,641,554	12,294,579
Operating grants and contributions	341,415	327,394	311,216	280,363	451,706
Total Recreation Programs	<u>10,330,965</u>	<u>9,410,542</u>	<u>11,550,937</u>	<u>11,921,917</u>	<u>12,746,285</u>
Total Governmental Activities	<u>44,769,257</u>	<u>38,790,084</u>	<u>36,047,954</u>	<u>39,818,300</u>	<u>42,065,483</u>
Business-type Activities:					
Recreational and Cultural Facilities					
Charges for services	22,420,258	19,757,618	22,046,268	23,321,731	22,969,521
Operating grants and contributions	-	-	26,000	-	-
Capital grants and contributions	-	-	3,829,363	-	3,470,849
Total Recreational and Cultural Facilities	<u>22,420,258</u>	<u>19,757,618</u>	<u>25,901,631</u>	<u>23,321,731</u>	<u>26,440,370</u>
Total Government Program Revenues	<u>\$ 67,189,515</u>	<u>\$ 58,547,702</u>	<u>\$ 61,949,585</u>	<u>\$ 63,140,031</u>	<u>\$ 68,505,853</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property Taxes	\$ 174,735,630	\$ 181,859,997	\$ 204,217,877	\$ 213,178,802	\$ 241,784,351
Unrestricted Investment Earnings	3,073,142	1,931,787	1,418,407	3,908,309	8,870,876
Gain/Loss on Disposal of Land	(3,170,165)	(4,920)	35,676	-	-
Transfers	(8,121,812)	(4,637,187)	(9,220,335)	(5,902,432)	(6,926,800)
Total Governmental Activities	<u>166,516,795</u>	<u>179,149,677</u>	<u>196,451,625</u>	<u>211,184,679</u>	<u>243,728,427</u>
Business-type Activities					
Unrestricted Investment Earnings	261,812	123,811	95,871	84,636	253,379
Transfers	8,121,812	4,637,187	9,220,335	5,902,432	6,926,800
Total Business-type Activities	<u>8,383,624</u>	<u>4,760,998</u>	<u>9,316,206</u>	<u>5,987,068</u>	<u>7,180,179</u>
Total Primary Government	<u>\$ 174,900,419</u>	<u>\$ 183,910,675</u>	<u>\$ 205,767,831</u>	<u>\$ 217,171,747</u>	<u>\$ 250,908,606</u>

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-4

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 8,974,403	\$ 12,459,729	\$ 8,326,917	\$ 13,406,458	\$ 10,146,574	\$ 8,720,270	\$ 9,828,316	\$ 7,909,128	\$ 11,340,789	\$ 15,766,495
Unreserved, reported in:										
Montgomery Administration Account	762,877	1,403,597	1,707,285	1,961,800	1,667,283	2,015,586	2,303,332	2,489,284	1,406,864	1,587,630
Montgomery Park Account	1,934,648	3,557,236	3,314,130	3,446,871	3,015,542	4,123,670	5,489,328	4,289,120	3,419,516	3,662,593
Prince George's Administration Account	2,988,861	2,992,356	2,595,207	2,741,183	3,431,162	4,439,016	5,779,000	7,655,832	10,120,856	12,568,819
Prince George's Park Account	35,687,362	32,155,301	32,436,568	27,609,215	22,886,857	20,175,540	17,581,235	28,032,500	36,850,247	50,284,754
Prince George's Recreation Account	5,528,954	6,603,662	8,026,275	8,457,382	9,108,023	9,619,463	8,674,676	8,463,689	10,997,196	16,987,850
Total General Fund	<u>55,877,105</u>	<u>59,171,881</u>	<u>56,406,382</u>	<u>57,622,909</u>	<u>50,255,441</u>	<u>49,093,545</u>	<u>49,655,887</u>	<u>58,839,553</u>	<u>74,135,468</u>	<u>100,858,141</u>
All Other Governmental Funds										
Reserved	7,624,242	26,095,690	17,110,783	9,840,345	14,110,994	14,432,004	15,166,586	19,279,123	16,239,896	30,979,446
Unreserved (deficit), reported in:										
Special Revenue Funds	-	-	-	-	-	6,546,298	5,888,267	6,466,722	7,088,718	8,358,389
Capital Projects Funds	<u>30,379,943</u>	<u>20,355,746</u>	<u>12,979,957</u>	<u>12,596,487</u>	<u>3,478,091</u>	<u>17,427,284</u>	<u>21,121,422</u>	<u>19,573,788</u>	<u>27,292,889</u>	<u>15,279,284</u>
Total All Other Governmental Funds	<u>38,004,185</u>	<u>46,451,436</u>	<u>30,090,740</u>	<u>22,436,832</u>	<u>17,589,085</u>	<u>38,405,586</u>	<u>42,176,275</u>	<u>45,319,633</u>	<u>50,621,503</u>	<u>54,617,119</u>
Total All Governmental Funds	<u>\$ 93,881,290</u>	<u>\$ 105,623,317</u>	<u>\$ 86,497,122</u>	<u>\$ 80,059,741</u>	<u>\$ 67,844,526</u>	<u>\$ 87,499,131</u>	<u>\$ 91,832,162</u>	<u>\$ 104,159,186</u>	<u>\$ 124,756,971</u>	<u>\$ 155,475,260</u>

