

The Maryland-National Capital Park and Planning Commission



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ANNUAL REPORT
of
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
For the Fiscal Year Ended June 30, 2007**

Commissioners

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Royce Hanson, Vice-Chairman of the Commission
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Adrian R. Gardner, General Counsel

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♦ PART I ♦

INTRODUCTORY SECTION



Visitors enjoy a guided tour of Little Seneca Lake on the Kingfisher—a 30-passenger, ADA-accessible pontoon boat at Black Hill Regional Park.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

September 21, 2007

Commissioners:

The Comprehensive Annual Financial Report of The Maryland-National Capital Park and Planning Commission ("the Commission") for the fiscal year ended June 30, 2007 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.

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, 2007 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, 2007 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.

Management discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal, and should be read in conjunction with it.

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 7 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 at or above 99%. 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, 2007 the Commission's General Fund budget basis ending fund balance was approximately of \$104.1 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 for its Montgomery County operations 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 FY2008 expenditures was made, while in Prince George's County this percentage was 4.22%. 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 (\$68.7 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 2007. 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 \$14,502,000 during fiscal year 2007. The average rate of return on the Commission's cash and investments during fiscal year 2007 was 5.34%.

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 a 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, 2006 in funding 101.4% 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, 724 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, although a requirement to do so will be implemented by the Commission in fiscal year 2008. 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. The fund has net assets of \$144,194 at June 30, 2007. This Trust Fund will be the vehicle for funding appropriated in the fiscal year 2008 budget 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". The Commission has elected to phase in to full funding of these requirements over a five year period.

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, 2006. 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 2007. 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, reading "Patricia Colihan Barney". The signature is written in a cursive, flowing style.

Patricia Colihan Barney
Secretary-Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Maryland-National Capital Park and Planning Commission

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

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.

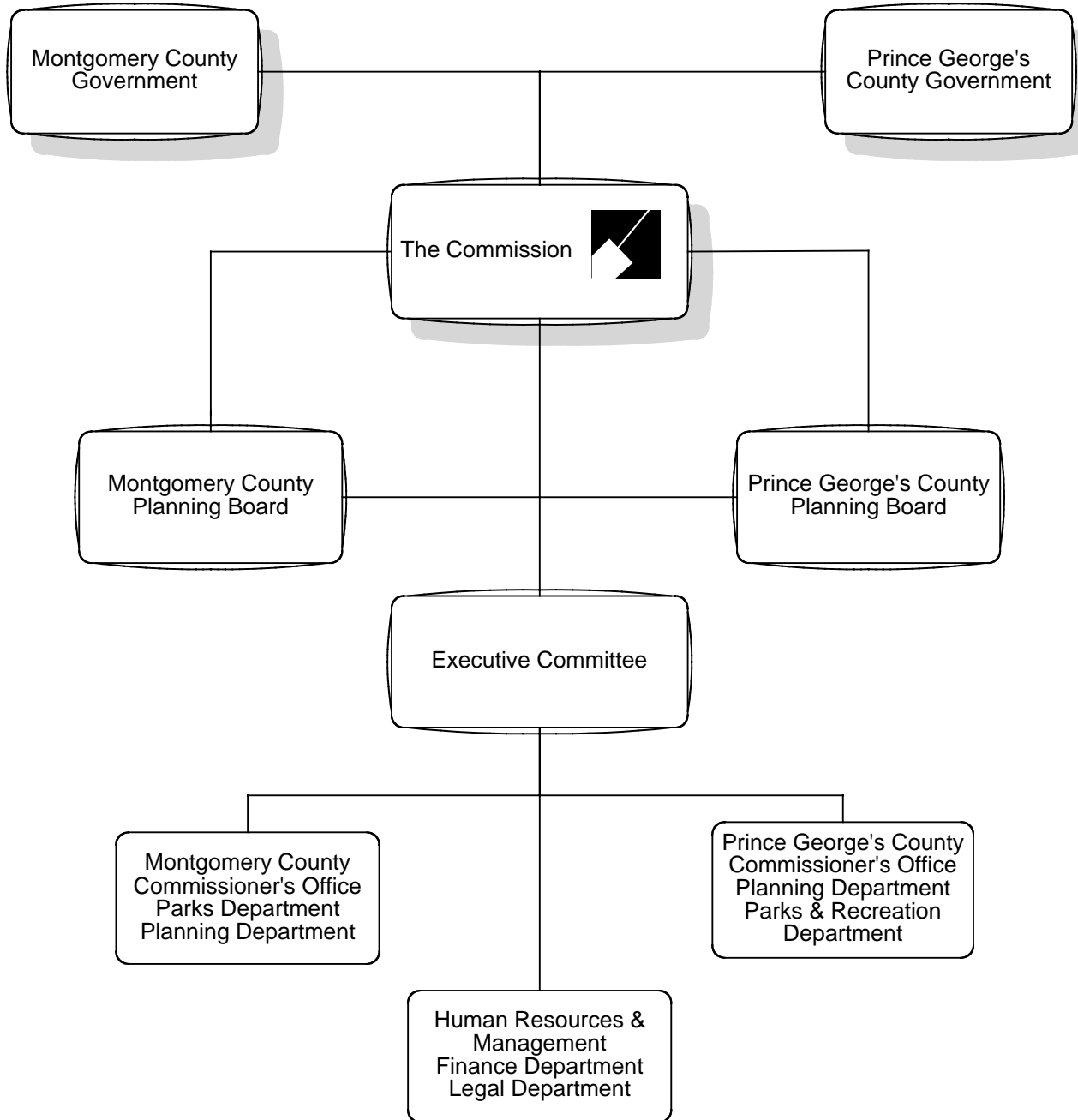
The Commission coordinates and acts on matters of interest to both Counties. Two regional offices are maintained, one in each County. The Commission meets once each month regularly, the site of the meetings alternating between the two regional offices. The members of the Commission from each County serve 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 59,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its staff consists of over 1,975 career employees - planners, park and recreation administrators, park police and administrative staff. In addition, it employs approximately 4,880 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 2007 Program Highlights

In fiscal year 2007 (FY07), the Maryland-National Capital Park and Planning Commission (Commission) proudly celebrated 80 years of providing quality regional planning, and parks and recreation services to the citizens of Prince George's and Montgomery Counties. As it marked this important milestone, the Commission continued its overriding commitment to meeting citizens and residents needs through outstanding customer service. This commitment to enhancing customer service was illustrated through a number of projects and improvements, including a revamping of interactive user-friendly Departmental web sites in the Montgomery County Planning and Parks Departments, establishment of a central customer service help desk and call-in center for the Prince George's County Department of Parks and Recreation, and improved customer-friendly access to information on development projects and activities available through the Prince George's County Planning Department web site.

The Commission also continues to take positive steps to adjust to the changing needs of an ever-growing and extremely culturally diverse customer base. Changes have ranged from the hiring of bilingual staff and Park Police officers; to production of signage and written materials in several languages; to designing playing fields to accommodate different types of sports and activities; to offering a wide variety of ethnic and cultural sports leagues; to developing ways to educate new residents from varied backgrounds about permitting and use procedures in the Commission's parks; to increasing the number and types of multicultural festivals and celebrations at Commission properties; to celebrating and educating staff about the rich multicultural diversity in the bi-county area through programs, seminars, and "reaching in" workshops.

Underscoring its reputation for excellence, the Commission was again recognized with numerous awards, including: the National Alliance for Workplace Excellence's "Seal of Approval", the "Plan of the Year" award from the Maryland State Chapter of the American Planning Association (APA), and Government Finance Officer's Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the FY06 Report and the Distinguished Budget Presentation award for the FY08 Proposed Budget.

Prince George's County Department of Parks and Recreation

Meeting Customer Needs Through Innovative Service: The Department of Parks and Recreation provided 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. Our customer base included 302,330 users of the SMARTlink automated registration system, and we inaugurated the Customer Service Help Desk, the main portal for resident inquiries and requests for service. A weekly parks and recreation e-mail newsletter and the Department's web site, www.pgparcs.com, kept customers up to date on events and activities. The Partners 'n Parks program continued to establish relationships with IKEA, REI, AARP and the University of Maryland to assist in beautifying and conserving parkland. The Department received grants from state and national organizations for specific park and recreation improvements.

Enhancing the Park System: Continued use of the Geographic Information System (GIS) park layer re-inventory and mapping system resulted in easy access to information – and better management of the Department's 26,300-acre park system. Completed construction projects included: renovations to Bowie and Columbia Park Community Centers; restoration and reopening of Oxon Hill Manor; completion of the Riversdale Visitors' Center and Elizabeth Graefe Gossett Garden; and the installation of playgrounds at 17 park sites. Projects under construction included: Fort Washington Forest Neighborhood Park/School-Community Center; Montpelier Arts Center annex; North Forestville Neighborhood Park/School gym addition; Prince George's Sports & Learning Complex concession stand; Saddlebrook East Community Park; renovations to South Bowie and Upper Marlboro Community Centers; Vansville Community Center; Watkins Regional Park signage system, entrance road and bridge; and renovations, additions and playgrounds at park sites. Other projects included creating 20 acres of Anacostia River Wetlands, administering a ballfield user survey, coordinating design for Rosalie Island Park with the State Highway Administration, and acquiring 392 acres of parkland. Maryland Program Open Space supported park funding of \$8,655,000 for acquisition and \$8,627,000 for development.

Planning and Providing Recreational Opportunities for All: More than 200 sports teams played in tournaments and leagues attracted more than 30,000 participants. Some 21,000 youth enrolled in summer camps, playgrounds and teen centers. Through a cooperative agreement with the Commission, a group of

apartment communities helped to provide transportation, registration and trip fees for the summer playground program for 150 children who otherwise would not have been able to participate. The 25th-annual Washington Area Metropolitan Youth Super Bowl was held at the Prince George's Sports & Learning Complex, with 12 teams competing and over 3,000 spectators. The Show Place Arena added professional Arena Football to its list of events, hosting home games of the Chesapeake Tide of the Continental Indoor Football League. The 21st-annual celebration of Black History Month highlighted contributions made by African Americans to our community. Free summer concerts delighted music enthusiasts of all ages. And, thousands participated in annual events such as Kinderfest, the Harlem Renaissance Festival, Festival Hispano, and the Jug Bay 10K run/walk. The Festival of Lights at Watkins Regional Park dazzled more than 100,000 visitors with holiday light displays.

Serving the County's Youth: The Department released its new Youth Action Plan, which standardizes teen programming, and continues its mission to provide youth with positive experiences to last a lifetime. The Teen Leadership Council was established and www.pgxtremeteens.com continued as an important on-line resource. Café Groove provided opportunities for teens to perform art forms such as hip hop poetry and salsa dancing. The Positive Pathways Program provided resources for the pre-teen age group and the Talk Up, Not Down residency camp provided a special opportunity for at-risk youth. The Science, Service, Medicine, and Mentoring program included partnerships with the Bethesda Naval Hospital's Uniformed Services University, targeting underserved populations and exposing teens to careers in science and medicine. 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. A new program to serve Latino youth in the community was developed and the first quinceanera was held. The Department received a grant from NIKE to distribute thousands of shoes to youth for a healthy start to summer.

Supporting Arts and Cultural Heritage: The Commission entered into construction and long-term lease agreements to provide funds for the Brentwood Art Center in the Gateway Arts District. The center, which will feature a gallery, retail craft shop and classroom space, is scheduled for completion in fall 2008. The Shakespeare in the Parks program celebrated its 21st year with the National Players production of *The Tempest*, and the Department's outstanding arts facilities hosted critically acclaimed, sold-out performances. The agency completed construction on the Bowie Center for the Performing Arts and successfully opened the facility. Historic rental properties hosted a variety of events, from weddings to business conferences.

Preserving and Protecting Natural and Historical Resources: Based on increased awareness that many youth fail to take advantage of opportunities to experience the outdoors and lack an appreciation for the environment, the Department inaugurated residential Wilderness Adventures overnight camps to increase exposure to nature and introduce urban youth to a wide variety of outdoor activities and team-building exercises, and subsidized program fees to attract families at all socio-economic levels. Innovative and popular educational programs continued at our museums, nature centers, waterfront parks and natural areas. Environmental improvements within parks and communities were achieved through special events, conservation and reforestation projects, river and stream valley clean-ups, and a continued partnership with Prince George's 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 Surratt Society to promote, protect and restore the rich natural and historical heritage of Prince George's County.

Keeping our Parks Secure: Park Police officers continued to ensure the safety of patrons at all parks and recreation facilities, using sophisticated technologies -- such as Mobile Data Terminals and state-of-the-art alarm systems -- in police vehicles. The canine program begun in 2006 proved successful as an additional resource to combat crime, with canine teams conducting building, article and narcotics detection searches throughout the year. 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 NFL Punt Pass and Kick Competition, the COPS Camp for Kids, and many other community events and safety initiatives, including the Click It or Ticket and the Donate a Phone to Victims of Domestic Violence programs. Graduates of the Park Police Community Volunteer Academy served as citizen eyes and ears in the park system.

Maintaining Parks and Facilities: Maintenance and development staff handled construction and repair of facilities throughout the park system. The Department continued to partner with the County by maintaining four major County routes during snowstorms. In cooperation with the Metropolitan Washington Air Quality Committee and the Council of Governments, the Department made operational changes to improve air quality, 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: Staff completed the long-awaited integration of the Department's Development Activity Monitoring System (DAMS) and Geographic Information Systems (GIS) using the interactive, web-mapping application, PGAtlas, (www.pgatlas.com). For the first time, the general public has access to both the tabular data in DAMS and the spatial data in GIS in one user-friendly web application. Anyone, at any time, can find the current status and location of any development application that has been filed with the Prince George's County Planning Board. The Planning Department continued to embrace its responsibility of service to the community and to recognize the community as its most valued resource. The Department's web page, www.mncppc.org/pgco, offered a wealth of planning-related information and community engagement options. Additionally, the Planning Information Services Office, located on the lower level of the County Administration Building, provided ready access to zoning and development regulations, planning studies, land-use maps, data and other information.

Planning for Quality Communities: Staff continued work on Master Plans, Sectional Map Amendments (SMAs), Zoning Map Amendments (ZMAs), specialized planning studies, and Planning Assistance to Municipalities and Communities (PAMC) projects. Among staff's many community planning projects were: approving the Bladensburg Town Center Sector Plan/SMA, completing the Preliminary Subregion 1 Master Plan/SMA, finishing the Preliminary Capitol Heights Transit District Development Plan, and initiating the Branch Avenue Corridor Sector Plan/SMA and Landover Gateway Sector Plan/SMA. Pre-planning began for Subregion 4, Subregion 5, and Subregion 6 Master Plans/SMAs, the Takoma/Langley Crossroads Sector Plan, New Carrollton Transit District Development Plan, and Marlboro Pike Sector Plan/SMA. Work also began on the Upper Marlboro Revitalization Action Plan, Central Kenilworth Avenue Revitalization Study and New Mixed-Use Zoning Tool. Professional services contracts were executed for the following planning projects: Subregion 5 and 6 Master Plans/SMAs, Marlboro Pike Sector Plan/SMA, New Mixed-Use Zoning Tool, and Upper Marlboro Revitalization Action Plan.

Providing for Public Facilities and Services: The Department printed the preliminary Public Safety Facilities Master Plan, and the County Council approved an extended schedule for the plan process to accommodate public hearings and work sessions in FY08. Staff provided public facility technical support for the Landover Gateway, Branch Avenue, and Subregion 1 Master Plans. Work continued on the Pupil Yield Study in coordination with Prince George's County Public Schools. Staff also assisted the School Construction Management Team, and coordinated the Planning Department's analysis for the Water and Sewer Plan Amendment cycles. Staff prepared a study of the impact of the Internet on library space needs.

Developing Efficient Transportation Systems: Studies for the Purple Line, US 1 (College Park) and the US 301 Waldorf Area continued. The Planning Board reviewed the public participation program, goals, concepts, guidelines and proposed timeline for the Countywide Master Plan of Transportation. Support was provided to the County's Bicycle and Trail Advisory Group, the Transit Services and Operations Plan, the Base Realignment and Closure (BRAC) impact study, and the Transportation Planning Board Technical Committee. In addition, staff processed 37 traffic impact studies for development activities.

Preserving and Protecting the Environment and Historic Properties: The Department continued to implement the Countywide Green Infrastructure Plan through the review of land development applications and updating various master and sector plans. Staff coordinated with the Department of Environmental Resources on a Countywide mitigation database and assisted with the preparation of recommended legislation. Development review activities focused on the use of natural resource inventories to illustrate the value of resources for preservation or restoration. Archeological review of subdivision applications continued. Work progressed on the Antebellum Plantations Archeological Resources Guide, and staff selected consultants to assist in the Historic Properties Database Update, African American Historic Inventory Development, Post-bellum Archeological

Resources Historic Content, and Environmental Standards for Historic Properties projects. Staff provided reports and recommendations to the County's Historic Preservation Commission on development cases, on Historic Area Work Permits, and on Preservation Tax Credit applications. Staff also provided support on the appeal of the designation of the Old Town College Park Historic District.

Information Technology Advancements: The GIS database migration and software upgrade was successfully completed in FY07. The migration included: conversion of more than 100 data layers into a new database environment; modification or reprogramming of numerous business critical GIS applications used to access GIS data and produce mapping products for staff and the public; and comprehensive software training for the many GIS users in the Department.

Promoting Responsible Development: Staff reviewed and analyzed 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, and provided expert professional advice 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, five-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.

Montgomery County Department of Parks

In FY07, the Commission's Montgomery County activities were divided into separate Departments: a Department of Parks and the Planning Department. The change strengthened the Commission's ability to deliver first-rate park and planning services to the community and enhanced management and oversight.

As part of the new structure, the Department of Parks adopted a new organizational chart that provides for a deputy director of operations as well as a deputy of administration, a facility management division, a horticulture services division, a revamped park planning and stewardship division, and a department-wide park information and customer service office. These changes will improve service delivery and management of the Department's work program.

In addition, both Departments began developing program-based budgets, representing a shift from the traditional division-focused budget. This budget methodology emphasized how organizational monies are allocated to each service the agency provides to the community.

New Parks and Renovations: Staff renovated Winding Creek Local Park in partnership with the Washington Suburban Sanitary Commission (WSSC) to include two adult soccer fields, a playground, double basketball court, a relocated and expanded parking lot, signage and landscaping. Olney Manor Skatepark -- the first skateboard facility in the park system -- opened in 2007 at Olney Manor Recreational Park and is staffed by the Montgomery County Recreation Department. Phase I development at Ovid Hazen Wells Recreational Park was completed, providing one baseball field, three softball fields with two soccer field overlays, parking lots, an internal access road, playground, trails, storm water management, landscaping, and accommodations to construct an indoor pool.

Stewardship: The Department increased attention on our historic and cultural resources in FY07 by producing a historic structures report on the Riley Farm/"Uncle Tom's Cabin," starting rehabilitating the Kingsley School, conducting emergency stabilization and life safety studies on the Darby Store and Meadowbrook Stables and assisting the local Historical Society with a feasibility study for adaptive reuse of the Waters House Barn.

Staff treated more than 350 acres of parkland to control non-native invasive (NNI) plant species. Over 2,880 hours were spent removing NNIs in the park system and another 430 hours were spent in reforestation and wildlife management projects. As a result, over 2,000 trees and shrubs, 44,000 annuals and 2,450 perennials

were planted on parkland. Staff completed the FY06 annual stream survey monitoring at 21 sites in five watershed locations and began monitoring 21 additional sites in seven watersheds and one stream.

Staff continued efforts to reduce the deer population in 17 County parks totaling over 13,500 acres. The Department continues to chair the Countywide Deer Management Work Group and makes recommendations to a variety of County agencies to help address deer-related issues.

SilverPlace: This proposed public-private development will consolidate staff into one building, provide workforce housing, be an exemplary mixed-use development, and leverage the value of the site to reduce the cost of the new headquarters building. In addition to a Leadership in Energy and Environmental Design (LEED) Silver certified headquarters building, the project would include high-quality open space, LEED certified for-sale and rental housing, and retail space. The Commission received three responses to a request for proposals. Staff has begun a community outreach effort to establish a dialogue with local citizens affected, initiated various technical studies, and is in the process of negotiating a memorandum of understanding with the selected development partner.

Increased Outreach: To better spread the word throughout the County, staff distributed English and Spanish materials promoting the Department's activities, facilities and programs; redesigned the website to be more user-friendly and accessible; and began collecting and analyzing data from program evaluations and customer satisfaction surveys. Staff established a new park information telephone line dedicated to answering questions from park users. Community meetings continued throughout the year, assessing the interests and needs of County residents. The Department continues to host a wide variety of special events and supports sponsored programs utilizing park property. The ranger program continued to show great success

Customer Service: The Department received and managed more than 31,000 service requests through its SmartParks system. Preventive maintenance of equipment, playground and other inspections, court and grounds maintenance, landscaping, and tree removal requests were at the top of the list. The Condition Assessment Module was recently purchased.

Public-Private Partnerships: Staff formed a new committee to handle public-private partnerships. The Park Commission approved the committee's recommended policies and the full Commission is expected to adopt them in September 2007. Inspired by the successes of past partnership projects including the Maryland SoccerPlex, Red Wiggler Foundation, Woodstock Equestrian Center, and Shirley Povich Field, staff is exploring future partnerships in our parks and conservation areas.

Volunteerism: The Department developed a new Volunteer Trail Ranger program and conducted three training workshops for volunteers. Since then, volunteers have adopted over 25 miles of natural surface trail for regular inspection and routine maintenance. Weed Warrior volunteers donated over 2,880 hours to remove non-native invasive plants parks and another 430 hours to reforestation and wildlife management projects.

Montgomery County Planning Department

The Montgomery County Planning Department continued a broad range of innovative master planning and regulatory planning efforts, and its work was again recognized with numerous awards including a "Plan of the Year" award from the Maryland State Chapter of the American Planning Association for the Shady Grove Sector Plan.

New Growth Policy Recommendations: The Planning Department conducted a thorough analysis of the County's growth policy that included comprehensive recommendations to revise the impact tax program, recalculate school capacity and the adequacy of roads – particularly those near mass transit; incorporate principles of sustainability and design excellence into growth management strategies; and create a monitoring system to measure progress in achieving those goals. As a basis for the recommendations, staff summarized relevant national and international practices. The Department hosted a growth management lecture series where national planning leaders discussed innovative practices for growth policy, urban design and economic development.

Planning the I-270 Technology Corridor: The Department continued its work on master and sector plans along the I-270 corridor to attract advanced technology and biotech jobs, provide a range of housing, improve transportation and examine opportunities for mixed-use development. Staff is finalizing plans for the North Bethesda area and progressing with master plans for Germantown and Gaithersburg. Partly as a result of our “Centers, Boulevards, and Public Spaces” report, which raised public interest in how the County should direct development in the coming year, staff launched a unique study of the corridor and its potential to attract jobs, provide higher education and redevelop old commercial centers.

Enhancing Existing Communities: A major focus of planning in the Department is maintaining and enhancing the existing communities and neighborhoods in Montgomery County. The sector plans for Takoma/Langley Crossroads and Kensington areas represent a focus on updating existing master plans. Staff also began to address the concerns of in-fill housing in existing neighborhoods.

Going Green: Planning staff started work on a plan to preserve a network of waterways, wetlands, woodlands, wildlife habitats and other natural areas of Countywide significance. Conserving and fostering an interconnected system will help support native species, maintain natural ecological processes, sustain air and water quality, and contribute to human health and quality of life. Staff has enhanced geographic information system (GIS) layers to create a map of natural features and held a series of focus group meetings that included environmental, agricultural, forestry, building industry and civic representatives.

Keeping Montgomery County Moving: As the County’s source of transportation forecasting and analysis, the Department continued to adopt the best approaches to knowledge-based decision making. Staff completed the annual Congestion Monitoring Report and conducted planning for the Purple Line, Corridor Cities Transitway, and a number of interchange and other transportation projects. Staff from all parts of the Department supported work on the Intercounty Connector as the study transitions from planning to design. Staff continued to consider pedestrian and bicycle accommodations in its planning and implementation work.

Agricultural Initiatives: Protecting agricultural and rural open space continued to be a major focus of planning. Strategies include 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. Staff prepared a series of significant revisions to the existing regulations to limit the development in the agricultural areas.

Planning for Metro Station Areas: The Commission continues to focus planning efforts on Metro station areas. Staff started work on the Twinbrook Sector Plan, the White Flint Sector Plan and the Wheaton Sector Plan. Those areas will be transformed from existing low-rise, single-use areas into a vibrant, mixed-use community near Metro. Implementation of the recommendations in the recently completed Woodmont Triangle Amendment to the Bethesda Central Business District Sector Plan, and the Shady Grove Sector Plan continued in FY07.

Housing Montgomery: Staff helped develop a workforce housing program, completed an inventory and analysis of affordable senior housing, and worked with other County agencies on housing task forces and work groups. The Department published a “Teardowns and Infill Construction: New Tools for Protecting Community Character” report. Master plans approved in the past fiscal year significantly increased housing capacity in the County. Development Review staff examined private proposals for new residential development for conformance with approved regulations, policies and plans.

New Transparency: To increase visibility of the Montgomery County Planning Board’s actions and initiatives, staff launched a re-design of the County website that includes more user-friendly features. The Planning Department debuted “Montgomery Plans,” a cable show that highlights significant current initiatives, and produced a video describing the functions of the Planning Board for multiple audiences, including students at Montgomery College.

Department of Human Resources and Management

Organizational Management: Under the leadership of the Commission's Executive Director, the Department of Human Resources and Management (DHRM), provides quality corporate administrative, managerial and human resources services to both the Commission and its patrons. A part of the centralized bi-county administration, DHRM provides several statutory functions, including budget, personnel and labor relations, official records and archives/information management, as well as risk and liability mitigation and protection. Organized into two major divisions, Corporate Management and Human Resources, the Department utilizes a cross-functional team approach to support the operating Departments, enhance their service quality, increase productivity, and assure compliance with State, Local, and Federal employment laws.

Workforce/Employee Resource Management and Accountability: Human Resources includes the functions of managing employee and labor relations, employee benefits and compensation, recruitment and personnel action and records control. In FY07, a comprehensive review and rewrite of the Merit System Rules and Regulations was conducted including extensive work sessions with employees, management, and unions. The continued implementation and administration of the two collective bargaining agreements (with Fraternal Order of Police, Lodge No. 30 and the Municipal and County Government Employees Organization (MCGEO)) for employees in the service/labor, skilled trades and office/clerical Bargaining Units were conducted, and preparations began for contract negotiations with the FOP that will become effective in February 2008. The risk and safety program assures a safe and secure environment for employees and patrons, and it held its first annual Employee Safety Conference. Benefits and insurance management continued our participation with a multi-agency committee to explore strategies and best practices on medical cost containment while working within the constraints of GASB 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB). In FY07, DHRM streamlined the recruitment process and increased the quality and diversity of applicants. It also participated in outreach efforts including job fairs and booths at several national and local conferences. A 22-point pilot recruitment program was established with the departments to enhance recruitment efforts.

Best Practices in Management: Corporate Management includes the Commission's Budget Office providing policy, oversight, strategic direction, and document production. In concert with the Adopted Budget work programs and our Human Resources Strategic Plan, the Department continued the One Commission: A Preferred Workplace initiative through creative and innovative policies and procedures, organizational and workforce development programs, such as the Leadership Institute, professional training, mentoring, apprenticeships, and internships. An agency-wide strategic training committee to continually align, coordinate and collaborate on employee and management needs around staff development, skills, knowledge and abilities was established. In FY07, this committee released a comprehensive survey, conducted focus groups and evaluated progress against the established 1999 benchmark. DHRM continued to manage and improve a successful work/employment partnership for persons with disabilities. Agency accreditation was maintained in accordance with the Commission for Accreditation of Park and Recreation Agencies (CAPRA) through use of best practices in management, leadership, and business processes. The Executive Director also provided leadership and support to the Commission's cross-functional Diversity Council to foster a culturally competent and respectful workforce, and to promote a variety of regular on-going activities recognizing the richness of diversity in the workforce and the communities we serve.

Collaborative Cooperation: The Centralized Information Technology team provides coordination of Commission-wide (enterprise) systems, facilitates information/communication services through development and maintenance of a Commission web portal, an employee intranet, production of the UPDATE employee newsletter, and administration of the employee *Have Your Say* program. The employee intranet (inSite.mncppc) provides an efficient and immediate way to disseminate and provide access to a variety of documents and resources. This team also assisted with the streamlining and automation of the job vacancy application process for recruitment. It also provides wide area network administration and coordination to reduce downtime and improve information flow. This unit also partnered with the Finance Department staff to implement KRONOS, a time and attendance program, to improve the functionality of the personnel/payroll system.

Recognition of Excellence in Business and Results: DHRM received the Workplace of Excellence award again this year. This prestigious award is given only to those employers with diverse and rich employee programs and policies supporting family and environmental issues. In FY07 the Commission received its highest score to

date with a total of 26 outstanding ratings from the Government Finance Officer's Association (GFOA) for its Distinguished Budget Presentation Award. The Commission has received this award since 1987. The Transformational-Leadership program was nationally acclaimed for its innovative leadership solutions, and staff made presentations at two noteworthy conferences, the Transforming Local Government and the GFOA Annual Conference, for unique workforce and succession planning.

Department of Finance

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

Financing Capital Projects/Equipment and Analysis of Public/Private Partnership Transactions: In FY07, the Department coordinated the sale of \$4.7 million Montgomery County Park Acquisition and Development Bonds and \$8.9 million Prince George's County Park Acquisition and Development Bonds, to provide funding for new projects. Subsequent to Rating Agency presentations, the ratings on the Commission's Prince George's County outstanding bonds were upgraded by Moody's and Standard & Poors. The Department also coordinated Capital Equipment financing of \$3.3 million and continued to provide financial and contractual guidance on numerous public/private partnership transactions including extensive work on Bowie Baysox Stadium, Brentwood Arts Center, Montgomery County Golf Operations Transfer, SilverPlace, SoccerPlex, and the South Germantown Driving Range.

Safeguarding Commission Assets: To increase Commission audit awareness and the safeguarding of Commission assets, the Audit Division provided training for the newly formed Prince George's County Park and Recreation Management University in Internal Control Activities, Risk Identification and Control Self Assessment. The Audit Division continued its efforts to monitor and improve internal controls and compliance with Commission policy through the completion of 163 audits of Commission activities and facilities and by establishing a 24/7 Commission-wide hotline for reporting fraud, waste and abuse. In addition, Audit conducted a 100% review of all holders of Commission Purchase Cards to ensure the compliance with Commission policy and purchase requirements. As a part of the environmentally friendly green awareness, Audit has purchased state of the art software to electronically store audit files in order to reduce the reliance on paper copies and still maintain the required documentation. The Cash Management Division revised the Commission's Investment Policy, to reflect changes made by the State of Maryland, as well as to allow participation by a much wider pool of investment firms. Cash Management also developed monthly and quarterly investment reports for the Executive Committee and Commissioners to show compliance with the Commission Investment Policy and to strengthen internal controls.