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-5

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Property Taxes	\$ 154,429,462	\$ 158,809,071	\$ 161,579,148	\$ 166,088,780	\$ 169,028,884	\$ 177,143,063	\$ 182,180,854	\$ 199,178,086	\$ 216,047,629	\$ 244,607,360
Intergovernmental	12,014,686	8,922,993	16,289,396	20,455,474	22,523,429	18,561,030	14,291,595	14,282,243	13,475,196	13,728,507
Charges for Services	5,578,867	6,186,476	6,414,300	6,517,397	6,618,976	8,233,858	8,285,233	11,378,060	10,905,923	12,170,203
Rentals and Concessions	2,890,222	2,437,701	2,601,165	2,837,447	2,967,445	7,374,700	6,562,896	7,752,377	8,119,786	8,883,464
Interest	4,993,007	6,867,462	6,249,428	5,565,815	4,717,809	2,265,821	1,361,363	1,040,326	2,996,567	6,934,901
Miscellaneous	5,964,147	944,104	2,721,632	1,712,412	1,056,531	1,420,835	1,129,476	1,297,262	3,278,902	2,312,925
Total Revenues	<u>185,870,391</u>	<u>184,167,807</u>	<u>195,855,069</u>	<u>203,177,325</u>	<u>206,913,074</u>	<u>214,999,307</u>	<u>213,811,417</u>	<u>234,928,354</u>	<u>254,824,003</u>	<u>288,637,360</u>
Expenditures										
General Government	10,560,992	10,594,574	10,930,626	10,787,642	11,751,327	12,088,929	12,698,310	13,097,617	13,814,296	14,989,960
Planning and Zoning	26,995,963	26,527,773	27,353,307	26,771,563	28,860,846	29,707,273	29,387,574	30,921,513	32,024,402	35,660,252
Park Operations and Maintenance	79,330,072	80,801,735	87,941,231	86,674,082	95,079,886	95,550,144	99,466,159	103,998,826	109,838,327	118,469,005
Recreation	26,884,491	27,750,023	29,191,944	29,668,637	30,383,916	36,242,037	37,467,508	38,003,635	40,419,313	41,484,461
Debt Service										
Principal	7,055,000	7,385,000	6,975,000	7,745,000	7,825,000	9,340,000	31,335,000	10,755,000	11,290,000	11,820,000
Interest	6,091,407	7,971,068	7,985,963	8,141,310	7,794,657	8,076,447	6,638,933	5,945,514	5,812,572	5,986,849
Other Debt Service Costs	61,733	91,859	212,054	33,237	81,752	70,981	553,630	525,375	188,317	262,491
Capital Projects	26,470,371	26,904,607	44,367,346	33,486,574	37,422,899	25,615,322	16,387,523	33,551,617	23,212,160	22,269,358
Total Expenditures	<u>183,450,029</u>	<u>188,026,639</u>	<u>214,957,471</u>	<u>203,308,045</u>	<u>219,200,283</u>	<u>216,691,133</u>	<u>233,934,637</u>	<u>236,799,097</u>	<u>236,599,387</u>	<u>250,942,376</u>
Other Financing Sources (Uses)										
Proceeds from General Obligation Bonds	33,000,000	21,000,000	7,000,000	-	5,700,000	18,744,820	26,422,900	14,720,000	4,002,020	-
Refunding Bonds Issued	-	7,325,000	21,000,000	-	-	-	29,592,100	22,805,000	-	19,130,000
Premiums on Bonds Issued	-	-	-	-	-	-	281,807	1,926,886	-	88,405
Payment to Refunding Bond Escrow Account	-	(7,605,178)	(21,000,000)	-	-	-	(29,552,086)	(23,862,764)	-	(19,018,300)
Payment from Private Purpose Trust Funds	-	-	-	-	-	-	9,874	8,615	-	-
Contribution to Private Purpose Trust Funds	-	-	-	-	-	(286,585)	(493,058)	(609,148)	-	-
Transfers In	16,496,661	22,852,169	20,568,005	21,566,544	20,654,975	20,320,029	22,591,017	28,577,814	31,727,099	31,327,417
Transfers Out	(17,401,827)	(27,971,132)	(27,591,798)	(27,873,205)	(26,282,981)	(25,448,702)	(24,396,303)	(29,368,636)	(33,355,950)	(38,504,217)
Total Other Financing Sources (Uses)	<u>32,094,834</u>	<u>15,600,859</u>	<u>(23,793)</u>	<u>(6,306,661)</u>	<u>71,994</u>	<u>13,329,562</u>	<u>24,456,251</u>	<u>14,197,767</u>	<u>2,373,169</u>	<u>(6,976,695)</u>
Net Change in Fund Balances	34,515,196	11,742,027	(19,126,195)	(6,437,381)	(12,215,215)	11,637,736	4,333,031	12,327,024	20,597,785	30,718,289
Beginning Fund Balance	59,366,094	93,881,290	105,623,317	86,497,122	80,059,741	75,861,395	87,499,131	91,832,162	104,159,186	124,756,971
Ending Fund Balance	<u>\$ 93,881,290</u>	<u>\$ 105,623,317</u>	<u>\$ 86,497,122</u>	<u>\$ 80,059,741</u>	<u>\$ 67,844,526</u>	<u>\$ 87,499,131</u>	<u>\$ 91,832,162</u>	<u>\$ 104,159,186</u>	<u>\$ 124,756,971</u>	<u>\$ 155,475,260</u>
Debt Service as a Percentage of										
Noncapital Expenditures	8.52%	9.75%	9.02%	9.52%	8.76%	9.22%	17.65%	8.30%	8.09%	7.88%

(1) Due to the pay-off of the X-2 bond issue in Prince George's County which was re-financed in FY 2003

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-6

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

(Dollars in Thousands)

MONTGOMERY COUNTY

Fiscal Year	Real Property			Personal Property (2)		Total (3)		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Assessed/Estimated Actual Value	Total Direct Tax Rate	Assessed Value	Estimated Actual Value	
1997	\$ 26,603,652	\$ 68,284,529	2.538	\$ 3,789,223	2.538	\$ 30,392,875	\$ 72,073,752	42.17 %
1998	27,274,641	69,295,328	2.533	3,654,451	2.533	30,929,092	72,949,779	42.40
1999	27,906,080	71,480,738	2.506	3,758,547	2.506	31,664,627	75,239,285	42.09
2000	28,674,554	74,907,403	2.474	3,879,303	2.474	32,553,857	78,786,706	41.32
2001	29,649,013	79,021,889	2.473	4,077,848	2.473	33,726,861	83,099,737	40.59
2002	(1) 77,574,948	84,229,042	0.991	4,201,345	2.476	81,776,293	88,430,387	92.48
2003	82,407,338	93,432,356	0.996	4,227,854	2.492	86,635,192	97,660,210	88.71
2004	89,263,005	98,091,215	0.994	3,963,802	2.487	93,226,807	102,055,017	91.35
2005	98,281,725	105,339,469	0.981	3,902,612	2.454	102,184,337	109,242,081	93.54
2006	110,529,249	118,593,615	0.939	3,831,629	2.349	114,360,878	122,425,244	93.41

PRINCE GEORGE'S COUNTY

Fiscal Year	Real Property			Personal Property (2)		Total (3)		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Assessed/Estimated Actual Value	Total Direct Tax Rate	Assessed Value	Estimated Actual Value	
1997	\$ 14,319,088	\$ 35,827,507	2.461	\$ 2,672,334	2.461	\$ 16,991,422	\$ 38,499,841	44.13 %
1998	14,393,723	36,104,232	2.466	2,765,419	2.466	17,159,142	38,869,651	44.15
1999	14,630,433	36,423,659	2.461	2,895,545	2.461	17,525,978	39,319,204	44.57
2000	14,869,426	37,244,023	2.459	3,022,343	2.459	17,891,769	40,266,366	44.43
2001	15,173,826	38,267,541	2.458	3,009,078	2.458	18,182,904	41,276,619	44.05
2002	(1) 39,091,456	39,326,338	0.980	3,099,323	2.453	42,190,779	42,425,661	99.45
2003	40,794,370	42,546,271	0.980	3,037,763	2.450	43,832,133	45,584,034	96.16
2004	43,066,688	45,195,233	0.980	2,956,111	2.452	46,022,799	48,151,344	95.58
2005	46,612,629	49,379,361	0.978	2,828,385	2.444	49,441,014	52,207,746	94.70
2006	52,277,305	58,874,924	0.980	2,823,369	2.449	55,100,674	61,698,293	89.31

- Note: (1) 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 assessed at 40% of actual value.
(2) For personal property, the assessed value and estimated value are the same.
(3) Total includes real property, business personal property, public utility operating property and domestic shares.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-7

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

M-NCPPC TAXES

MONTGOMERY COUNTY

Fiscal Year	Administration	Park Operations	Advance Land Acquisition	Total	County-wide Property Taxes Within County	Total
1997	\$ 0.0630	\$ 0.1540	\$ 0.0040	\$ 0.2210	\$ 2.3170	\$ 2.5380
1998	0.0610	0.1530	0.0040	0.2180	2.3150	2.5330
1999	0.0610	0.1530	0.0040	0.2180	2.2880	2.5060
2000	0.0620	0.1540	0.0030	0.2190	2.2550	2.4740
2001	0.0600	0.1600	0.0030	0.2230	2.2500	2.4730
2002	(1) 0.024/0.059	0.0660/0.1650	0.0010/0.0020	0.0910/0.2260	0.900/2.250	0.991/2.476
2003	0.023/0.058	0.0630/0.1580	0.0010/0.0030	0.0870/0.2190	0.909/2.273	0.996/2.492
2004	0.021/0.053	0.0590/0.1480	0.0010/0.0030	0.0810/0.2040	0.913/2.283	0.994/2.487
2005	0.020/0.050	0.0590/0.1480	0.0010/0.0030	0.0800/0.2010	0.901/2.253	0.981/2.454
2006	0.022/0.055	0.0610/0.1530	0.0010/0.0030	0.0840/0.2110	0.855/2.138	0.939/2.349

PRINCE GEORGE'S COUNTY

Fiscal Year	Administration	Park Operations	Recreation	Advance Land Acquisition	Total	County-wide Property Taxes Within County	Total
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
2005	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	1.1357/2.8390	1.4146/3.5365
2006	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	1.1381/2.8437	1.4171/3.5412

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 assessed at 40% of actual value.

Tax rates were adjusted so that change was revenue neutral.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-8

Principal Taxpayers

Current Fiscal Year and Nine Years Ago

MONTGOMERY COUNTY

<u>Taxpayer</u>	<u>2006</u>			<u>1997 (1)</u>		
	<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Potomac Electric Power Company	\$ 725,549,880	1	0.63 %	\$ 968,026,310	1	3.19 %
Verizon/Bell Atlantic	638,664,976	2	0.56	-	-	-
Montgomery Mall	272,112,660	3	0.24	76,068,600	5	0.25
Washington Gas Light Company	222,128,000	4	0.19	149,520,200	3	0.49
Mirant Mid-Atlantic LLC	199,484,536	5	0.17	-	-	-
7501 Wisconsin Ave. LLC	182,805,833	6	0.16	-	-	-
Bryant F.Foulger, Trustee	167,030,698	7	0.15	-	-	-
Wheaton Plaza Regional Shopping Center	165,827,404	8	0.15	-	-	-
Camalier, Anne D et al, Trustee	145,656,253	9	0.13	-	-	-
Democracy Associates	139,800,000	10	0.12	-	-	-
Bell Atlantic - Washington D.C. Inc	-	-	-	563,884,550	2	1.86
International Business Machines	-	-	-	99,537,750	4	0.33
May Department Stores	-	-	-	63,183,360	6	0.21
Lake Forest Associates	-	-	-	53,999,990	7	0.18
Albert & R. Abramson, et. al.	-	-	-	53,791,690	8	0.18
Marbeth Partnership	-	-	-	52,000,000	9	0.17
Wheaton Plaza Regional Shopping Center	-	-	-	49,772,150	10	0.16
Total	<u>\$ 2,859,060,240</u>		<u>2.50 %</u>	<u>\$ 2,129,784,600</u>		<u>7.01 %</u>
Total Assessable Base	<u>\$ 114,360,878,346</u>		<u>100.00 %</u>	<u>\$ 30,392,876,021</u>		<u>100.00 %</u>

PRINCE GEORGE'S COUNTY

<u>Taxpayer</u>	<u>2006</u>			<u>1997 (1)</u>		
	<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Mirant Chalk Point LLC	\$ 425,824,290	1	0.77 %	\$ -	-	- %
Potomac Electric Power Company	420,540,486	2	0.76	990,836,490	1	5.83
Verizon Maryland	397,661,690	3	0.72	-	-	-
Washington Gas Light Company	193,511,049	4	0.35	129,104,930	3	0.76
JKC Stadium (FedEx Field)	178,738,200	5	0.32	-	-	-
Baltimore Gas and Electric Company	116,547,390	6	0.21	77,463,390	4	0.46
Summerfield Housing LTD Partnership	99,274,000	7	0.18	39,696,960	6	0.23
Silver Oaks Campus LLC	90,966,800	8	0.17	-	-	-
Safeway Stores, Inc.	89,290,199	9	0.16	27,720,240	10	0.16
Greenbelt Homes, Inc.	87,743,008	10	0.16	28,137,380	9	0.17
Bell Atlantic Maryland	-	-	-	342,545,710	2	2.02
Giant Foods, Inc	-	-	-	47,506,530	5	0.28
Southern Maryland Electric Co-Op Inc	-	-	-	35,719,720	7	0.21
Washington/Baltimore Cell LTD, PTNS	-	-	-	29,628,380	8	0.17
Total	<u>\$ 2,100,097,112</u>		<u>3.81 %</u>	<u>\$ 1,748,359,730</u>		<u>10.29 %</u>
Total Assessable Base	<u>\$ 55,100,673,191</u>		<u>100.00 %</u>	<u>\$ 16,991,422,000</u>		<u>100.00 %</u>

(1) 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 assessed at 40% of actual value.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-9

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>Collections in Subsequent Years</u>	<u>Total Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
1997	\$ 58,632,597	\$ 57,916,789	99 %	\$ (5,715)	\$ 57,911,074	99 %
1998	59,150,686	58,603,216	99	112,477	58,715,693	99
1999	60,547,511	59,484,336	98	1,246,050	60,730,386	100
2000	61,998,281	60,973,987	98	468,440	61,442,427	99
2001	65,210,972	64,015,359	98	303,462	64,318,821	99
2002	69,302,154	68,605,694	99	1,470,579	70,076,273	101
2003	69,493,121	68,994,492	99	682,197	69,676,689	100
2004	68,788,496	68,447,863	100	625,687	69,073,550	100
2005	74,428,353	74,232,900	100	313,133	74,546,033	100
2006	84,765,460	84,587,921	100	-	84,587,921	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>Collections in Subsequent Years</u>	<u>Total Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
1997	\$ 97,533,798	\$ 96,689,551	99 %	\$ 26,071	\$ 96,715,622	99 %
1998	98,618,464	97,670,607	99	208,307	97,878,914	99
1999	101,339,962	100,037,283	99	1,151,988	101,189,271	100
2000	103,461,526	102,213,005	99	566,679	102,779,684	99
2001	105,035,614	103,544,928	99	725,731	104,270,659	99
2002	107,977,263	106,777,906	99	890,405	107,668,311	100
2003	112,003,391	110,517,257	99	683,682	111,200,939	99
2004	132,837,385	128,734,271	97	3,593,959	132,328,230	100
2005	141,452,179	140,621,685	99	360,711	140,982,396	100
2006	156,005,194	155,091,912	99	-	155,091,912	99

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-10

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

MONTGOMERY COUNTY

Year	Governmental Activities		Business-Type Activities		Total Primary Government	Ratios		Advance Land Acquisition General Obligation Bonds	Total Debt	Ratios	
	General Obligation Bonds	Notes Payable	Revenue Bonds and Notes	Notes Payable		Percentage Of Personal Income (2)	Outstanding Debt Per Capita (2)			Percentage Of Personal Income (2)	Outstanding Debt Per Capita (2)
1997	\$ 25,185	\$ 2,521	\$ 4,465	\$ 453	\$ 32,624	0.10	% \$ 39.05	\$ 6,170	\$ 38,794	0.12	% \$ 46.44
1998	23,585	1,717	7,891	242	33,435	0.09	39.45	5,865	39,300	0.11	46.37
1999	28,985	3,550	13,658	124	46,317	0.12	53.71	5,560	51,877	0.13	60.16
2000	27,125	2,149	13,255	-	42,529	0.10	48.41	5,255	47,784	0.11	54.39
2001	30,920	4,792	12,388	273	48,373	0.11	54.11	4,925	53,298	0.12	59.62
2002	28,700	3,577	11,811	218	44,306	0.09	48.86	4,500	48,806	0.10	53.82
2003	32,125	4,976	10,852	290	48,243	0.10	52.66	4,225	52,468	0.11	57.27
2004	29,830	3,291	9,860	204	43,185	0.08	46.86	3,805	46,990	0.09	50.99
2005	31,760	5,256	8,825	114	45,955	0.08	48.78	5,390	51,345	0.09	54.51
2006	29,555	3,711	7,780	54	41,100	0.07	43.13	4,845	45,945	0.08	48.21

PRINCE GEORGE'S COUNTY

Year	Governmental Activities		Business-Type Activities		Total Primary Government	Ratios		Advance Land Acquisition General Obligation Bonds	Total Debt	Ratios	
	General Obligation Bonds	Notes Payable	Revenue Bonds and Notes	Notes Payable		Percentage Of Personal Income	Outstanding Debt Per Capita			Percentage Of Personal Income (2)	Outstanding Debt Per Capita (2)
1997	\$ 107,095	\$ 2,284	\$ -	\$ -	\$ 109,379	0.56	% \$ 141.32	\$ 4,070	\$ 113,449	0.58	% \$ 146.57
1998	122,815	2,072	-	-	124,887	0.60	159.97	3,840	128,727	0.62	164.89
1999	117,980	1,982	-	-	119,962	0.56	152.04	3,605	123,567	0.57	156.60
2000	112,635	1,893	-	-	114,528	0.49	142.89	3,370	117,898	0.51	147.09
2001	107,280	1,796	-	-	109,076	0.45	135.73	3,135	112,211	0.46	139.63
2002	119,620	1,765	-	-	121,385	0.47	148.37	2,800	124,185	0.48	151.79
2003	113,655	1,675	-	-	115,330	0.43	139.06	2,470	117,800	0.44	142.04
2004	121,965	1,530	-	-	123,495	0.47	147.24	2,145	125,640	0.48	149.80
2005	113,480	1,714	-	-	115,194	n.a.	136.14	1,825	117,019	n.a.	138.30
2006	105,030	1,496	-	-	106,526	n.a.	n. a.	1,505	108,031	n.a.	n. a.