Automating/Streamlining Efforts: The Department continued to implement new processes to streamline financial operations. The automated purchasing module, which allows for online processing and approval of purchase requisitions, allowed 85% of all purchase orders and 59% of all vendor invoices to be issued and/or approved electronically by field purchasing units. Payroll's direct deposit capability was expanded to enable direct deposits into two bank accounts per pay period and a payee match feature was added to the Positive Pay Security feature. A new release of Performance Series, the Commission's Financial Management Software, was installed. The data from Montgomery County Parks ParkPASS class registration system was successfully interfaced into Performance Series, eliminating manual data entry and increasing accuracy. The Department continued to provide training on significant financial systems, as well as guidance and support for the planning and implementation of user systems including: KRONOS, an updated and expanded system to automate time and attendance, SMARTlink and the golf course point of sale systems in Prince George's County, and ParkPASS in Montgomery County.

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 33.2% for the fiscal year.

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: preparation for expanding KRONOS timekeeping system to the entire Commission; 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. A major Computer Room expansion project is underway to make room for additional hardware to be secured.

Financial Reporting: For the 34th 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 FY06 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 34 court cases carried over from FY06; and managed 29 new cases. As of the FY07 year-end, our lawyers are managing 40 active cases.

Enhancing the Stewardship of Public Funds Through More Effective Contracting: In its second fiscal year since inception, the Legal Department's new Transactions Practice Team (TPT) has begun delivering on the promise of providing an efficient structure to coordinate and manage legal support in both counties by integrating the service delivery for both the Montgomery County Department of Parks and the Prince George's County Department of Parks and Recreation. To date, our coordination has helped create efficiencies by developing consistent policies and standard documents utilized now on a Commission-wide basis to transact the leasing of park houses, deeds of dedication for public use, and third-party concession agreements.

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 1,230 legal documents. Notable transactions handled during FY07 include the Legal Department's role in serving as a key advisor on the selection of a private partner and negotiation of a memorandum of understanding to develop SilverPlace – a proposed mixed-use development project slated for construction on the Commission's existing 3.4-acre regional office site in Downtown Silver Spring.

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.

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 91 local and statewide bills of potential interest to the Commission. For example, the Legal Department was successful in the adoption of legislation this year that is expected to increase funding available to acquire Commission parkland by imposing higher fees-in-lieu of property dedication when developers subdivide land in Montgomery or Prince George's County.

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 FY07, 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 \$643 million. The FY07 annualized rate of return on investments was an overall gain of approximately 15.9%. The Board of Trustees actions for the year included replacement of two active large cap equity managers with an S&P 500 index manager; selection of an additional international equity manager and a global treasury inflated protection securities manager; initiation of a search for a private real estate manager; selection of a new actuary; continuous monitoring of the investment program which resulted in monies gained as a result of litigation awards; and continuous comprehensive communications to all members which included publishing Summary Plan Descriptions, an Annual Report, an Annual Disclosure of Financial and Actuarial Status and conducting educational workshops for participants.

♦ PART II A ♦

FINANCIAL SECTION

Basic Financial Statements



The Harlem Globe Trotters perform at Prince George's County's Show Place Arena, a Prime Site Award winner in 2007.

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, 2007, 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, 2007, 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 21, 2007 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 statements and schedules section, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules section 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 section 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 21, 2007



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, 2007.

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 7 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, 2007 by \$703.3 million (net assets). Of this amount, \$205.7 million may be used to meet the Commission's ongoing obligations.
- The Commission's net assets grew by \$73.5 million during fiscal year 2007. This is largely a result of: \$23.5 million of capital grants and contributions; use of current revenues of \$28.1 to purchase and construct capital assets and \$14.4 to pay debt principal; growth in property tax revenues (\$14.6 million) in excess of anticipated, and savings in Governmental Activities expenses (\$8.1 million), offset by depreciation expense of \$19.2.
- As of June 30, 2007, the Commission's governmental funds reported combined ending fund balances of \$200.4 million, an increase of \$44.9 million. Of this amount, \$45.4 million is reserved for contracts already issued (encumbrances) and \$28.8 million is designated for use in the fiscal year 2008 budget, for future facilities costs and as contingency reserves.
- The Commission's General Fund balance at June 30, 2007 was \$123.2 million, an increase of \$22.3 million during the year. The unreserved fund balance of \$104.1 million is approximately 38% of fiscal year 2007 expenditures and transfers out. Of this amount, \$75.3 million (27% of fiscal year 2007 expenditures and transfers out) is unreserved and undesignated.
- The Prince George's County Capital Projects Fund balance at June 30, 2007 was \$58.9 million, an increase of \$21.8 million. The unreserved fund balance of \$44.9 million has grown through a combination

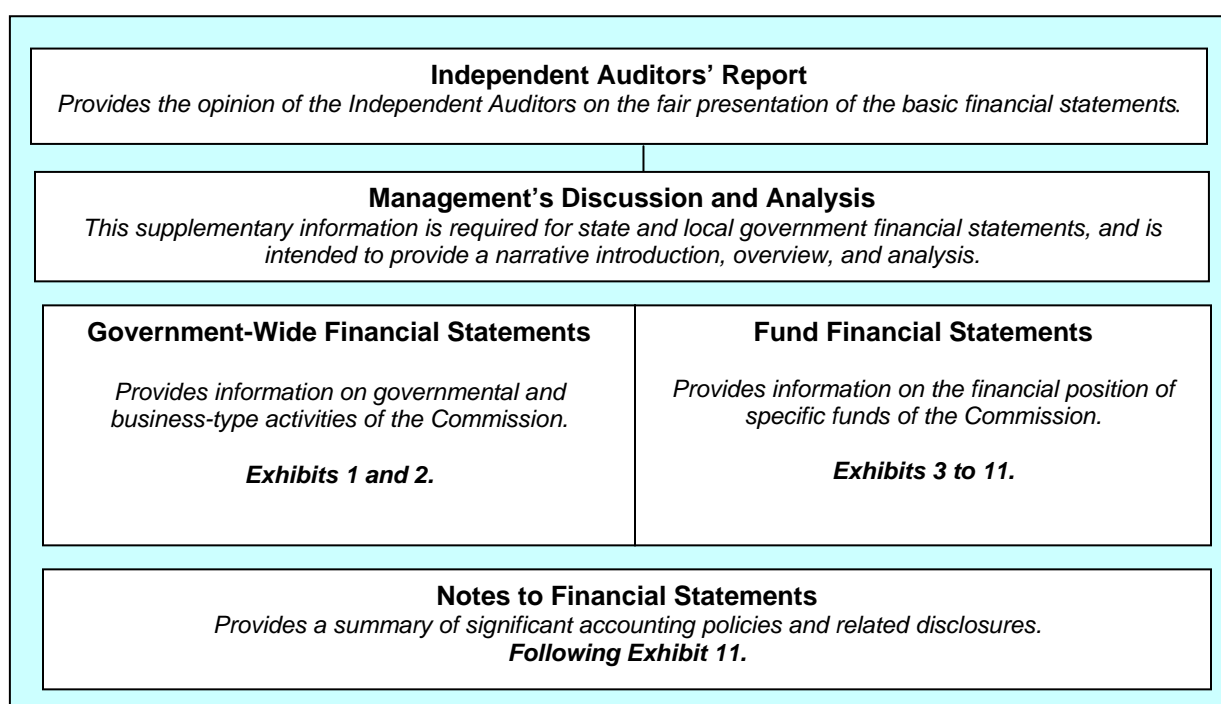
of unspent bond proceeds of \$17.6 million, and major pay-as-you-go funding, which was \$27.7 million in fiscal year 2007.

- The assets of the enterprise funds exceeded liabilities by \$85.3 million, a decrease of \$1.1 million.
- The Commission's bonds and notes payable increased by \$2.9 million as new debt issues were greater than scheduled principal payments.

Overview of the Financial Statements

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

Organization and Flow of Financial Section Information



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 7 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, Risk Management and Commission Wide Initiatives. 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 \$703.3 million at the close of the most recent fiscal year. A summary of the Commission's net assets follows:

Summary of Net Assets (millions) June 30, 2007 and 2006							
	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2006-2007
	2007	2006	2007	2006	2007	2006	
<u>Assets</u>							
Current and Other Assets	\$ 278.2	\$ 222.5	\$ 6.8	\$ 5.0	\$ 285.0	\$ 227.5	25.3%
Capital Assets	539.5	509.8	88.0	92.0	627.5	601.8	4.3%
Total Assets	817.7	732.3	94.8	97.0	912.5	829.3	10.0%
<u>Liabilities</u>							
Current Portion of Long-term							
Liabilities	28.5	25.1	1.4	1.5	29.9	26.6	12.4%
Long-term Liabilities	145.8	142.6	6.2	7.1	152.0	149.7	1.5%
Other Liabilities	25.5	21.2	1.8	1.9	27.3	23.1	18.2%
Total Liabilities	199.8	188.9	9.4	10.5	209.2	199.4	4.9%
<u>Net Assets</u>							
Invested in Capital Assets,							
Net of Related Debt	416.1	383.4	81.5	84.3	497.6	467.7	6.4%
Unrestricted	201.8	160.0	3.9	2.1	205.7	162.1	26.9%
Total Net Assets	\$ 617.9	\$ 543.4	\$ 85.4	\$ 86.4	\$ 703.3	\$ 629.8	11.7%

Current and other assets increased by 25.3%, primarily an increase in cash and investments resulting from the positive operating results this year, and unspent bond funds increasing as a result of bond sales late in the fiscal

year. Changes in other liabilities were primarily a result of large construction billings received late in June. Changes in net assets are discussed later.

By far the largest portion of the Commission's net assets of \$497.6 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 are 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 \$205.7 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 follows:

Summary of Changes in Net Assets (in millions) For the Fiscal Years Ended June 30, 2007 and 2006							
	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2006-2007
	2007	2006	2007	2006	2007	2006	
Program Revenues:							
Charges for Services	\$ 23.3	\$ 22.3	\$ 19.3	\$ 23.0	\$ 42.6	\$ 45.3	-6.0%
Operating Grants and Contributions	2.3	2.6	0.1	-	2.4	2.6	-7.7%
Capital Grants and Contributions	23.2	17.1	0.3	3.5	23.5	20.6	14.1%
General Revenues:							
Property Taxes	272.9	241.8	-	-	272.9	241.8	12.9%
Investment Earnings	13.4	8.9	0.3	0.2	13.7	9.1	50.5%
Total Revenues	335.1	292.7	20.0	26.7	355.1	319.4	11.2%
Expenses:							
General Government	15.1	14.1	-	-	15.1	14.1	7.1%
County Planning and Zoning	39.1	35.9	-	-	39.1	35.9	8.9%
Park Operations and Maintenance	146.0	140.4	-	-	146.0	140.4	4.0%
Recreation Programs	46.9	43.1	-	-	46.9	43.1	8.8%
Recreational and Cultural Facilities	-	-	28.8	33.0	28.8	33.0	-12.7%
Interest on Long-term Debt	5.7	6.0	-	-	5.7	6.0	-5.0%
Total Expenses	252.8	239.5	28.8	33.0	281.6	272.5	3.3%
Increase (Decrease) in Net Assets Before Transfers	82.3	53.2	(8.8)	(6.3)	73.5	46.9	56.7%
Transfers	(7.8)	(6.9)	7.8	6.9	-	-	
Increase (Decrease) in Net Assets	74.5	46.3	(1.0)	0.6	73.5	46.9	
Net Assets - beginning	543.4	497.1	86.4	85.8	629.8	582.9	
Net Assets - ending	\$ 617.9	\$ 543.4	\$ 85.4	\$ 86.4	\$ 703.3	\$ 629.8	

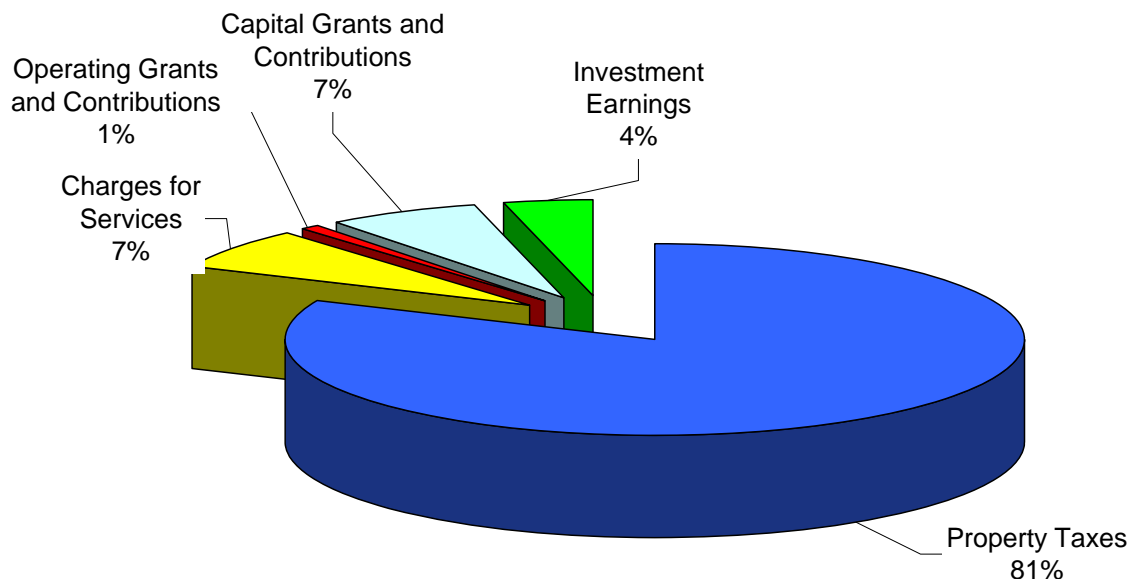
During the current fiscal year the Commission's net assets increased by \$73.5 million. This is largely a result of: \$23.5 million of capital grants and contributions; use of current revenues of \$28.1 to purchase and construct capital assets and \$14.4 to pay debt principal; growth in property tax revenues (\$14.6 million) in excess of anticipated, and savings in Governmental Activities expenses (\$8.1 million), offset by depreciation expense of \$19.2.

Investment earnings were significantly higher as larger balances were available for investment, and interest rates for investments were high throughout the year. Interest expense decreased as principal balances were paid down throughout the year, with the new debt being incurred primarily in the last quarter of the fiscal year. Charges for

services decreased in the business-type activities primarily due to the lease of the Montgomery County golf courses to the Montgomery County Revenue Authority in April 2006.

Governmental activities. Governmental activities increased the Commission's net assets by \$74.5 million, thereby accounting for 101% of the total growth in the net assets of the Commission. This increase is primarily attributable to capital grants receipts of \$23.2 million, added to an excess of ongoing revenues over ongoing expenses of \$59.1 million, which were offset by the transfers to business-type activities of \$7.8 million.

Revenues by Source - Governmental Activities



As the above diagram shows, property taxes make up 81% of Commission governmental revenues. Investment earnings increased due to larger investment balances.

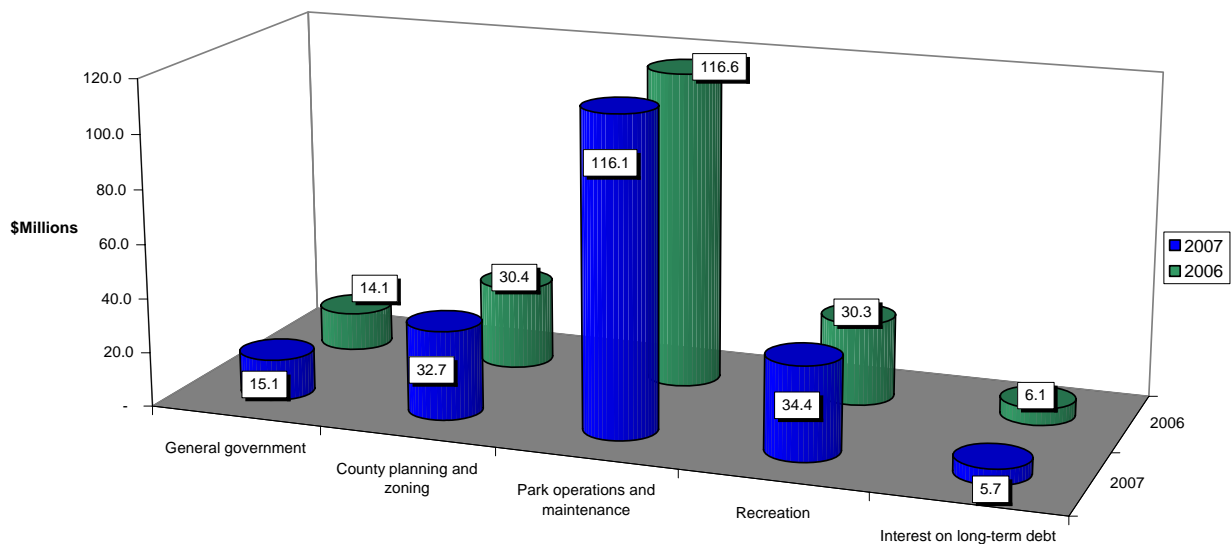
As is reflected in the following chart, the Commission's governmental activities are largely supported by general revenues and in particular property taxes. Charges for services and operating grants cover 10.1% of governmental activities expenses.

Recreation Programs costs increased 8.8% largely due to a small increase in staff plus normal personnel cost increases, utility cost increases and increased other service charges. The net cost increased by 13.7% as charges for services were basically the same. County Planning and Zoning net costs increased 7.6% due to increases in planning staff implemented during fiscal year 2006 which were in place for all of fiscal year 2007. Interest on long-term debt decreased due to savings realized from the refunding transactions done in fiscal year 2006 and because the new debt incurred in fiscal year 2007 was issued late in the fiscal year.

Net Cost of Governmental Activities (000's)
For the Fiscal Years Ended June 30, 2007 and 2006

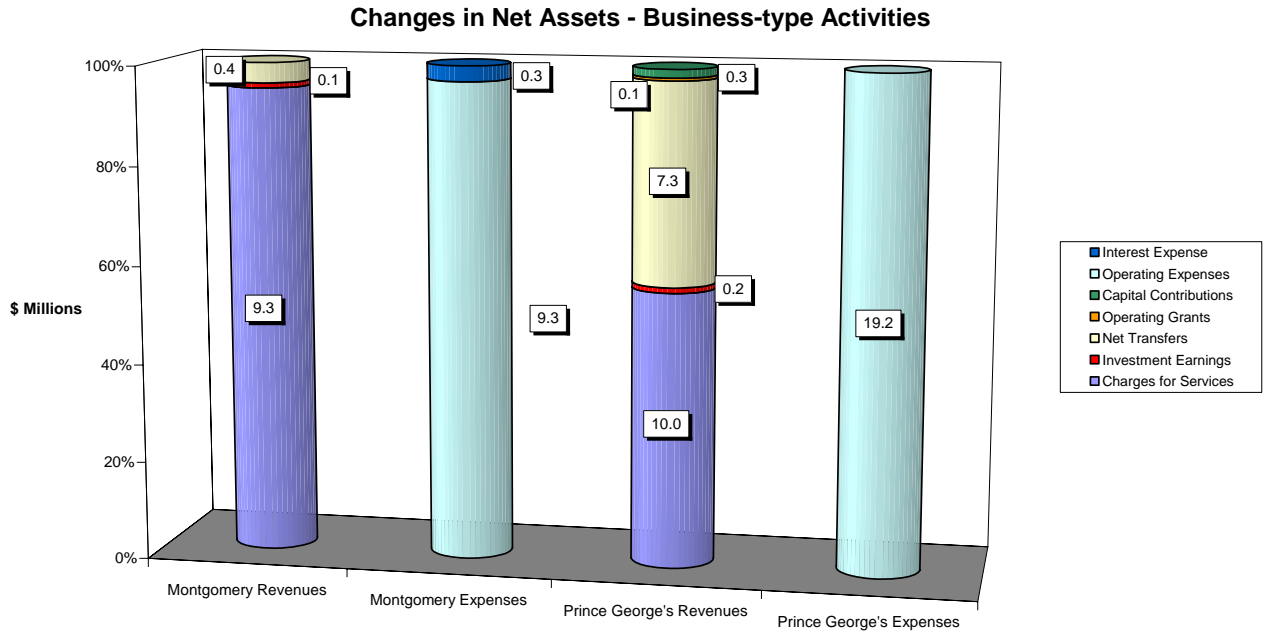
	2007		2006		Percentage Change 2006 - 2007	
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services
General Government	\$ 15,063	\$ 15,063	\$ 14,110	\$ 14,110	6.8%	6.8%
County Planning and Zoning	39,150	32,697	35,932	30,376	9.0%	7.6%
Park Operations and Maintenance	145,957	116,074	140,379	116,615	4.0%	-0.5%
Recreation Programs	46,908	34,463	43,058	30,312	8.9%	13.7%
Interest on Long-term Debt	5,694	5,694	6,046	6,046	-5.8%	-5.8%
Total	\$ 252,772	\$ 203,991	\$ 239,525	\$ 197,459	5.5%	3.3%

Net Cost by Function - General Government

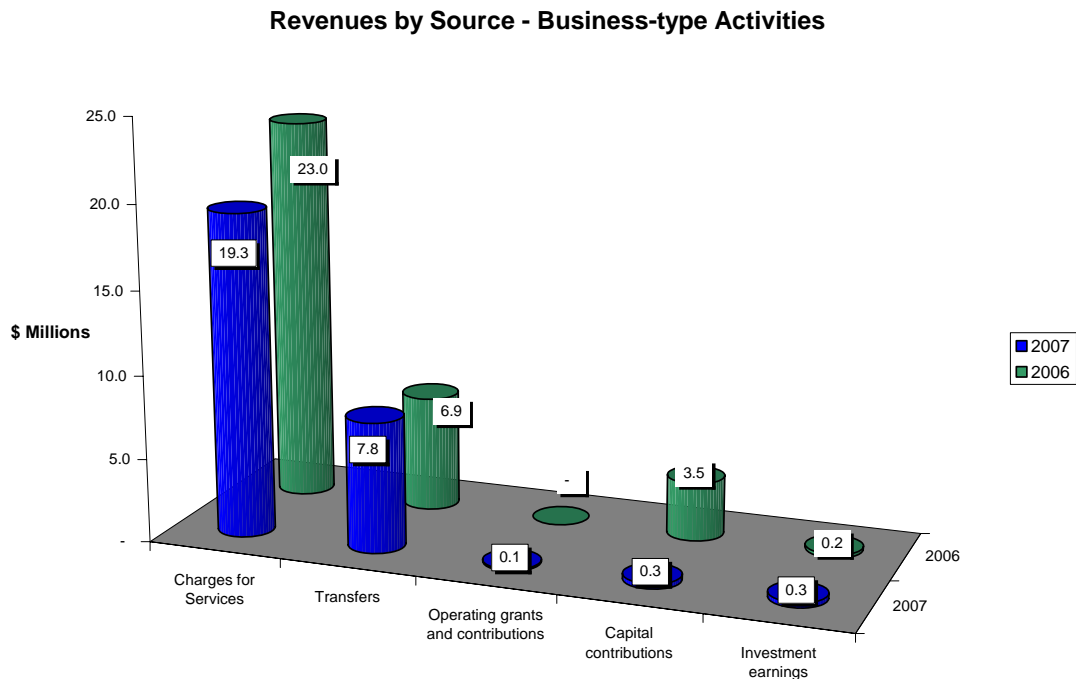


Business-type Activities. Business-type activities expenses in excess of revenues led to a decrease in the Commission's net assets by \$1.1 million.

- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services, current operating grants and interest income by \$9.1 million.
- Governmental activities contributed \$7.8 million to support the enterprise activities. The support is primarily \$7.4 million of operating support for the Prince George's County business-type activities.
- Governmental activities contributed \$.3 million in completed assets to the Prince George's County 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 Ice Rinks in both counties. More detail is provided later in the Proprietary Funds discussion.



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.

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 \$200.4 million, an increase of \$44.9 million in comparison with the prior year. Approximately 62% of this total amount, or \$125.2 million, constitutes unreserved and undesignated fund balance, which is available for spending in future years, with \$40.5 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 \$45.4 million has been committed for contracts and purchase orders, \$1.0 million has been allocated to pay debt service, and \$28.8 million is designated to fund fiscal year 2008 expenditures, to provide funding for future facilities 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 \$75.3 million, while total fund balance was \$123.2 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 27% of the total general fund expenditures and transfers out, while total fund balance represents 45% of the same amount.

The fund balance of the Commission's General Fund increased by \$22.3 million during the current fiscal year. Key factors that generated this increase are as follows:

- Property taxes were \$14.6 million greater than anticipated, primarily due to increases in the assessable base.
- Interest revenues were \$3.2 more than anticipated in the general fund, and \$1.9 more than anticipated in the capital project funds (which are ultimately transferred to the general fund), as interest rates were relatively high throughout the year, and cash balances were higher than projected.
- A reduction of \$11.8 million was planned in the final budget for fiscal year 2007.
- A control of expenditures generated \$8.1 million savings to provide funding for future years' budgets.
- Transfers out to fund debt service payments were \$2.1 million less than anticipated, primarily because an anticipated bond sale was delayed until later in the years funds were not yet needed.
- Reserves for encumbrances were \$3.3 million higher than in the prior year, representing additional fund balance increases.

The capital project funds for Montgomery and Prince George's counties have total fund balances of \$7.2 million and \$58.9 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 decreases of \$.4 million in Montgomery County, and an increase of \$21.8 million in Prince George's County primarily due to the \$27.7 million in pay-as-you-go funding in Prince George's County, construction grants realized of \$8.6 million in Montgomery County and \$9.9 in Prince George's County, and bond sale proceeds of \$4.7 million in Montgomery County and \$8.9 in Prince George's County, compared to expenditures of \$14.5 million in Montgomery County and \$24.9 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, three 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. Four golf courses in Montgomery County have been leased to the Montgomery County Revenue Authority since April 2006.

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

Unrestricted net assets of the Montgomery County fund at the end of the year amounted to \$1.8 million and those for the Prince George's County fund amounted to \$2.1 million. The total changes in net assets for the funds were a \$.2 million increase and a \$1.2 million decrease, respectively.

Summary comparative results of the financial operations of the Enterprise Funds follow:

Financial Operations of the Enterprise Funds (000's) For the Fiscal Years Ended June 30, 2007 and 2006				
	Montgomery County		Prince George's County	
	FY2007	FY2006	FY2007	FY2006
Operating Revenues	\$ 9,294	\$ 13,312	\$ 10,139	\$ 9,657
Operating Expenses, Excluding Depreciation	7,925	13,130	16,872	15,561
Operating Income (Loss), Excluding Depreciation	1,369	182	(6,733)	(5,904)
Depreciation	1,383	1,640	2,336	2,243
Operating Income (Loss)	(14)	(1,458)	(9,069)	(8,147)
Nonoperating Revenue (Expense)	(235)	(267)	209	137
Contribution from General Government Assets	-	-	273	3,471
Transfers	405	655	7,349	6,272
Change in Net Assets	<u>\$ 156</u>	<u>\$ (1,070)</u>	<u>\$ (1,238)</u>	<u>\$ 1,733</u>

Comparative Montgomery County key data are as follows:

Montgomery County Enterprise Fund Key Data (000's) For the Fiscal Years Ended June 30, 2007 and 2006						
	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2007	FY2006	Change	FY2007	FY2006	Change
Conference Centers	\$ 431	\$ 375	\$ 56	\$ (119)	\$ (160)	\$ 41
Golf Courses	337	4,571	(4,234)	233	(974)	1,207
Ice Rinks	4,309	4,749	(440)	276	394	(118)
Indoor Tennis	1,229	1,136	93	123	280	(157)
Park Facilities	2,988	2,481	507	856	642	214
Total	<u>\$ 9,294</u>	<u>\$ 13,312</u>	<u>\$ (4,018)</u>	<u>\$ 1,369</u>	<u>\$ 182</u>	<u>\$ 1,187</u>

Although the Montgomery County Enterprise Fund revenues decreased by \$4,018,000, operating income, excluding depreciation, increased by \$1,187,000. Significant changes occurred at a few of the facilities. The Commission's Montgomery County golf courses lease to the Montgomery County Revenue Authority on a short-term basis beginning on April 15, 2006 was converted to a long-term lease on October 2006. This transfer of operations resulted in the elimination of revenues and related operating expenses from the golf operations, leaving only the lease revenue and a driving range operation. The action removed significant operating losses. Revenues for ice rinks decreased by \$440,000 primarily due to a change in the method of handling private lessons. Instructors now lease the ice space and they collect the instruction revenues, instead of the Commission collecting the revenues and paying instructors. Operating costs for both ice rinks and indoor tennis increased primarily due to security improvements, resulting in net reductions of operating income.

Comparative Prince George's County key data are as follows:

Prince George's County Enterprise Fund Key Data (000's) For the Fiscal Years Ended June 30, 2007 and 2006						
	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2007	FY2006	Change	FY2007	FY2006	Change
Airport	\$ 447	\$ 238	\$ 209	\$ 132	\$ (149)	\$ 281
Equestrian Center/Arena	1,806	1,707	99	(1,880)	(1,530)	(350)
Golf Courses	2,382	2,506	(124)	(716)	(387)	(329)
Ice Rinks	588	525	63	(576)	(499)	(77)
Regional Parks	322	313	9	(5)	11	(16)
Trap and Skeet Center	1,219	1,172	47	(96)	(130)	34
Sports and Learning Complex	3,309	3,149	160	(3,335)	(2,859)	(476)
Bladensburg Marina	66	47	19	(257)	(361)	104
Total	<u>\$ 10,139</u>	<u>\$ 9,657</u>	<u>\$ 482</u>	<u>\$ (6,733)</u>	<u>\$ (5,904)</u>	<u>\$ (829)</u>

The Prince George's County Enterprise Fund revenues increased by \$482,000 and the operating loss, excluding depreciation, increased by \$829,000. The major changes occurred in the Equestrian Center, Golf Courses and the Sports and Learning Complex. The Sports and Learning Complex revenues increased by \$160,000 and the Equestrian Center/Arena revenues increased by \$99,000 as the facilities enjoyed increased utilization. Golf Courses experienced a reduction in use, reducing revenues by \$124,000. Expenses increased overall, primarily due to increased compensation costs and energy costs, resulting in greater losses than in 2006. However, the Enterprise Fund in total performed better than budgeted for the year by \$550,000. 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:

Montgomery County Budget to Actual Variances (000's) For the Year Ended June 30, 2007		
	Administration Account	Park Account
Favorable property tax collections	\$ 1,197.8	\$ 3,366.7
Favorable charges for services	114.0	218.8
Unfavorable intergovernmental revenue	(125.5)	(79.7)
Favorable investment revenue	168.5	271.5
Favorable other revenue	164.3	301.2
Total favorable revenue variance	<u>1,519.1</u>	<u>4,078.5</u>
Expenditure savings	450.6	748.4
Favorable other financing sources (uses)	-	360.8
Total favorable (unfavorable) budgetary variance	<u>\$ 1,969.7</u>	<u>\$ 5,187.7</u>

Property tax collections were well above budget due to significant collections of prior year taxes and increased assessments. Investment revenue was favorable in both accounts primarily due to higher interest rates. Favorable other revenue in both accounts 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 and non-departmental savings from

liquidation of prior year encumbrances of \$31,000 in the Administration Account and \$59,000 in the Park Account. The favorable other financing uses in the Park Account primarily results from a lower transfer to the Debt Service Fund, due to savings from a fiscal 2006 refunding, and the bond sale in fiscal 2007 occurring later than anticipated in the budget, thus eliminating an interest payment in the current fiscal year.