Notes: (1) 000's omitted.

(2) See Table 15 for personal income and population data. Data are not available for FY 2006.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-11

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

MONTGOMERY COUNTY

Year	Population	Park Acquisition and Development Bonds				Advance Land Acquisition Bonds			
		Assessed Value (1) (2)	General Bonded Debt Outstanding (1)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Assessed Value (1)	General Bonded Debt Outstanding (1)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1997	835,432	\$ 26,459,376	\$ 25,185	0.10 %	30.15	\$ 30,392,876	\$ 6,170	0.02 %	7.39
1998	847,596	27,052,214	23,585	0.09	27.83	30,929,092	5,865	0.02	6.92
1999	862,350	27,701,359	28,985	0.10	33.61	31,664,627	5,560	0.02	6.45
2000	878,545	28,408,647	27,125	0.10	30.87	32,553,857	5,255	0.02	5.98
2001	893,927	29,324,926	30,920	0.11	34.59	33,726,861	4,925	0.01	5.51
2002 (3)	906,863	71,060,080	28,700	0.04	31.65	81,776,292	4,500	0.01	4.96
2003	916,073	75,030,387	32,125	0.04	35.07	86,635,192	4,225	0.00	4.61
2004	921,631	80,589,255	29,830	0.04	32.37	93,226,807	3,805	0.00	4.13
2005	942,000	88,294,369	31,760	0.04	33.72	102,184,337	5,390	0.01	5.72
2006	953,000	99,136,692	29,555	0.03	31.01	114,360,878	4,845	0.00	5.08

PRINCE GEORGE'S COUNTY

Year	Population	Park Acquisition and Development Bonds				Advance Land Acquisition Bonds			
		Assessed Value (1) (2)	General Bonded Debt Outstanding (1)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Assessed Value (1)	General Bonded Debt Outstanding (1)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1997	774,007	\$ 15,385,000	\$ 107,095	0.70 %	138.36	\$ 16,991,422	\$ 4,070	0.02 %	5.26
1998	780,666	15,839,475	122,815	0.78	157.32	17,159,142	3,840	0.02	4.92
1999	789,037	16,274,756	117,980	0.72	149.52	17,525,978	3,605	0.02	4.57
2000	801,515	16,634,701	112,635	0.68	140.53	17,891,768	3,370	0.02	4.20
2001	803,649	16,873,735	107,280	0.64	133.49	18,182,904	3,135	0.02	3.90
2002 (3)	818,119	39,068,577	119,620	0.31	146.21	42,190,779	2,800	0.01	3.42
2003	829,372	40,706,364	113,655	0.28	137.04	43,832,133	2,470	0.01	2.98
2004	838,716	42,782,719	121,965	0.29	145.42	46,022,799	2,145	0.00	2.56
2005	846,123	45,981,392	113,480	0.25	134.12	49,441,014	1,825	0.00	2.16
2006	n.a	55,083,907	105,030	0.19	n.a.	55,100,674	1,505	0.00	n.a.

Notes: (1) 000's omitted
(2) Metropolitan District only
(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 assessed at 40% of actual value.

Source: Assessed Value is from Montgomery County and Prince George's County Governments. Population estimates are from the U.S. Bureau of the Census, Population Estimates Branch, updated July 1, 2004.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Table T-12

Direct and Overlapping Governmental Activities Debt

June 30, 2006

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Montgomery County Estimated Share of Overlapping Debt</u>	<u>Prince George's County Estimated Share of Overlapping Debt</u>	<u>Total Commission Estimated Share of Overlapping Debt</u>
Overlapping Debt:					
Montgomery County:					
Montgomery County Government Direct Debt	\$ 1,724,519,978	100.00%	\$ 1,724,519,978	\$ -	\$ 1,724,519,978
MCPS - capital leases	44,475,334	100.00%	44,475,334	-	44,475,334
MCC - capital leases	27,470	100.00%	27,470	-	27,470
Kingsview Village Center - bonds	2,260,000	100.00%	2,260,000	-	2,260,000
West Germantown - bonds	15,600,000	100.00%	15,600,000	-	15,600,000
Towns, Cities and Villages	50,900,127	100.00%	50,900,127	-	50,900,127
Prince George's County:					
Prince George's County Direct Debt	709,848,848	100.00%	-	709,848,848	709,848,848
IDA of Prince George's County - lease revenue bonds	52,167,778	100.00%	-	52,167,778	52,167,778
Towns, Cities and Villages	11,342,864	100.00%	-	11,342,864	-
Total Overlapping Debt			1,837,782,909	773,359,490	2,599,799,535
M-NCPPC Direct Debt Outstanding (1)			38,111,743	108,030,835	146,142,578
Total Direct and Overlapping Debt			\$ 1,875,894,652	\$ 881,390,325	\$ 2,745,942,113

Note: (1) Direct Debt is comprised of Park bonds, ALA bonds, and the debt of Internal Service Funds.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-13

Computation of Legal Debt Margin
Park Acquisition and Development Bonds
Last Ten Fiscal Years

Park Acquisition and Development Bonds
Guaranteed by Montgomery County

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Valuation - Metropolitan District										
Real Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,628,590,879	\$ 71,653,677,756	\$ 77,392,706,440	\$ 85,115,950,105	\$ 96,008,277,404
Personal Property	-	-	-	-	-	3,431,488,780	3,376,709,429	3,196,548,890	3,178,419,240	3,128,415,230
Total Assessed Value	<u>26,459,376,000</u>	<u>27,052,214,000</u>	<u>27,701,359,000</u>	<u>28,408,647,000</u>	<u>29,324,926,000</u>	<u>71,060,079,659</u>	<u>75,030,387,185</u>	<u>80,589,255,330</u>	<u>88,294,369,345</u>	<u>99,136,692,634</u>
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation										
Real Property at 3.6% (9% for FY 2001 and prior)	-	-	-	-	-	24,346,293	25,795,324	27,861,374	30,641,742	34,562,980
Personal Property at 9%	-	-	-	-	-	3,088,340	3,039,038	2,876,894	2,860,577	2,815,574
	<u>23,813,438</u>	<u>24,346,993</u>	<u>24,931,223</u>	<u>25,567,782</u>	<u>26,392,433</u>	<u>27,434,633</u>	<u>28,834,362</u>	<u>30,738,268</u>	<u>33,502,319</u>	<u>37,378,554</u>
Revenue available from mandatory park tax over next thirty years - Legal Debt Limit	714,403,140	730,409,790	747,936,690	767,033,460	791,772,990	823,038,990	865,030,860	922,148,040	1,005,069,570	1,121,356,620
Debt Service Applicable to Limit	<u>35,758,000</u>	<u>32,816,000</u>	<u>40,702,000</u>	<u>37,381,000</u>	<u>43,203,000</u>	<u>39,469,000</u>	<u>43,472,000</u>	<u>39,836,487</u>	<u>42,224,115</u>	<u>38,393,681</u>
Legal Debt Margin	\$ <u>678,645,140</u>	\$ <u>697,593,790</u>	\$ <u>707,234,690</u>	\$ <u>729,652,460</u>	\$ <u>748,569,990</u>	\$ <u>783,569,990</u>	\$ <u>821,558,860</u>	\$ <u>882,311,553</u>	\$ <u>962,845,455</u>	\$ <u>1,082,962,939</u>
Debt Service Applicable to Limit as a Percentage of the Limit	5.01%	4.49%	5.44%	4.87%	5.46%	4.80%	5.03%	4.32%	4.20%	3.42%

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Valuation - Metropolitan District										
Real Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,198,688,000	\$ 37,840,312,000	\$ 40,023,911,556	\$ 43,332,058,449	\$ 52,272,039,269
Personal Property	-	-	-	-	-	2,869,889,000	2,866,052,000	2,758,807,706	2,649,333,133	2,811,867,582
Total Assessed Value	<u>15,385,000,000</u>	<u>15,590,000,000</u>	<u>16,274,756,000</u>	<u>16,634,701,000</u>	<u>16,873,735,000</u>	<u>39,068,577,000</u>	<u>40,706,364,000</u>	<u>42,782,719,262</u>	<u>45,981,391,582</u>	<u>55,083,906,851</u>
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation										
Real Property at 4% (10% for FY 2001 and prior)	-	-	-	-	-	14,479,475	15,136,125	16,009,565	17,332,823	20,908,816
Personal Property at 10%	-	-	-	-	-	2,869,889	2,866,052	2,758,808	2,649,333	2,811,868
	<u>15,385,000</u>	<u>15,590,000</u>	<u>16,274,756</u>	<u>16,634,701</u>	<u>16,873,735</u>	<u>17,349,364</u>	<u>18,002,177</u>	<u>18,768,373</u>	<u>19,982,156</u>	<u>23,720,684</u>
Revenue available from mandatory park tax over next thirty years - Legal Debt Limit	461,550,000	467,700,000	488,242,680	499,041,030	506,212,050	520,480,920	540,065,310	563,051,190	599,464,680	711,620,520
Debt Service Applicable to Limit	<u>159,901,000</u>	<u>174,590,000</u>	<u>164,131,000</u>	<u>152,589,437</u>	<u>141,350,000</u>	<u>157,767,000</u>	<u>147,391,000</u>	<u>156,442,246</u>	<u>146,418,484</u>	<u>136,076,320</u>
Legal Debt Margin	\$ <u>301,649,000</u>	\$ <u>293,110,000</u>	\$ <u>324,111,680</u>	\$ <u>346,451,593</u>	\$ <u>364,862,050</u>	\$ <u>362,713,920</u>	\$ <u>392,674,310</u>	\$ <u>406,608,944</u>	\$ <u>453,046,196</u>	\$ <u>575,544,200</u>
Debt Service Applicable to Limit as a Percentage of the Limit	34.64%	37.33%	33.62%	30.58%	27.92%	30.31%	27.29%	27.78%	24.42%	19.12%

Note: Prior to fiscal year 2002, all property in the State of Maryland was assessed at 40 percent of actual value. Effective June 1, 2001, real property is assessed at 100 percent of actual value. Personal property continues to be assessed at 40 percent. The breakdown between real and personal property assessed valuation is not available for 1997-2001.

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-14

Pledged-Revenue Coverage Last Ten Fiscal Years

Little Bennett Golf Course Revenue Bonds						
Year	Gross Revenues (1)	Less:	Net	Debt Service		Coverage
		Operating Expenses (2)	Available Revenue (3)	Principal	Interest	
1997	\$ 1,482,151	\$ 1,386,587	\$ 95,564	\$ 150,000	\$ 339,393	0.20
1998	1,566,482	1,519,214	47,268	160,000	282,866	0.11
1999	1,627,069	1,495,121	131,948	265,000	289,412	0.24
2000	1,654,516	1,531,064	123,452	245,000	273,875	0.24
2001	1,697,517	1,728,532	(31,015)	255,000	259,647	(0.06)
2002	1,782,015	1,910,369	(128,354)	270,000	244,643	(0.25)
2003	1,433,356	1,636,476	(203,120)	285,000	228,796	(0.40)
2004	1,547,197	1,501,372	45,825	300,000	248,684	0.08
2005	1,407,434	1,571,068	(163,634)	314,634	90,912	(0.40)
2006	999,416	1,303,515	(304,099)	315,137	88,637	(0.75)

Wheaton Ice Rink Revenue Bonds (4)						
Year	Gross Revenues (1)	Less:	Net	Debt Service		Coverage
		Operating Expenses (2)	Available Revenue (3)	Principal	Interest	
1998	\$ 617,917	\$ 449,476	\$ 168,441	\$ -	\$ 171,498	0.98
1999	554,357	475,357	79,000	-	242,971	0.33
2000	585,225	1,213,664	(628,439)	190,000	216,241	(1.55)
2001	760,659	868,404	(107,745)	200,000	204,626	(0.27)
2002	949,130	986,319	(37,189)	215,000	192,335	(0.09)
2003	917,785	995,430	(77,645)	230,000	179,174	(0.19)
2004	962,056	1,036,132	(74,076)	315,662	158,692	(0.16)
2005	1,017,062	1,112,823	(95,761)	275,622	83,433	(0.27)
2006	1,248,187	1,375,948	(127,761)	284,910	72,748	(0.36)

Cabin John Ice Rink Revenue Notes (4)						
Year	Gross Revenues (1)	Less:	Net	Debt Service		Coverage
		Operating Expenses (2)	Available Revenue (3)	Principal	Interest	
2000	\$ 1,637,362	\$ 1,579,133	\$ 58,229	\$ -	\$ 311,920	0.19
2001	2,426,109	2,170,016	256,093	444,444	300,045	0.34
2002	2,778,017	2,506,214	271,803	444,444	277,111	0.38
2003	2,968,982	2,529,806	439,176	444,444	254,177	0.63
2004	3,071,550	2,495,269	576,281	444,444	231,245	0.85
2005	3,066,518	2,608,814	457,704	444,444	208,311	0.70
2006	3,384,115	3,066,518	317,597	444,444	185,378	0.50

- Notes:
- (1) Gross revenues include nonoperating interest income.
 - (2) Operating expenses do not include interest, depreciation, or amortization expenses.
 - (3) These are the revenues that are actually pledged to cover this debt. In practice, the Commission uses the available resources of the entire Montgomery County Enterprise Fund.
 - (4) Revenue bonds and notes for the Ice Rinks were issued in fiscal years 1998 and 2000.