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:

Montgomery County Budgetary Fund Balances June 30, 2007		
	Administration Account	Park Account
Prior year fund balance		
Designated for Contingencies	\$ 739.2	\$ 1,964.3
Undesignated	161.1	88.8
Favorable budget variance	1,969.7	5,187.7
Total ending fund balance, budget basis	<u>\$ 2,870.0</u>	<u>\$ 7,240.8</u>
Fund balance, budget basis		
Designated for Subsequent Years	\$ 778.9	\$ -
Designated for Contingencies	801.0	1,964.3
Undesignated	1,290.1	5,276.5
Total Budgetary Fund Balance	<u>\$ 2,870.0</u>	<u>\$ 7,240.8</u>

A summary of the Prince George's County budget to actual variances follows:

Prince George's County Budget to Actual Variances (000's) For the Year Ended June 30, 2007			
	Administration Account	Park Account	Recreation Account
Favorable property tax collections	\$ 1,691.6	\$ 6,132.8	\$ 2,196.5
Favorable (unfavorable) charges for services	261.6	128.1	(50.2)
Favorable intergovernmental revenue	15.0	-	-
Favorable investment revenue	693.9	1,278.3	814.2
Favorable other revenue	4.8	62.5	52.5
Total favorable revenue variance	<u>2,666.9</u>	<u>7,601.7</u>	<u>3,013.0</u>
Expenditure savings	3,229.9	2,081.0	1,554.6
Favorable other financing sources	-	3,508.9	-
Total favorable budgetary variance	<u>\$ 5,896.8</u>	<u>\$ 13,191.6</u>	<u>\$ 4,567.6</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 and in the Park Account due to increased use of park facilities. Investment revenue was favorable in all accounts primarily due to higher interest rates and higher than anticipated cash balances. 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 and non-departmental savings from liquidation of prior year encumbrances of \$53,000 in the Administration Account, \$258,000 in the Park Account and \$95,000 in the Recreation Account.

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:

Prince George's County Budgetary Fund Balances (000's)			
June 30, 2007			
	Administration Account	Park Account	Recreation Account
Prior year fund balance			
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
Planned growth in fund balance	-	-	2,320.0
Favorable budget variance	5,896.8	13,191.6	4,567.6
Total ending fund balance, budget basis	<u>\$ 15,888.8</u>	<u>\$ 54,213.3</u>	<u>\$ 23,875.5</u>
<u>Fund balance, budget basis</u>			
Designated for Subsequent Years	\$ 3,522.4	\$ 9,655.1	\$ -
Designated for Contingencies	1,547.6	4,551.8	2,320.0
Designated for Future Facilities	-	3,683.5	-
Undesignated	10,818.8	36,322.9	21,555.5
Total Budgetary Fund Balance	<u>\$ 15,888.8</u>	<u>\$ 54,213.3</u>	<u>\$ 23,875.5</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, 2007, amounts to \$627.6 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 4.3% (a 5.8% increase for governmental activities and a 4.3% 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 only significant capital asset changes in business-type activities consist of 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 2007, projects totaling \$9.0 million in governmental activities were completed. Among these projects, where most of the costs were incurred in prior years, are Mathew Henson trail, Stream Banks Protection for Stream Valley Park, Marietta Mansion and Bladensburg Waterfront.

Expenditures on Montgomery County projects totaled \$14.4 million in fiscal year 2007, of which \$.8 million was for acquisition and \$13.6 million was for development. The largest projects were construction of the Ovid Hazen Well Recreation Park, with construction cost to date of \$2.6 million, of which \$.8 million was in fiscal year 2007, Lake Needwood Dam Renovation, with construction costs of \$1.0 million all incurred in fiscal year 2007, and Winding Creek Local Park, with construction cost to date of \$1.0 million, substantially all of which was in fiscal year 2007. In addition, expenditures totaling \$5.1 million were spent on 24 projects for routine maintenance of parks, roads, buildings and other structures.

Prince George's County projects totaled \$24.9 million in fiscal year 2007, of which \$12.7 million was for acquisition and \$12.2 million was for development. Land acquisition included \$7.0 million for land along the Potomac Waterfront Park, \$3.3 million for an addition to the Patuxent River Park, and \$1.1 for an addition to the Fairview Regional Park. Major park development expenditures include the Watkins Regional Park development with construction cost to date of \$2.0 million, of which \$1.4 million was in fiscal year 2007, Fort Washington Forrest Community Park School (community center) with construction cost to date of \$1.8 million, of which \$1.7

million was in fiscal year 2007, North Forestville Community Park School (gymnasium addition) with construction cost to date of \$1.2 million, of which \$1.1 million was in fiscal year 2007 and Brentwood Arts Center with construction costs to date of \$1.3 million, all of which was in fiscal year 2007.

Commission's Capital Assets

Commission's Capital Assets (net of depreciation) (\$000's) June 30, 2007 and 2006							
	June 30, 2007			June 30, 2006			Percent Change Total
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total	
Land	\$ 279,508	\$ 19,364	\$ 298,872	\$ 261,871	\$ 19,364	\$ 281,235	6.3%
Buildings and improvements	92,685	66,727	159,412	95,699	69,919	165,618	-3.7%
Infrastructure	120,580	-	120,580	120,363	-	120,363	0.2%
Machinery and equipment	18,792	1,919	20,711	16,307	2,668	18,975	9.1%
Construction in progress	27,971	28	27,999	15,551	10	15,561	79.9%
Total	<u>\$ 539,536</u>	<u>\$ 88,038</u>	<u>\$ 627,574</u>	<u>\$ 509,791</u>	<u>\$ 91,961</u>	<u>\$ 601,752</u>	<u>4.3%</u>

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 \$142.9 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 \$16.9 million (Montgomery - \$4.1 million; Prince George's - \$12.8 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled \$137.4 million (Montgomery County - \$32.0 million and Prince George's County - \$105.4 million) at June 30, 2007. Park Bonds debt service expenditures totaled \$16.1 million (Montgomery - \$3.5 million, Prince George's - \$12.6 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 per \$100 of assessed valuation for real property (9 cents for personal property) in Montgomery County and 4 cents per \$100 of assessed valuation for real property (10 cents for personal property) in Prince George's County. Debt service payments approximated 0.30 cents per \$100 of assessed valuation for real property and .75 cents per \$100 of assessed valuation for personal property for Montgomery County and 2.00 cents per \$100 of assessed valuation for real property and 5.00 cents per \$100 of assessed valuation 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:

Commission General Obligation Bond Ratings June 30, 2007			
	Moody's Investor Services Inc.	Standard & Poor's Rating Services	Fitch Ratings
Montgomery County	Aaa	AAA	AAA
Prince George's County	Aa1	AA+	AA+

The Commission's Montgomery County revenue bonds and revenue notes payable totaled \$6.7 million at June 30, 2007. The bonds and notes have a reported value of \$6.5 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 \$1.4 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2007, and the related debt service requirements are set forth in the Notes to the Financial Statements.

On April 4, 2007, the Commission issued \$4,700,000 of Montgomery County Park Acquisition and Development General Obligation Project Bonds, Series II-2. Semiannual payments of interest and annual principal payments are due until April 1, 2027, at a net interest cost of 3.9651%.

On June 6, 2007, the Commission issued \$8,900,000 of Prince George's County Park Acquisition and Development General Obligation Project Bonds, Series JJ-2. Semiannual payments of interest and annual principal payments are due until May 1, 2027, at a net interest cost of 4.3180%.

On December 15, 2006, the Commission issued Notes Payable of \$3,300,000 to finance capital equipment purchased in the Capital Equipment Internal Service Funds of Montgomery County (\$2,886,320) and Prince George's County (\$390,560) and in the Commission Wide Initiatives Internal Service fund (\$23,120). Quarterly payments are due until October 1, 2011 at an interest cost of 3.655%.

As part of the appropriation resolution for fiscal year 2007, Montgomery County approved a "revenue transfer" from its Cable TV Special Revenue Fund of \$284,000. These funds are to be repaid without interest at \$56,800 per year from Fiscal year 2008 to fiscal year 2012. This item has been recorded as a long-term loan payable.

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) at June 30, 2007 follow (\$000's):

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

Commission's Outstanding Debt June 30, 2007 and 2006							
	Governmental Activities		Business-type Activities		Total		Change
	2007	2006	2007	2006	2007	2006	
General obligation bonds	\$ 140,845	\$ 138,730	\$ -	\$ -	\$ 140,845	\$ 138,730	1.5%
Revenue bonds and notes	-	-	6,555	7,588	6,555	7,588	-13.6%
Notes payable	7,065	5,208	27	54	7,092	5,262	34.8%
Total	<u>\$ 147,910</u>	<u>\$ 143,938</u>	<u>\$ 6,582</u>	<u>\$ 7,642</u>	<u>\$ 154,492</u>	<u>\$ 151,580</u>	1.9%

Montgomery County Outstanding Debt June 30, 2007 and 2006							
	Governmental Activities		Business-type Activities		Total		Change
	2007	2006	2007	2006	2007	2006	
General obligation bonds	\$ 35,814	\$ 33,900	\$ -	\$ -	\$ 35,814	\$ 33,900	5.6%
Revenue bonds and notes	-	-	6,555	7,588	6,555	7,588	-13.6%
Notes payable	5,259	3,428	27	54	5,286	3,482	51.8%
Total	<u>\$ 41,073</u>	<u>\$ 37,328</u>	<u>\$ 6,582</u>	<u>\$ 7,642</u>	<u>\$ 47,655</u>	<u>\$ 44,970</u>	6.0%

Prince George's County Outstanding Debt June 30, 2007 and 2006							
	Governmental Activities		Business-type Activities		Total		Change
	2007	2006	2007	2006	2007	2006	
General obligation bonds	\$ 105,031	\$ 104,830	\$ -	\$ -	\$ 105,031	\$ 104,830	0.2%
Revenue bonds and notes	-	-	-	-	-	-	0.0%
Notes payable	1,806	1,780	-	-	1,806	1,780	1.5%
Total	<u>\$ 106,837</u>	<u>\$ 106,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,837</u>	<u>\$ 106,610</u>	0.2%

The Commission's total debt increased by \$2.9 million (1.9%) during the current fiscal year, as a result of the new debt issued, and principal payments made as scheduled.

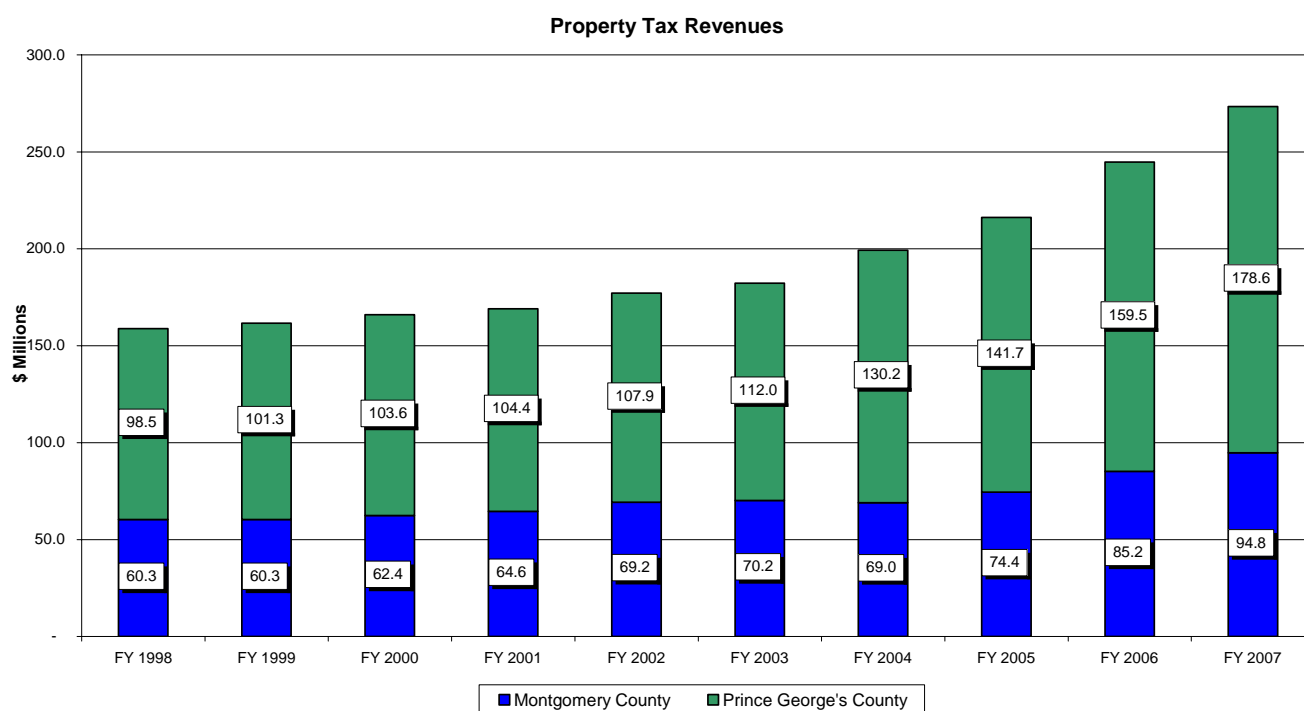
State statutes limit the amount of general obligation debt the Commission may issue to the amount that can be redeemed within 30 years from date of issue by the taxes authorized for payment of the bonds. The legal debt margin for the Commission is \$1,223.9 million of debt service for Montgomery County and \$621.9 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of \$41.9 million and \$135.7 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

The Commission's positive financial condition and future outlook are significantly impacted by the stability of its major revenue source property taxes, increases in assessable base driven by the continued economic growth in each county, healthy ending fund balances and strong fiscal oversight.

Property taxes, which constitute approximately 83% of the Commission's Governmental Funds revenues in fiscal year 2007, have consistently grown as illustrated in the chart below, and are expected to continue to grow, although at a slower rate over the next few years. The assessed value of all taxable property increased, resulting in an increase in property tax revenues in fiscal year 2007 from \$244.6 million to \$273.4 (11.8%). The Montgomery and Prince George's County unemployment rates obtained from the Maryland Department of Labor, Licensing and Regulations were 2.8% and 4.0%, respectively, as of June 2007 in comparison to the 3.9% State and 4.7% national unemployment rates.



At year-end, the Commission had a budget basis fund balance in the General Fund of \$104.1 million. Of this amount, \$14.0 million is designated to fund fiscal year 2008, \$11.2 million is designated for unforeseen circumstances, \$3.7 million is designated to fund the operating maintenance and debt service costs of future Prince George's County facilities, and \$75.3 million is uncommitted as of June 30, 2007. Of the uncommitted portion, \$68.7 million is from Prince George's County operations and will be utilized in future years to maintain a stable tax rate in accordance with its long-term fiscal plan.