Source: The Maryland-National Capital Park and Planning Commission

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-15

Demographic Statistics Last Ten Fiscal Years

MONTGOMERY COUNTY

Year	Population (1)	Total Personal Income 000's omitted (2,3)	Per Capita Income (4)	Labor Force (5)	Unemployment Rate (6)	Registered Pupils (7)
1997	835,432	\$ 33,418,247	\$ 40,001	466,600	2.4 %	122,505
1998	847,596	36,586,455	43,168	472,944	2.2	125,035
1999	862,350	39,049,711	45,283	478,946	1.9	127,852
2000	878,545	43,575,224	49,599	489,050	2.6	130,689
2001	893,927	45,537,627	50,941	490,213	3.1	134,180
2002	906,863	47,041,902	51,873	495,669	3.5	136,832
2003	916,073	48,789,893	53,260	497,410	3.3	138,891
2004	921,631	52,221,138	56,662	497,616	3.2	139,203
2005	942,000	55,800,000	59,236	507,644	3.1	139,337
2006	953,000	58,900,000	61,805	521,858	2.8	139,387

PRINCE GEORGE'S COUNTY

Year	Population (8)	Total Personal Income 000's omitted (2)	Per Capita Income (2)	Labor Force (9)	Unemployment Rate (6)	Registered Pupils (10)
1997	774,007	\$ 19,684,010	\$ 25,214	454,875	5.6 %	122,831
1998	780,666	20,731,126	26,274	443,686	4.8	125,637
1999	789,037	21,492,265	27,033	447,650	3.8	129,793
2000	801,515	23,195,413	28,865	452,067	4.3	128,501
2001	803,649	24,414,098	29,873	458,077	4.0	130,713
2002	818,119	25,715,341	31,068	471,602	5.1	131,737
2003	829,372	26,710,371	31,936	475,007	5.2	132,899
2004	838,716	26,021,391	30,608	453,742	4.8	132,840
2005	846,123	n.a.	n.a.	454,454	4.8	131,490
2006	n.a.	n.a.	n.a.	454,588	4.1	133,872

Notes:

- (1) Source: The Maryland-National Capital Park and Planning Commission, Research and Technology Center
- (2) Source: Bureau of Economic Analysis, U.S. Department of Commerce
- (3) Source: Data for 2005 - 2006 are estimates derived by the Montgomery County Department of Finance
- (4) Source: Per Capita Income is derived by dividing personal income by population
- (5) Source: Bureau of Labor Statistics, U.S. Department of Labor
- (6) Source: Maryland Department of Labor, Licensing and Regulations. Represents yearly average figures.
- (7) Source: Office of Management and Budget, Montgomery County
- (8) Source: U.S. Bureau of the Census, Population Estimates Branch
- (9) Source: Maryland Department of Labor, Career and Workforce Information
- (10) Source: Board of Education of Prince George's County, Pupil Accounting Office

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-16

Total Government Employees by Function
Last Ten Fiscal Years

MONTGOMERY COUNTY

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities										
General Government:	71.15	73.25	74.10	74.76	76.96	77.96	77.11	76.52	75.99	81.00
County Planning and Zoning:										
Office of the Park and Planning Director	3.00	4.00	4.00	3.00	2.50	2.50	2.30	2.50	2.50	2.50
Management Services	7.80	7.80	8.80	13.10	13.10	12.80	12.40	12.80	11.30	11.10
Strategic Planning	-	-	-	5.00	4.50	4.50	4.50	4.50	4.50	4.40
Community-Based Planning	46.90	47.90	46.90	46.50	46.20	45.70	45.75	44.70	43.70	39.00
County-Wide Planning	36.10	37.40	39.40	37.90	38.20	41.40	42.35	41.70	40.20	40.10
Development Review	23.20	24.20	24.20	25.20	24.30	24.80	24.40	24.80	24.60	28.50
Research and Technology	29.00	30.00	30.00	30.00	28.50	28.50	29.80	28.00	26.80	26.30
Total County Planning and Zoning	146.00	151.30	153.30	160.70	157.30	160.20	161.50	159.00	153.60	151.90
Park Operations and Maintenance:										
Director of Park and Planning	-	-	-	-	-	-	-	2.00	4.00	3.90
Superintendent of Parks	15.20	15.20	15.20	15.40	15.40	17.00	16.50	15.00	19.00	19.00
Management Services	3.50	4.50	3.50	-	-	-	-	-	-	-
Research and Technology	5.00	5.00	8.00	8.00	8.00	8.00	8.00	10.00	7.70	8.90
County-Wide Planning	12.00	12.00	12.00	12.00	16.80	17.10	16.30	16.05	18.95	20.50
Park Development	28.24	18.78	25.82	29.27	27.90	27.80	26.50	27.50	27.00	27.70
Park Police	102.50	107.50	107.50	108.50	114.50	115.50	115.05	115.50	112.50	111.20
Natural Resources	60.60	62.20	63.32	66.27	70.60	69.05	69.25	67.65	65.05	67.30
Central Maintenance	99.00	105.00	105.00	105.40	110.90	109.90	107.25	102.30	98.30	106.80
Northern Region	107.00	111.25	113.25	115.50	116.15	117.40	123.25	118.00	113.90	118.00
Southern Region	187.50	188.50	193.00	198.00	198.95	194.20	197.30	190.30	175.00	181.50
Property Management	1.10	1.10	1.10	1.10	1.10	1.10	2.10	3.10	3.10	3.00
Total Park Operations and Maintenance	621.64	631.03	647.69	659.44	680.30	677.05	681.50	667.40	644.50	667.80
Business-Type Activities										
Recreational and Cultural Facilities	173.25	191.75	208.40	211.85	235.60	231.65	226.35	229.30	215.40	204.70
Total Workyears	1,012.04	1,047.33	1,083.49	1,106.75	1,150.16	1,146.86	1,146.46	1,132.22	1,089.49	1,105.40

Source: The Park and Planning Commission Adopted Annual Budget, various years

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-16
continued

Total Government Employees by Function
Last Ten Fiscal Years

PRINCE GEORGE'S COUNTY

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities										
General Government:	73.05	74.65	75.50	76.25	78.45	77.45	76.60	75.70	75.70	77.20
County Planning and Zoning:										
Director's Office	16.30	16.70	23.70	24.20	13.00	15.50	14.00	14.00	13.00	15.00
Development Permit Review	28.20	28.60	28.70	29.20	41.20	39.70	41.20	42.70	43.60	46.60
Information Permit Review	17.00	17.00	17.00	18.00	-	-	-	-	-	-
Community Planning	15.60	14.60	23.60	23.60	23.60	24.60	22.93	21.03	24.13	26.88
Redevelopment Authority	14.00	14.00	14.00	14.00	14.00	14.00	13.90	14.00	-	-
Natural Resources	9.60	9.60	8.60	12.60	-	-	-	-	-	-
Transportation	18.00	18.00	11.00	10.00	-	-	-	-	-	-
Urban Design	11.00	11.00	10.00	10.00	-	-	-	-	-	-
Information Management	38.20	39.60	33.00	32.00	26.00	22.00	21.80	23.00	22.00	23.00
County-Wide Planning	-	-	-	-	30.60	30.60	29.80	31.00	32.00	34.00
Information Center	-	-	-	-	25.70	22.70	21.10	20.00	22.00	22.00
Total County Planning and Zoning	167.90	169.10	169.60	173.60	174.10	169.10	164.73	165.73	156.73	167.48
Park Operations and Maintenance:										
Office of the Director	28.50	29.50	29.50	33.00	33.00	33.20	34.70	40.70	39.70	39.70
Park Police	115.00	115.00	120.00	121.00	121.00	123.40	123.40	124.20	124.20	129.80
Park Planning and Development	61.00	64.00	49.00	49.00	49.00	48.00	48.00	47.00	47.00	48.00
Facility Operations	203.50	220.00	272.32	239.00	239.00	233.00	232.50	234.50	235.50	243.50
Area Operations	214.00	214.00	214.00	214.00	218.00	202.00	202.10	204.10	204.10	219.60
Total Park Operations and Maintenance	622.00	642.50	684.82	656.00	660.00	639.60	640.70	650.50	650.50	680.60
Recreation Programs:										
Director's Office	1.00	1.00	1.00	2.00	2.00	3.00	3.00	3.00	8.00	8.00
Facility Operations	196.50	194.00	205.07	212.50	176.50	161.00	159.60	157.60	157.60	159.10
Area Operations	456.00	459.00	459.00	439.50	472.50	476.60	473.00	472.00	622.40	644.10
Total Recreation Programs	653.50	654.00	665.07	654.00	651.00	640.60	635.60	632.60	788.00	811.20
Business-Type Activities										
Recreational and Cultural Facilities	135.50	140.50	139.50	139.50	147.30	217.50	217.50	210.50	209.50	207.50
Total Workyears	<u>1,651.95</u>	<u>1,680.75</u>	<u>1,734.49</u>	<u>1,699.35</u>	<u>1,710.85</u>	<u>1,744.25</u>	<u>1,735.13</u>	<u>1,735.03</u>	<u>1,880.43</u>	<u>1,943.98</u>