The Commission's Montgomery County activities are subject to spending affordability guidelines of Montgomery County Government. In Prince George's County, a Spending Affordability Committee makes recommendations during the budgetary process to the County Executive and the County Council concerning spending affordability of the Commission's Prince George's County operations. The Commission's total Montgomery County tax rate decreased slightly in fiscal year 2008 for the Administrative Account, but increased slightly for the Park Account. The Commission's total Prince George's County real and personal property tax rates remained the same for fiscal year 2008.

The spending affordability processes along with close monitoring of financial results and projections during the fiscal year 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.

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. This report can also be found on the Commission's website, <http://www.mncppc.org> (See Budget/CAFR).

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 1

**Statement of Net Assets
June 30, 2007**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ 244,532,838	\$ 4,797,380	\$ 249,330,218
Receivables - Taxes	1,731,895	-	1,731,895
Receivables - Other	48,469	44,315	92,784
Due from County Governments	4,375,614	914,957	5,290,571
Due from Other Governments	2,909,510	146,596	3,056,106
Inventories	-	845,077	845,077
Deposits and Other	95,658	-	95,658
Restricted Cash, Cash Equivalents and Investments:			
Unspent Debt Proceeds	24,515,634	-	24,515,634
Capital Assets:			
Land and Construction in Progress	307,478,427	19,392,124	326,870,551
Other Capital Assets, Net of Accumulated Depreciation	<u>232,057,133</u>	<u>68,646,163</u>	<u>300,703,296</u>
Total Assets	<u>817,745,178</u>	<u>94,786,612</u>	<u>912,531,790</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	18,603,944	927,037	19,530,981
Accrued Interest Payable	1,757,462	46,504	1,803,966
Due to Other Governments	255,713	-	255,713
Deposits and Unearned Revenue	4,872,434	914,733	5,787,167
Claims Payable:			
Due within One Year	3,943,473	-	3,943,473
Due in more than One Year	7,065,575	-	7,065,575
Compensated Absences:			
Due within One Year	9,308,507	276,203	9,584,710
Due in more than One Year	6,051,148	702,394	6,753,542
Bonds and Notes Payable:			
Due within One Year	15,182,023	1,112,837	16,294,860
Due in more than One Year	132,728,374	5,469,729	138,198,103
Estimated Liability for Closure and Postclosure Costs			
Due within One Year	<u>13,115</u>	<u>-</u>	<u>13,115</u>
Total Liabilities	<u>199,781,768</u>	<u>9,449,437</u>	<u>209,231,205</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	416,140,797	81,455,721	497,596,518
Unrestricted	<u>201,822,613</u>	<u>3,881,454</u>	<u>205,704,067</u>
Total Net Assets	\$ <u>617,963,410</u>	\$ <u>85,337,175</u>	\$ <u>703,300,585</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, 2007

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	\$ 15,062,982	\$ -	\$ -	\$ -	\$ (15,062,982)	\$ -	\$ (15,062,982)
County Planning and Zoning	39,150,300	5,703,337	749,283	-	(32,697,680)	-	(32,697,680)
Park Operations and Maintenance	145,957,331	5,553,868	1,122,332	23,207,055	(116,074,076)	-	(116,074,076)
Recreation Programs	46,907,997	12,052,358	392,770	-	(34,462,869)	-	(34,462,869)
Interest on Long-term Debt	5,693,542	-	-	-	(5,693,542)	-	(5,693,542)
Total Governmental Activities	252,772,152	23,309,563	2,264,385	23,207,055	(203,991,149)	-	(203,991,149)
Business-type Activities:							
Recreational and Cultural Facilities	28,861,349	19,286,008	146,596	272,772	-	(9,155,973)	(9,155,973)
Total Business-type Activities	28,861,349	19,286,008	146,596	272,772	-	(9,155,973)	(9,155,973)
Total Government	\$ 281,633,501	\$ 42,595,571	\$ 2,410,981	\$ 23,479,827	(203,991,149)	(9,155,973)	(213,147,122)
General Revenues:							
Property Taxes					272,927,451	-	272,927,451
Unrestricted Investment Earnings					13,361,838	319,433	13,681,271
Transfers					(7,754,100)	7,754,100	-
Net General Revenues and Transfers					278,535,189	8,073,533	286,608,722
Change in Net Assets					74,544,040	(1,082,440)	73,461,600
Net Assets - Beginning					543,419,370	86,419,615	629,838,985
Net Assets - Ending					\$ 617,963,410	\$ 85,337,175	\$ 703,300,585

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, 2007**

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	\$ 138,057,380	\$ 2,862,122	\$ 42,345,010	\$ 11,674,924	\$ 194,939,436
Receivables - Taxes (net of allowance for uncollectibles)	1,731,895	-	-	-	1,731,895
Receivables - Other (net of allowance for uncollectibles)	28,628	-	-	19,591	48,219
Due from County Governments	667,541	3,184,849	-	279,371	4,131,761
Due from Other Governments	146,899	761,690	1,975,352	25,569	2,909,510
Restricted Cash - Unspent Debt Proceeds	-	3,506,765	17,631,068	-	21,137,833
Other	9,921	-	-	21,201	31,122
Total Assets	<u>\$ 140,642,264</u>	<u>\$ 10,315,426</u>	<u>\$ 61,951,430</u>	<u>\$ 12,020,656</u>	<u>\$ 224,929,776</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 6,462,835	\$ 2,002,744	\$ 2,491,811	\$ 158,641	\$ 11,116,031
Accrued Liabilities	5,594,324	-	-	106,466	5,700,810
Retainage Payable	-	475,890	599,111	-	1,075,001
Due to County Governments	-	-	-	11,937	11,937
Deposits and Deferred Revenue	5,431,859	618,322	-	554,148	6,604,329
Total Liabilities	<u>17,489,018</u>	<u>3,096,956</u>	<u>3,090,922</u>	<u>831,212</u>	<u>24,508,108</u>
Fund Balances:					
Reserved for Encumbrances	19,064,712	11,584,882	13,958,876	761,194	45,369,664
Reserved for Debt Service	-	-	-	1,006,341	1,006,341
Unreserved, Designated for Contingencies	11,184,700	-	-	-	11,184,700
Unreserved, Designated for Subsequent Years	13,956,400	-	-	-	13,956,400
Unreserved, Designated for Future Facilities	3,683,500	-	-	-	3,683,500
Unreserved, Undesignated, Reported in:					
General Fund	75,263,934	-	-	-	75,263,934
Special Revenue Fund	-	-	-	9,421,909	9,421,909
Capital Projects Fund	-	(4,366,412)	44,901,632	-	40,535,220
Total Fund Balances	<u>123,153,246</u>	<u>7,218,470</u>	<u>58,860,508</u>	<u>11,189,444</u>	<u>200,421,668</u>
Total Liabilities and Fund Balances	<u>\$ 140,642,264</u>	<u>\$ 10,315,426</u>	<u>\$ 61,951,430</u>	<u>\$ 12,020,656</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.	531,300,324
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.	27,333,877
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.	1,731,895
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(142,824,354)
Net Assets of Governmental Activities	<u>\$ 617,963,410</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, 2007

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 271,147,550	\$ -	\$ -	\$ 2,295,671	\$ 273,443,221
Intergovernmental -					
Federal	335,275	106,316	270,949	-	712,540
State	359,855	1,295,365	9,441,794	-	11,097,014
County	507,762	7,235,258	178,000	540,119	8,461,139
Local	30,421	-	41,225	53,129	124,775
Charges for Services	9,467,745	-	4,897	3,830,244	13,302,886
Rentals and Concessions	4,033,365	-	-	4,839,157	8,872,522
Interest	7,301,361	223,693	2,485,057	572,673	10,582,784
Sale of Land	-	-	21,925	-	21,925
Contributions	-	360,498	50,000	437,824	848,322
Miscellaneous	616,050	-	49,304	468,601	1,134,155
Total Revenues	<u>293,799,384</u>	<u>9,221,130</u>	<u>12,543,151</u>	<u>13,037,618</u>	<u>328,601,283</u>
EXPENDITURES					
Current -					
General Government	15,307,979	-	-	-	15,307,979
Planning and Zoning	36,586,616	-	-	2,866,847	39,453,463
Park Operations and Maintenance	131,228,924	-	-	559,637	131,788,561
Recreation	40,055,338	-	-	5,410,787	45,466,125
Contributions	-	-	-	1,269,884	1,269,884
Debt Service -					
Principal	-	-	-	11,630,000	11,630,000
Interest	-	-	-	5,321,528	5,321,528
Other Debt Service Costs	-	-	-	258,155	258,155
Capital Outlay -					
Park Acquisition	-	846,087	12,677,616	-	13,523,703
Park Development	-	13,615,851	12,243,235	-	25,859,086
Total Expenditures	<u>223,178,857</u>	<u>14,461,938</u>	<u>24,920,851</u>	<u>27,316,838</u>	<u>289,878,484</u>
Excess (Deficiency) of Revenues over Expenditures	<u>70,620,527</u>	<u>(5,240,808)</u>	<u>(12,377,700)</u>	<u>(14,279,220)</u>	<u>38,722,799</u>
OTHER FINANCING SOURCES (USES)					
General Obligation Bonds Issued	-	4,700,000	8,900,000	-	13,600,000
Loan Issued	284,000	-	-	-	284,000
Premiums on Bonds Issued	-	-	-	93,709	93,709
Transfers In	2,708,750	330,000	27,735,000	16,109,072	46,882,822
Transfers Out	(51,318,172)	(223,693)	(2,485,057)	(610,000)	(54,636,922)
Total Other Financing Sources (Uses)	<u>(48,325,422)</u>	<u>4,806,307</u>	<u>34,149,943</u>	<u>15,592,781</u>	<u>6,223,609</u>
Net Change in Fund Balances	22,295,105	(434,501)	21,772,243	1,313,561	44,946,408
Fund Balances - Beginning	<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>
Fund Balances - Ending	<u>\$ 123,153,246</u>	<u>\$ 7,218,470</u>	<u>\$ 58,860,508</u>	<u>\$ 11,189,444</u>	<u>\$ 200,421,668</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, 2007

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)	\$	44,946,408
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized expenditures exceeded depreciation in the current period.

Capitalized Expenditures	\$ 39,627,673	
Depreciation Expense	<u>(13,629,853)</u>	
Net adjustment		25,997,820

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	(21,925)	
Donations	4,227,650	
Transfer of Assets to Enterprise Fund	<u>(272,772)</u>	
Net adjustment		3,932,953

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.

(515,770)

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 Debt incurred, including bond premium of \$93,709 and net of bond issuance costs of \$208,370	(13,769,339)	
Repayments of Principal	<u>11,630,000</u>	
Net adjustment		(2,139,339)

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.

(175,800)

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

Change in net assets of governmental activities (Exhibit 2)	\$	<u>2,497,768</u> <u>74,544,040</u>
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The notes to the financial statements are an integral part of this statement.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 6

**Statement of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - GENERAL FUND
For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 256,562,100	\$ 256,562,100	\$ 271,147,550	\$ 14,585,450
Intergovernmental	1,032,000	1,423,496	1,233,313	(190,183)
Charges for Services	9,121,600	9,121,600	9,467,745	346,145
Rentals and Concessions	3,707,300	3,707,300	4,033,365	326,065
Interest	4,075,000	4,075,000	7,301,361	3,226,361
Miscellaneous	314,700	314,700	900,050	585,350
Total Revenues	<u>274,812,700</u>	<u>275,204,196</u>	<u>294,083,384</u>	<u>18,879,188</u>
Expenditures/Encumbrances:				
Current -				
General Government	16,236,200	16,236,200	15,618,412	617,788
County Planning and Zoning	42,296,400	42,135,464	39,072,810	3,062,654
Park Operation and Maintenance	133,509,260	133,764,091	130,934,628	2,829,463
Recreation Programs	42,108,300	42,405,901	40,851,224	1,554,677
Total Expenditures/Encumbrances	<u>234,150,160</u>	<u>234,541,656</u>	<u>226,477,074</u>	<u>8,064,582</u>
Excess of Revenues over Expenditures/Encumbrances	<u>40,662,540</u>	<u>40,662,540</u>	<u>67,606,310</u>	<u>26,943,770</u>
Other Financing Sources (Uses):				
Transfers In	850,000	850,000	2,708,750	1,858,750
Transfers Out	(53,329,100)	(53,329,100)	(51,318,172)	2,010,928
Total Other Financing Sources (Uses)	<u>(52,479,100)</u>	<u>(52,479,100)</u>	<u>(48,609,422)</u>	<u>3,869,678</u>
Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis	<u>\$ (11,816,560)</u>	<u>\$ (11,816,560)</u>	<u>18,996,888</u>	<u>\$ 30,813,448</u>
Fund Balances - Budget Basis, Beginning			<u>85,091,646</u>	
Fund Balances - Budget Basis, Ending			<u>\$ 104,088,534</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, 2007**

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
ASSETS				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 2,005,825	\$ 2,791,555	\$ 4,797,380	\$ 49,593,402
Restricted Cash, Cash Equivalents and Investments:				
Unspent Equipment Financing Proceeds	-	-	-	3,377,801
Accounts Receivable	6,971	37,344	44,315	250
Due from Other Government	14,957	146,596	161,553	243,853
Deposits and Other	-	-	-	64,536
Inventories	187,510	657,567	845,077	-
Total Current Assets	<u>2,215,263</u>	<u>3,633,062</u>	<u>5,848,325</u>	<u>53,279,842</u>
Noncurrent Assets:				
Due from County Government	900,000	-	900,000	-
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748,497
Buildings and Improvements	28,156,765	72,270,589	100,427,354	2,752,334
Machinery and Equipment	1,783,988	4,815,971	6,599,959	24,019,707
Construction in Progress	28,525	-	28,525	-
	<u>41,553,746</u>	<u>84,865,691</u>	<u>126,419,437</u>	<u>27,520,538</u>
Less - Accumulated Depreciation	<u>(13,820,363)</u>	<u>(24,560,787)</u>	<u>(38,381,150)</u>	<u>(19,285,302)</u>
Total Capital Assets, Net of Depreciation	<u>27,733,383</u>	<u>60,304,904</u>	<u>88,038,287</u>	<u>8,235,236</u>
Total Noncurrent Assets	<u>28,633,383</u>	<u>60,304,904</u>	<u>88,938,287</u>	<u>8,235,236</u>
Total Assets	<u>30,848,646</u>	<u>63,937,966</u>	<u>94,786,612</u>	<u>61,515,078</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	128,343	357,344	485,687	269,484
Claims Payable	-	-	-	3,943,473
Accrued Salaries and Benefits	167,469	273,881	441,350	442,618
Compensated Absences	96,151	180,052	276,203	9,308,507
Interest Payable	46,504	-	46,504	74,960
Revenue Collected in Advance	654,895	259,838	914,733	-
Current Portion of Revenue Bonds Payable	641,172	-	641,172	-
Current Portion of Revenue Notes Payable	444,444	-	444,444	-
Current Portion of Notes Payable	27,221	-	27,221	2,050,223
Due to Other Government	-	-	-	243,776
Total Current Liabilities	<u>2,206,199</u>	<u>1,071,115</u>	<u>3,277,314</u>	<u>16,333,041</u>
Noncurrent Liabilities:				
Claims Payable	-	-	-	7,065,575
Revenue Bonds Payable	3,025,281	-	3,025,281	-
Revenue Notes Payable	2,444,448	-	2,444,448	-
Notes Payable	-	-	-	4,731,437
Compensated Absences	209,895	492,499	702,394	6,051,148
Total Noncurrent Liabilities	<u>5,679,624</u>	<u>492,499</u>	<u>6,172,123</u>	<u>17,848,160</u>
Total Liabilities	<u>7,885,823</u>	<u>1,563,614</u>	<u>9,449,437</u>	<u>34,181,201</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	21,150,817	60,304,904	81,455,721	4,831,377
Unrestricted	1,812,006	2,069,448	3,881,454	22,502,500
Total Net Assets	<u>\$ 22,962,823</u>	<u>\$ 62,374,352</u>	<u>\$ 85,337,175</u>	<u>\$ 27,333,877</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, 2007**

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Operating Revenues:				
Intergovernmental - Federal	\$ -	\$ 146,596	\$ 146,596	\$ -
Sales	665,478	2,491,999	3,157,477	-
Charges for Services	6,166,399	4,526,163	10,692,562	43,196,456
Claim Recoveries	-	-	-	691,731
Rentals and Concessions	2,462,051	2,973,918	5,435,969	-
Total Operating Revenues	9,293,928	10,138,676	19,432,604	43,888,187
Operating Expenses:				
Cost of Goods Sold	357,948	1,595,116	1,953,064	-
Personal Services	2,791,427	9,275,905	12,067,332	15,070,972
Supplies and Materials	440,040	1,613,582	2,053,622	130,548
Claims Incurred	-	-	-	16,302,139
Insurance	-	-	-	8,615,221
Communications	27,099	292,902	320,001	-
Utilities	1,263,607	1,759,906	3,023,513	-
Maintenance	258,830	863,532	1,122,362	-
Contractual Services	1,140,276	582,608	1,722,884	1,007,493
Other Services and Charges	211,319	587,537	798,856	944,505
Administrative Services	1,434,788	300,800	1,735,588	-
Depreciation	1,382,939	2,336,410	3,719,349	1,887,686
Total Operating Expenses	9,308,273	19,208,298	28,516,571	43,958,564
Operating (Loss)	(14,345)	(9,069,622)	(9,083,967)	(70,377)
Nonoperating Revenues (Expenses):				
Investment Earnings	109,957	209,476	319,433	2,779,054
Interest Expense, net of Amortization	(336,317)	-	(336,317)	(210,909)
Loss on Sale of Asset	(8,461)	-	(8,461)	-
Total Nonoperating Revenue (Expense)	(234,821)	209,476	(25,345)	2,568,145
Income (Loss) before Contributions and Transfers	(249,166)	(8,860,146)	(9,109,312)	2,497,768
Contribution from General Government Assets	-	272,772	272,772	-
Transfers In	405,000	7,349,100	7,754,100	250,000
Transfers Out	-	-	-	(250,000)
Total Contributions and Transfers	405,000	7,621,872	8,026,872	-
Change in Net Assets	155,834	(1,238,274)	(1,082,440)	2,497,768
Total Net Assets - Beginning	22,806,989	63,612,626	86,419,615	24,836,109
Total Net Assets - Ending	\$ 22,962,823	\$ 62,374,352	\$ 85,337,175	\$ 27,333,877

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, 2007

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 9,232,970	\$ 10,052,112	\$ 19,285,082	\$ 44,479,436
Payments to Suppliers	(3,142,583)	(7,201,201)	(10,343,784)	(26,048,669)
Payments to Employees	(2,837,668)	(9,195,561)	(12,033,229)	(14,030,673)
Payments for Interfund Services Used	(549,800)	-	(549,800)	(370,200)
Payments for Administrative Charges	(1,434,788)	(300,800)	(1,735,588)	-
Net Cash Provided (Used) by Operating Activities	1,268,131	(6,645,450)	(5,377,319)	4,029,894
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	405,000	7,349,100	7,754,100	250,000
Transfers Out to Other Funds	-	-	-	(250,000)
Net Cash Provided (Used) by Noncapital Financing Activities	405,000	7,349,100	7,754,100	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(99,468)	(273,544)	(373,012)	(1,701,069)
Principal Paid on Bonds and Notes Payable	(1,091,678)	-	(1,091,678)	(1,725,917)
Interest Paid	(304,254)	-	(304,254)	(210,909)
Payment Received on Long Term Note	180,000	-	180,000	-
Proceeds from Financing - Notes Payable	-	-	-	3,300,000
Net Cash Used by Capital and Related Financing Activities	(1,315,400)	(273,544)	(1,588,944)	(337,895)
Cash Flows from Investing Activities:				
Interest on Investments	109,957	209,476	319,433	2,779,054
Net Cash Provided by Investing Activities	109,957	209,476	319,433	2,779,054
Net Increase (Decrease) in Cash and Cash Equivalents	467,688	639,582	1,107,270	6,471,053
Cash and Cash Equivalents, July 1	1,538,137	2,151,973	3,690,110	46,500,150
Cash and Cash Equivalents, June 30	\$ 2,005,825	\$ 2,791,555	\$ 4,797,380	\$ 52,971,203

Exhibit 9
continued

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating (Loss)	\$ (14,345)	\$ (9,069,622)	\$ (9,083,967)	\$ (70,377)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,382,939	2,336,410	3,719,349	1,887,686
Effect of Changes in Assets and Liabilities in:				
Accounts Receivable	(183)	93,471	93,288	353,784
Due from County Government	(14,957)	(146,596)	(161,553)	15,923
Inventories, at Cost	12,525	32,051	44,576	-
Deposits and Other	-	-	-	221,542
Accounts Payable	1,685	94,157	95,842	(1,204,064)
Claims Payable	-	-	-	1,633,191
Accrued Salaries and Benefits	1,185	(531)	654	-
Compensated Absences	(47,426)	49,762	2,336	1,040,298
Interest Payable	(7,474)	-	(7,474)	14,351
Due to County Government	-	(1,113)	(1,113)	137,560
Revenue Collected in Advance	(45,818)	(33,439)	(79,257)	-
Total Adjustments	1,282,476	2,424,172	3,706,648	4,100,271
Net Cash Provided (Used) by Operating Activities	\$ 1,268,131	\$ (6,645,450)	\$ (5,377,319)	\$ 4,029,894

In FY 2007 the Montgomery County Enterprise Fund sold \$840,400 of equipment and \$239,600 of inventory for a long term note of \$1,080,000.

In FY 2007, \$227,287 of improvements and \$45,485 of machinery and equipment 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, 2007**

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 465,014	\$ 36,269,797	\$ 3,445,470
Cash	181,098	-	-
Restricted Cash: Unspent Bond Proceeds	-	2,015,019	-
Fixed Income Securities	186,460,125	-	-
International Fixed Income Securities	38,275,247	-	-
Common Stock	355,478,653	-	-
International Common Stock	81,014,618	-	-
International Short Term Investments	19,879,005	-	-
Mutual Funds	129,843	-	-
Collateral for Securities Lending Transactions	63,447,751	-	-
Accounts Receivable	1,860,469	4,402	-
Due from Other Governments	-	-	-
Deposits and Other	24,193	-	-
Land Held for Other Governments	-	33,832,645	-
Total Assets	<u>747,216,016</u>	<u>72,121,863</u>	<u>3,445,470</u>
LIABILITIES			
Investment Payable	38,627,816	-	-
Accounts Payable	880,377	1,992	2,546,365
Claims Payable	457,127	-	-
Obligation for Collateral Received			
under Securities Lending Transactions	63,447,751	-	-
Deposits	-	-	899,105
Total Liabilities	<u>103,413,071</u>	<u>1,992</u>	<u>3,445,470</u>
NET ASSETS			
Assets Held in Trust for:			
Land Held for Other Governments	-	33,832,645	-
Pension Benefits	643,658,751	-	-
Other Postemployment Benefits	144,194	-	-
Other Purposes	-	38,287,226	-
Total Net Assets	<u>\$ 643,802,945</u>	<u>\$ 72,119,871</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, 2007**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 14,483,582	\$ -
Plan Members	4,402,195	-
Plan Members for Current Benefits	889,979	-
Private Donations	-	32,721
Total Contributions	<u>19,775,756</u>	<u>32,721</u>
Receipts from Commission Debt Service Funds	-	1,269,884
Gain on Sale of Land	-	12,347,440
Investment Earnings:		
Interest	8,957,011	1,473,599
Dividends	2,539,199	-
Net increase in the Fair Value of Investments	<u>81,413,218</u>	<u>-</u>
Total Investment Earnings	92,909,428	1,473,599
Less Investment Advisory and Management Fees	<u>(2,238,329)</u>	<u>-</u>
Net Income from Investing Activities	<u>90,671,099</u>	<u>1,473,599</u>
Securities Lending Activity		
Securities Lending Income	3,167,430	-
Securities Lending Fees	<u>(3,078,078)</u>	<u>-</u>
Net Income from Securities Lending Activity	<u>89,352</u>	<u>-</u>
Total Net Investment Income	<u>90,760,451</u>	<u>1,473,599</u>
Total Additions	<u>110,536,207</u>	<u>15,123,644</u>
DEDUCTIONS		
Benefits	26,867,635	-
Refunds of Contributions	489,233	-
Administrative Expenses	1,182,229	-
Contribution to Commission Debt Service Funds	-	99,500
Other	-	63,039
Total Deductions	<u>28,539,097</u>	<u>162,539</u>
Change in Net Assets	81,997,110	14,961,105
Net Assets - Beginning	561,805,835	57,158,766
Net Assets - Ending	<u>\$ 643,802,945</u>	<u>\$ 72,119,871</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, 2007

(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 7.

(B) Government-wide and Fund Financial Statements

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

In fiscal year 2007, the Commission implemented GASB statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". Implementing this statement required certain activities related to retiree benefit activity previously reported in an Internal Service fund to be included in the financial reporting of the Employees' Post Employment Benefits Fund, a Pension Trust Fund.

The Commission intends to implement the accounting requirements of GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" in fiscal year 2008.

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, 2007.

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 7. 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 eight 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 Capital Equipment Fund, Prince George's County Executive Office Building Fund, Prince George's County Employee Benefits Fund, Prince George's County Risk Management Fund, and Commission Wide Initiatives 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 Commission 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 has not been funded based on actuarial information. This fund will be the vehicle for funding 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, Commission wide initiatives, 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 service fund expenses by allocating the expenses to other functions. Expenses for capital equipment, risk management and Commission wide initiatives are allocated based on revenues, and for employee benefits based on salaries expense. The expenses of the Prince George's County Executive Office Building Fund are allocated to general government. The funds are so unique that a single allocation method was not appropriate.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services.

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Property Taxes Receivable – All property tax receivables are shown net of an allowance for uncollectible accounts of \$3,570,105 at June 30, 2007. 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.

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 and five years of postclosure care was required to begin at that time. 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 \$13,000 over the 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 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 \$28,824,600 of fund balances in the General Fund at June 30, 2007, to fund fiscal year 2008 operations and future facilities costs and allow for contingencies, as follows:

Account	Montgomery County		Prince George's County			Total
	Contingencies	Fiscal Year 2008	Contingencies	Future Facilities	Fiscal Year 2008	
Administration	\$ 801,000	\$ 778,900	\$ 1,547,600	\$ -	\$ 3,522,400	\$ 6,649,900
Park	1,964,300	-	4,551,800	3,683,500	9,655,100	19,854,700
Recreation	N/A	N/A	2,320,000	-	-	2,320,000
	<u>\$ 2,765,300</u>	<u>\$ 778,900</u>	<u>\$ 8,419,400</u>	<u>\$ 3,683,500</u>	<u>\$ 13,177,500</u>	<u>\$ 28,824,600</u>

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

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

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

Land	\$ 278,759,356
Buildings and improvements	192,877,683
Infrastructure	218,339,218
Machinery and Equipment	46,837,047
Accumulated Depreciation on Buildings, Improvements and Machinery and Equipment	(233,483,554)
Construction in Progress	27,970,574
Total	<u>\$ 531,300,324</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) includes:

Bonds and Notes Payable:	
Due Within One Year	\$ 13,131,800
Due in More than One Year	127,996,937
Estimated Liability for Postclosure Costs:	
Due Within One Year	13,115
Accrued Interest Payable	1,682,502
Totals	<u>\$ 142,824,354</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 Montgomery County Park Account, and the Account level for 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 2007 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, 2007 is as follows. The following account information is reported in Note 7.

	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, 2006	\$ 1,796,920	\$ 2,865,673	\$ 5,533,737	\$ 3,470,405	\$ 2,099,760	\$ 15,766,495
To Decrease -						
Encumbrances -						
June 30, 2007	(2,365,587)	(2,278,054)	(7,761,697)	(3,763,728)	(2,895,646)	(19,064,712)
Total Adjustment	(568,667)	587,619	(2,227,960)	(293,323)	(795,886)	(3,298,217)
Net Change in Fund Balance:						
GAAP Basis	1,851,076	2,990,652	5,547,938	4,221,883	7,683,556	22,295,105
Budget Basis	\$ 1,282,409	\$ 3,578,271	\$ 3,319,978	\$ 3,928,560	\$ 6,887,670	\$ 18,996,888

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2007, totaled \$1,060,907,492. The Commission's unrestricted pool of deposits and investments (\$289,510,499) 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 cash deposits was \$2,399,992 and the bank balance was \$4,641,270. In addition, the Commission held cash at various locations totaling \$237,535. Of the bank balance, \$200,000 was covered by Federal depository insurance and the remainder was collateralized by \$4,225,378 of securities held by a member of the Federal Reserve banking system in the name of the Commission and the Commission's bank. Deposits of \$235,523 were uninsured and uncollateralized at June 30, 2007.

In addition, the Commission had Certificates of Deposit with a carrying value (including accrued interest) of \$45,733,269 at June 30, 2007. The certificates, with an average life of 84.57 days, were covered by collateral of \$45,620,188, which is greater than bank balances.

The Commission requires collateral for the bank balances of deposits 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, 2007 except for one account used for collections which at time to time had balances in excess of the \$100,000 FDIC Insurance coverage. 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 investment grade money market accounts is \$3,957,668. All such deposits relate to cash and investments restricted for construction, or capital equipment acquisition.

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 \$24,515,634 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 - Fixed income investments included in the Commission's Pooled Investments at June 30, 2007 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Commercial Paper	\$ 11,117,617	52.57
Federal Farm Credit Bank Notes	743,430	59.13
U.S. Treasury Bills	5,115,401	44.66
Bankers Acceptances	4,138,234	148.09
Federal Home Loan Bank Notes	38,950,988	91.84
Federal Home Loan Mortgage Association Notes	40,385,462	90.77
Federal National Mortgage Association Notes	33,417,357	71.37
Municipal Securities	9,692,273	8.03
Repurchase Agreements	120,151,926	83.21
Total fair value	<u>\$ 263,712,688</u>	
Portfolio Weighted Average Maturity		79.57

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. 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.

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 but are still recognized as investment grade. All related investments have received ratings of the highest letter quality, except for \$579,867 (2.5%) of bond funds invested in a money market fund that is considered investment grade.

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>
U.S. Government Securities	100 %
U.S. Agency Securities	60
Repurchase Agreements	60
Certificates of Deposit (Including Time Deposits) **	25
Bankers' Acceptances	50
Bankers' Acceptances – Non-U.S.	5
Commercial Paper	10
Pooled Investments	25
Money Market Mutual Funds (10%/fund)	25
Bond Proceeds:	
Municipal Securities	100
Money Market Mutual Funds – Highest Rating	100
Money Market Mutual Funds – Investment Grade	10

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

* 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, 2007, was \$20,045,752. Cash deposits in the bank account totaled \$166,747 that was insured and collateralized. At June 30, 2007, ERS held \$19,879,005 of cash equivalents in its custodial investment accounts.