Source: The Park and Planning Commission Adopted Annual Budget, various years

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-17

Operating Indicators by Function Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	estimated 2006
Governmental Activities										
General Government, Commission-Wide:										
Number of Positions Advertised	200	n/a	n/a	224	377	175	200	200	362	400
Number of Vendors in Directory	6,305	8,058	9,726	11,520	12,976	14,165	15,171	16,015	17,014	17,741
Number of MFD Vendors in Directory	1,514	805	1,159	1,334	1,334	1,549	1,772	2,094	2,551	2,818
<u>MONTGOMERY COUNTY</u>										
County Planning and Zoning:										
Number of Master & Sectional Map Ammendment Plans Completed	4	2	3	5	4	3	8	9	12	15
Number of Regulatory Planning Reviews	n/a	n/a	n/a	n/a	n/a	n/a	26	30	35	35
Number of Environmental Studies	n/a	n/a	n/a	n/a	138	110	110	130	130	100
Number of Transportation Studies	n/a	n/a	n/a	n/a	126	125	53	46	44	46
Number of Plans/Plats/Permits Reviewed	n/a	3,312	637	2,729	3,085	4,961	3,742	6,760	3,630	3,780
Number of Site Plan and Project Plans Reviews	n/a	60	66	55	71	68	135	107	142	141
Number of Inspections/Reviews	n/a	n/a	n/a	n/a	1,375	1,534	990	670	705	835
Number of Daily Website Visits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,963	2,000	2,200
Number of GIS Updates	n/a	n/a	n/a	n/a	n/a	n/a	2,086	2,500	1,805	2,700
Park Operations and Maintenance:										
Number of Park Permits Issued	n/a	n/a	n/a	7,685	9,056	9,282	9,239	9,505	9,475	9,575
Number of Playground Renovations Completed	n/a	n/a	n/a	n/a	n/a	9	2	14	16	17
Total Acres of Parkland Acquired	n/a	n/a	n/a	n/a	n/a	529	1,031	224	407	310
Trees Planted for Reforestation Projects	n/a	n/a	n/a	n/a	n/a	n/a	2,000	1,200	1,300	1,000
Major Maintenance Requests Completed	n/a	n/a	n/a	n/a	n/a	n/a	32	30	33	146
Service Requests Completed	6,496	3,980	4,016	3,872	3,900	3,900	5,463	5,300	5,569	5,812
Number of Customers Attending Nature Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35,225	37,000
Business-Type Activities										
Recreational and Cultural Facilities:										
Number of Ice Rink Customers	237,200	255,460	167,307	151,389	381,779	398,664	418,318	426,493	440,235	451,200
Number of Indoor Tennis Customers	144,600	144,240	272,476	156,503	148,400	145,511	159,869	155,604	140,760	144,300
Number of Park Facilities Customers	487,200	490,000	613,141	491,966	419,357	526,628	358,668	494,563	520,097	533,100
Number of Conference Center Customers	n/a	n/a	n/a	28,395	30,100	31,191	32,301	31,873	37,466	38,400

Source: The Park and Planning Commission Proposed Annual Budget, various years

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-17
continued

Operating Indicators by Function Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	estimated 2006
	PRINCE GEORGE'S COUNTY									
Governmental Activities										
County Planning and Zoning:										
Number of New Applications for Preliminary Plans	121	121	76	n/a	229	113	157	214	163	200
Number of New Zoning Applications	n/a	n/a	n/a	n/a	89	98	88	71	76	80
Number of Help Desk Requests Completed	n/a	n/a	n/a	n/a	1,251	1,309	1,986	2,240	2,030	1,900
Number of GIS Requests Delivered	n/a	n/a	n/a	n/a	153	175	212	212	240	245
Number of Transportation Referrals Received	n/a	n/a	n/a	265	295	414	338	369	303	300
Number of Environmental Referrals Received	n/a	n/a	n/a	377	1,023	1,174	1,441	1,791	1,783	1,900
Number of Walk-in Customers Served	n/a	n/a	n/a	n/a	5,707	7,106	n/a	7,165	7,100	7,100
Number of Telephone Calls Responded to	n/a	n/a	n/a	n/a	15,111	11,215	n/a	10,911	10,911	11,500
Park Operations and Maintenance:										
Number of Projects Bid	30	35	46	50	47	32	22	28	46	32
Number of Contracts Awarded	42	40	39	52	49	35	18	17	19	32
Number of Nature Education Attendees	30,016	30,500	38,100	23,800	20,024	44,968	39,193	91,320	152,817	160,500
Number of Museum Visitors (College Park Airport)	22,000	30,000	40,000	60,000	32,113	42,000	53,000	76,331	77,246	78,000
Number of Commission Facility Permits Issued	5,100	5,200	5,300	6,000	5,300	5,300	5,400	4,676	5,494	4,800
Number of Historic Property Rentals	323	356	493	599	630	458	706	663	575	660
Acres of Grass Mowed	n/a	4,360	4,360	4,760	4,964	5,092	5,582	5,698	6,450	6,455
Recreation Programs:										
Number of Museum Visitors (Historic Sites)	14,971	18,500	18,933	15,296	13,969	22,400	33,718	34,030	42,246	48,800
Number of Youth Sports Participants	18,400	18,800	19,000	18,000	18,000	18,000	18,000	20,000	18,000	20,000
Total Aquatics Activities Attendance	20,000	113,055	263,791	284,891	281,094	298,871	222,835	275,772	275,659	285,700
Total Community Center Classes Conducted	2,275	2,425	2,493	2,282	1,884	1,983	4,000	4,877	4,699	5,200
Business-Type Activities										
Recreational and Cultural Facilities										
Number of Rounds of Golf	110,592	130,500	126,000	103,271	102,735	110,650	88,561	89,102	91,867	107,000
Number of Fitness Center Class Participants	n/a	n/a	n/a	n/a	n/a	9,000	22,000	22,000	23,500	25,000
Number of Ice Rink General Admissions	40,150	42,625	42,625	30,000	29,250	11,360	11,700	16,800	27,900	31,500
Number of Attendance (Show Place Arena)	233,500	201,973	211,130	223,010	223,010	227,925	216,061	253,446	268,304	266,581
Number of Attendance (Equestrian Center)	n/a	38,598	24,180	24,811	n/a	30,900	41,806	36,941	37,735	43,100

Source: The Park and Planning Commission Proposed Annual Budget, various years

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-18

Capital Asset Statistics by Function
Last Two Fiscal Years

	<u>2005</u>	<u>2006</u>
<u>COMMISSION-WIDE</u>		
Governmental Activities		
General Government:		
Office Building	1	1
<u>MONTGOMERY COUNTY</u>		
Governmental Activities		
County Planning and Zoning:		
Office Building	1	1
Park Operations and Maintenance:		
Office Building	13	13
Recreation Buildings	32	32
Picnic Shelters	131	131
Rental Buildings	61	61
Historic Buildings	27	27
Playgrounds	249	255
Athletic Fields	373	375
Tennis Courts	139	153
Basketball Courts	159	173
Business-Type Activities		
Recreational and Cultural Facilities:		
Ice Rinks	2	2
Golf Courses	4	4
Indoor Tennis Facilities	2	2
Miniature Trains	2	2
Antique Carousel	1	1
Conference Centers	3	3
<u>PRINCE GEORGE'S COUNTY</u>		
Governmental Activities		
Park Operations and Maintenance:		
Office Building	14	14
Recreation Buildings	24	24
Picnic Shelters	86	87
Playgrounds	209	223
Athletic Fields	380	383
Tennis Courts	160	161
Basketball Courts	211	211
Recreation Programs:		
Historic Buildings	15	15
Community Centers	29	30
Swimming Pools	10	10
Business-Type Activities		
Recreational and Cultural Facilities:		
Ice Rinks	2	2
Golf Courses	3	3
Tennis Bubbles	2	2
Equestrian Center	1	1
Sports and Learning Complex	1	1
Trap and Skeet Range	1	1
Marina	1	1
Airport	1	1

Note: Data for 1997-2004 not readily available

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-19

Principal Employers

Current Fiscal Year and Nine Years Ago

MONTGOMERY COUNTY

Employer	2006 (1)			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Health and Human Services	39,000	1	8.50 %	27,970	1	7.24 %
Montgomery County Public Schools	20,132	2	4.39	14,469	2	3.74
U.S. Department of Defense	13,670	3	2.98	14,200	3	3.67
Montgomery County Government	8,536	4	1.86	7,600	5	1.97
Adventist Healthcare	6,951	5	1.52	3,800	10	0.98
U.S. Department of Commerce	6,678	6	1.46	7,410	6	1.92
Giant Food Corporation	4,900	7	1.07	4,500	8	1.16
Chevy Chase Bank	4,700	8	1.02	-	-	-
Lockheed Martin	3,900	9	0.85	8,000	4	2.07
Marriott International, Inc. (Headquarters)	3,500	10	0.76	5,000	7	1.29
Chesapeake and Potomac Telephone Company	-	-	-	4,500	8	1.16
Total	111,967		24.41 %	97,449		25.22 %

PRINCE GEORGE'S COUNTY

Employer	2004 (2)			1996		
	Private Sector Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Giant Food, Inc.	8,394	1	1.86 %	6,031	1	1.40 %
Shoppers Food Warehouse	3,700	2	0.82	1,730	6	0.40
Dimensions Health Corporation	3,000	3	0.66	2,800	3	0.65
Bell Atlantic Corp/Verizon	2,700	4	0.60	1,967	5	0.46
Safeway Stores, Inc.	2,400	5	0.53	2,827	2	0.66
United Parcel Service	2,300	6	0.51	1,700	7	0.40
Raytheon Systems Company	1,300	7	0.29	-	-	-
Computer Science Corporation	1,200	8	0.27	1,576	8	0.37
Honeywell Technology Solutions	900	9	0.20	-	-	-
Digex, Inc	700	10	0.15	-	-	-
District Photo	-	-	-	2,000	4	0.46
Allied Signal Technical Services	-	-	-	1,467	9	0.34
Southern Maryland Hospital Center	-	-	-	1,300	10	0.30
Total	26,594		5.89 %	23,398		5.44 %

Note: (1) Source: The employee numbers listed are best estimates taken during the 4th quarter of 2005 from various sources, including first-hand research by the County's Department of Economic Development, the Montgomery County Department of Park and Planning Research and Technology Center, CoStar Tenant, and company Internet websites.

(2) Beginning in 2005, number of employees not provided by State.

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Table T-20

SUPPLEMENTAL ENTERPRISE INFORMATION

Condensed Schedule of Revenues and Expenses
For the Fiscal Year Ended June 30, 2006

Recreational Facilities

MONTGOMERY COUNTY

	Conference Centers	Golf Courses	Ice Rinks	Indoor Tennis	Park Facilities	Totals
Operating Revenues	\$ 374,961	\$ 4,571,125	\$ 4,749,103	\$ 1,136,388	\$ 2,480,810	\$ 13,312,387
Operating Expenses Before Depreciation	534,998	5,545,182	4,354,738	856,408	1,839,036	13,130,362
Operating Income (Loss)						
Before Depreciation	(160,037)	(974,057)	394,365	279,980	641,774	182,025
Depreciation	33,962	739,891	693,070	49,780	123,215	1,639,918
Operating Income (Loss)	(193,999)	(1,713,948)	(298,705)	230,200	518,559	(1,457,893)
Nonoperating Revenues (Expenses)	-	(124,940)	(258,069)	76,569	39,712	(266,728)
Transfers In (Out)	76,000	-	579,000	-	-	655,000
Net Income (Loss)	\$ (117,999)	\$ (1,838,888)	\$ 22,226	\$ 306,769	\$ 558,271	\$ (1,069,621)

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	\$ 237,793	\$ 1,706,882	\$ 2,505,597	\$ 525,075	\$ 313,230	\$ 1,172,554	\$ 3,148,889	\$ 47,114	\$ 9,657,134
Operating Expenses Before Depreciation	385,684	3,237,143	2,892,812	1,024,387	302,410	1,301,957	6,007,897	408,264	15,560,554
Operating Income (Loss)									
Before Depreciation	(147,891)	(1,530,261)	(387,215)	(499,312)	10,820	(129,403)	(2,859,008)	(361,150)	(5,903,420)
Depreciation	113,963	575,815	88,580	128,635	84,396	10,091	1,211,935	29,769	2,243,184
Operating Income (Loss)	(261,854)	(2,106,076)	(475,795)	(627,947)	(73,576)	(139,494)	(4,070,943)	(390,919)	(8,146,604)
Nonoperating Revenues (Expenses)	-	-	-	-	38,642	-	60,522	37,881	137,045
Capital Contribution	-	1,013,943	-	2,419,551	37,355	-	-	-	3,470,849
Transfers In (Out)	178,400	1,851,100	303,400	452,200	(19,600)	102,500	3,023,600	380,200	6,271,800
Net Income (Loss)	\$ (83,454)	\$ 758,967	\$ (172,395)	\$ 2,243,804	\$ (17,179)	\$ (36,994)	\$ (986,821)	\$ 27,162	\$ 1,733,090

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:

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Photo Index

Cover:

The beautifully landscaped Cabin John Ice Rink located on the property of Montgomery County's Cabin John Regional Park in Rockville offers three separate "sheets" of ice and attracts thousands of patrons each month.

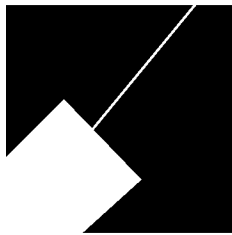
Cabin John Ice Rink's NHL rink is available for ice hockey matches, free skating and lessons for residents and visitors alike. Olympic contenders and college teams often train and perform in this first-class facility.

Page 9:

Kids just love to climb, swing, slide, jump and hang upside down at Montgomery County Park's 274 popular playgrounds - They don't even realize they're exercising and building muscles while they're having fun... Drop-in water aerobics classes attract patrons of all ages to the Theresa Banks Aquatics Center in Glenarden... Teens participate in Earth Day activities at Tucker Road Community Center in Fort Washington... Soccer fields throughout Montgomery County's 395 parks host thousands of teen, youth and adult league and pickup games each year ... The Prince George's County Department of Parks and Recreation offers a multitude of programs and inclusion services for individuals with disabilities, including wheelchair basketball ... At Brookside Gardens' "Wings of Fancy" butterfly show in the south conservatory, kids and their dad enjoy nature's magic as a full grown butterfly emerges from a beautiful chrysalis... Day campers sample tennis, ice skating, the carousel, miniature train and everything Wheaton Regional Park has to offer, including making a huge soap bubble in a kiddy pool, during "Week in the Park" summer camp... Park Police equestrian units patrol parks and trails and participate in community events, including the annual "Port Towns Day" in Bladensburg.

Photo Credits:

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



The Maryland-National Capital
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