As of June 30, 2007, ERS's cash equivalents were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 200,970
Uninsured and held by custodial bank not in ERS's name	213,970
	<u>\$ 414,940</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, 2007 was 5.39 years with the Merrill Lynch BB/B and the Lehman Aggregate at 4.94 and 4.70 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, 2007 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Common Stock	\$ 435,344,187
Convertible Equity	1,149,084
Government Bonds	8,021,215
Government Agencies	19,013,722
Provincial Bonds	166,093
Corporate Bonds	46,824,666
Corporate Convertible Bonds	1,244,244
Government Mortgage Backed Securities	52,435,469
Commercial Mortgage-Backed	2,964,588
Asset Backed Securities	6,209,958
Non-Government Backed CMOs	18,558,757
Index Linked Government Bonds	4,866,595
Fixed Income Mutual Funds	64,430,065
Short Term Bills and Notes	139,763
Cash & Cash Equivalent Derivative-Options	130,205
Short Term Investment Funds	18,291,079
Securities Lending Short Term Collateral Investment Pool	63,447,751
Cash	1,317,958
Total Investments	<u>\$ 744,555,399</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 \$744.6 million in investments at June 30, 2007, \$63.4 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, 2007, is presented by type below:

<u>Collateral</u>	<u>Fair Value</u>
Global Government	\$ 1,397,489
U.S. Agencies	9,233,102
U.S. Corporate Fixed	13,898,390
U.S. Equities	27,169,514
U.S. Government Fixed	11,749,256
Total	<u>\$ 63,447,751</u>

As of June 30, 2007, 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	\$ 6,209,958	23.465319
Commercial Mortgage-Backed	2,964,588	34.297681
Corporate Bonds	46,824,666	13.728873
Corporate Convertible Bonds	1,244,244	3.191527
Government Agencies	19,013,722	11.946174
Government Bonds	8,021,215	13.417644
Government Mortgage Backed Securities	52,435,469	23.593317
Index Linked Government Bonds	4,866,595	16.474443
Provincial Bonds	166,093	5.923000
Non - Government Backed CMOs	18,558,757	31.414155
Fixed Income Mutual Funds	64,430,065	N/A
Short Term Bills and Notes	139,763	0.717000
Short Term Investment Funds	18,291,079	N/A
Totals	<u>\$ 243,166,214</u>	
Portfolio Weighted Average Maturity		18.352088

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 \$18,558,757 in CMO's at June 30, 2007.

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 \$6,209,958 in ABS at June 30, 2007.

Credit Quality – ERS Credit Quality Ratings Summary as rated by Standard & Poor's Rating Services as of June 30, 2007 is as follows:

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

Agency	Government	8.830 %
Agency	AAA	2.144
Agency	A	0.063
Agency	BB	0.173
Agency	Not Rated	0.132
Asset Backed Securities	AAA	0.707
Asset Backed Securities	BBB	0.082
Asset Backed Securities	Not Rated	0.045
Commercial Mortgage Backed Securities	AAA	0.372
Commercial Mortgage Backed Securities	Not Rated	0.045
Non-Government Backed C.M.O.'s	AAA	2.112
Non-Government Backed C.M.O.'s	Not Rated	0.381
Corporate Bonds	AAA	0.144
Corporate Bonds	AA	0.378
Corporate Bonds	A	2.019
Corporate Bonds	BBB	1.463
Corporate Bonds	BB	0.809
Corporate Bonds	B	1.410
Corporate Bonds	CCC	0.269
Corporate Bonds	Not Rated	1.384
Provincial Bonds	AAA	0.022
Fixed Income Mutual Funds	Not Rated	8.099
Short Term Investment Fund	Not Rated	2.457

Foreign Currency Risk – ERS's exposure to foreign currency risk at June 30, 2007, is as follows:

<u>Investment Type</u>	<u>Currency</u>	<u>Fair Value</u>
Government Bonds	Brazilian Real	\$ 1,137,020
Government Bonds	Columbian Peso	173,670
Government Bonds	South African Rand	130,008
Government Bonds	Mexican Peso	813,616
Government Agencies	Icelandic Krona	73,839
Corporate Bonds	Indonesian Rupiah	488,846
Corporate Bonds	Malaysian Ringgit	298,914
Corporate Bonds	New Zealand Dollars	82,964
Corporate Bonds	Canadian Dollars	8,240
Corporate Bonds	Mexican Peso	94,279
Corporate Bonds	South African Rand	129,140
Corporate Bonds	South Korean Won	497,889
Cash	Argentine Peso	6,624
Total		<u>\$ 3,935,049</u>

Cash Received as Securities Lending Collateral

The following table details the net income from securities lending for the period ending June 30, 2007:

Security lending income	\$ 3,167,430
Less security lending fees	<u>3,078,078</u>
Net securities lending income	<u>\$ 89,352</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, 2007. 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 103 days in 2007.

Cash open collateral is invested in a short-term investment pool, which had an average weighted maturity of 39 days in 2007. 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, 2007:

<u>Securities Lent</u>	<u>Fair Value</u>	<u>Cash Collateral Received*</u>	<u>Noncash Collateral Value*</u>
Fixed income securities	\$ 35,521,296	\$ 36,278,237	\$ 1,201,359
Domestic equities	26,539,645	27,169,514	314,523
Total	<u>\$ 62,060,941</u>	<u>\$ 63,447,751</u>	<u>\$ 1,515,882</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.

Other Post Employment Benefits (the "Trust") Cash and Investments

The Trust had \$14,351 of deposits in investment grade money market accounts at June 30, 2007. The trust participates in the Commission's pooled cash for payment of benefits, and had an equity in pooled cash balance of \$465,014. Investments in mutual funds totaled \$129,843.

Investments - The Board of Trustees of the Trust ("Board") is authorized by the Trust Agreement dated July 1, 1999 to invest and reinvest the Trust Fund. 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 target allocations as established by the Board for the authorized investment classes during fiscal year 2007 are as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equity Funds		
Large Cap	10%	20%
Small Cap	0%	10%
International	0%	10%
Fixed Income Funds		
Short Term	20%	30%
Intermediate Term	35%	45%
Cash and Equivalents	9%	11%

New target allocations were approved by the Board on July 18, 2007.

The Trust's investments in mutual funds at June 30, 2007 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Large Cap Equity	\$ 22,746
Small Cap Equity	7,920
International Equity	8,903
Short Term Fixed Income	35,921
Intermediate term Fixed Income	54,353
Total Investments	<u><u>\$ 129,843</u></u>

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

Statement of Net Assets

Equity in Pooled Cash and Investments	\$ 249,330,218
Restricted Cash, Cash Equivalents and Investments - Unspent Bonds Proceeds	24,515,634

Statement of Net Assets - Fiduciary Funds

Equity in Pooled Cash and Investments - Pension Trust Funds	465,014
Equity in Pooled Cash and Investments - Private Purpose Trust Funds	36,269,797
Equity in Pooled Cash and Investments - Agency Funds	3,445,470
Restricted Cash Unspent Bond Proceeds - Private Purpose Trust Funds	2,015,019
Cash and Marketable Securities - Pension Trust Funds	681,418,589
Collateral for Securities Lending Transactions - Pension Trust Funds	63,447,751
Total	<u>\$ 1,060,907,492</u>

They are composed of:

Cash in Banks of Commission	\$ 2,399,992
Cash of Employees' Retirement System Pension Trust Fund	166,747
Cash in Other Locations - Commission	237,535
Money Market Deposits of Commission	3,972,019
Certificates of Deposit of Commission	45,733,269
Fixed Income Securities In Commission's Investment Pool	263,712,688
Mutual funds in Other Post Employment Benefits Fund	129,843
Investments of Employees' Retirement System Pension Trust Fund	
Equity Investments	436,493,271
Fixed Income Securities	243,166,214
Cash	1,317,958
Cash & Cash Equivalent Derivative-Options	130,205
Collateral for Securities Lending Transactions	63,447,751
Total	<u>\$ 1,060,907,492</u>

(B) Capital Assets

A summary of governmental activities capital assets at June 30, 2007 is as follows:

	July 1, 2006	Increases	Decreases	Transfers/ Contributions	June 30, 2007
Capital assets not being depreciated:					
Land	\$ 261,870,735	\$ 17,659,043	\$ (21,925)	\$ -	\$ 279,507,853
Construction in progress	15,868,936	21,028,855	-	(8,927,217)	27,970,574
Total capital assets not being depreciated	<u>277,739,671</u>	<u>38,687,898</u>	<u>(21,925)</u>	<u>(8,927,217)</u>	<u>307,478,427</u>
Other capital assets, being depreciated:					
Buildings and improvements	192,509,184	140,250	-	2,980,583	195,630,017
Infrastructure	212,635,857	29,500	-	5,673,862	218,339,219
Machinery and equipment	66,182,476	6,698,748	(2,024,471)	-	70,856,753
Total other capital assets	<u>471,327,517</u>	<u>6,868,498</u>	<u>(2,024,471)</u>	<u>8,654,445</u>	<u>484,825,989</u>
Less accumulated depreciation for:					
Buildings and improvements	(97,128,215)	(5,816,961)	-	-	(102,945,176)
Infrastructure	(92,272,495)	(5,486,241)	-	-	(97,758,736)
Machinery and equipment	(49,875,076)	(4,214,339)	2,024,471	-	(52,064,944)
Total accumulated depreciation	<u>(239,275,786)</u>	<u>(15,517,541)</u>	<u>2,024,471</u>	<u>-</u>	<u>(252,768,856)</u>
Total other capital assets, net	<u>232,051,731</u>	<u>(8,649,043)</u>	<u>-</u>	<u>8,654,445</u>	<u>232,057,133</u>
Governmental activities capital assets, net	<u>\$ 509,791,402</u>	<u>\$ 30,038,855</u>	<u>\$ (21,925)</u>	<u>\$ (272,772)</u>	<u>\$ 539,535,560</u>

Summaries of business-type activities capital assets at June 30, 2007, made up of two major enterprise funds, are as follows:

	July 1, 2006	Increases	Decreases	Transfers	June 30, 2007
Montgomery County Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 11,584,468	\$ -	\$ -	\$ -	\$ 11,584,468
Construction in progress	9,605	18,920	-	-	28,525
Total capital assets not being depreciated	<u>11,594,073</u>	<u>18,920</u>	<u>-</u>	<u>-</u>	<u>11,612,993</u>
Capital assets being depreciated					
Buildings and improvements	28,156,765	-	-	-	28,156,765
Machinery and equipment	5,229,699	80,548	(3,526,259)	-	1,783,988
Total capital assets being depreciated	<u>33,386,464</u>	<u>80,548</u>	<u>(3,526,259)</u>	<u>-</u>	<u>29,940,753</u>
Less accumulated depreciation for:					
Buildings	(11,113,800)	(1,309,157)	-	-	(12,422,957)
Machinery and equipment	(4,001,022)	(73,782)	2,677,398	-	(1,397,406)
Total accumulated depreciation	<u>(15,114,822)</u>	<u>(1,382,939)</u>	<u>2,677,398</u>	<u>-</u>	<u>(13,820,363)</u>
Total capital assets being depreciated, net	<u>18,271,642</u>	<u>(1,302,391)</u>	<u>(848,861)</u>	<u>-</u>	<u>16,120,390</u>
Capital assets, net	<u>\$ 29,865,715</u>	<u>\$ (1,283,471)</u>	<u>\$ (848,861)</u>	<u>\$ -</u>	<u>\$ 27,733,383</u>
Prince George's County Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 7,779,131	\$ -	\$ -	\$ -	\$ 7,779,131
Capital assets being depreciated:					
Buildings and improvements	72,043,302	-	-	227,287	72,270,589
Machinery and equipment	4,533,341	273,544	(36,399)	45,485	4,815,971
Total capital assets being depreciated	<u>76,576,643</u>	<u>273,544</u>	<u>(36,399)</u>	<u>272,772</u>	<u>77,086,560</u>
Less accumulated depreciation for:					
Buildings and improvements	(19,167,176)	(2,110,080)	-	-	(21,277,256)
Machinery and equipment	(3,093,600)	(226,330)	36,399	-	(3,283,531)
Total accumulated depreciation	<u>(22,260,776)</u>	<u>(2,336,410)</u>	<u>36,399</u>	<u>-</u>	<u>(24,560,787)</u>
Total capital assets being depreciated, net	<u>54,315,867</u>	<u>(2,062,866)</u>	<u>-</u>	<u>272,772</u>	<u>52,525,773</u>
Capital assets, net	<u>\$ 62,094,998</u>	<u>\$ (2,062,866)</u>	<u>\$ -</u>	<u>\$ 272,772</u>	<u>\$ 60,304,904</u>

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

Governmental activities:	
General Government	\$ 327,854
County Planning and Zoning	685,908
Park Operations and Maintenance	12,109,962
Recreation Programs	2,393,817
Total depreciation expense - governmental activities	<u>\$ 15,517,541</u>
Total depreciation expense - business-type activities:	
Recreational and Cultural Facilities	<u>\$ 3,719,349</u>

Construction Commitments - The Commission is committed to \$25,543,758 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, 2007.

The Commission had the following interfund transfers during fiscal year 2007:

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	\$ -	\$ 50,000
General Fund - Park Account	-	330,000	27,125,000	16,059,072	7,354,100	50,868,172
General Fund - Recreation Account	-	-	-	-	400,000	400,000
Special Revenue Fund	-	-	610,000	-	-	610,000
Capital Projects - Interest	2,708,750	-	-	-	-	2,708,750
Total Transfers In	\$ 2,708,750	\$ 330,000	\$ 27,735,000	\$ 16,109,072	\$ 7,754,100	\$ 54,636,922
Transfers Out						
General Fund - Park Account	\$ -	\$ 223,693	\$ 2,485,057	\$ -	\$ -	\$ 2,708,750
Debt Service Fund	15,993,072	-	-	-	-	15,993,072
Capital Projects	27,455,000	-	-	610,000	-	28,065,000
Special Revenue Fund	116,000	-	-	-	-	116,000
Enterprise Fund	7,754,100	-	-	-	-	7,754,100
Total Transfers Out	\$ 51,318,172	\$ 223,693	\$ 2,485,057	\$ 610,000	\$ -	\$ 54,636,922

A majority of the transfers was to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds (\$15,993,072) and current funding for Capital Projects (\$28,065,000).

Proprietary fund transfers are made up of the following:

Interfund Transfers:	Montgomery County Enterprise Fund	Prince George's County Enterprise Fund	Internal Service Funds	Total Proprietary Funds
Transfers In				
General Fund - Park Account	\$ 405,000	\$ 6,949,100	\$ -	\$ 7,354,100
General Fund - Recreation Account	-	400,000	-	400,000
Total Transfers In	\$ 405,000	\$ 7,349,100	\$ -	\$ 7,754,100

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 \$1,269,884 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 and office equipment 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, 2007 are as follows (\$000's):

Year Ending June 30	Operating Leases		
	Total	Montgomery County	Prince George's County
2008	\$ 1,667	\$ 894	\$ 773
2009	1,523	842	681
2010	1,468	787	681
2011	1,480	799	681
2012	913	604	309
Total minimum lease payments	<u>\$ 7,051</u>	<u>\$ 3,926</u>	<u>\$ 3,125</u>

In fiscal year 2007, expenditures in the General Fund included \$1,315,681 relating to the rental of office space and \$1,217,970 relating to rental and other charges for rented equipment.

(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, 2007 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
2008	\$ 2,355	\$ 1,739	\$ 144	\$ 27	\$ 1		\$ 368	\$ 76
2009	1,767	1,225	97	-	-		384	61
2010	1,768	1,264	59	-	-		401	44
2011	1,002	663	25	-	-		285	29
2012	645	368	4	-	-		258	15
2013	113	-	-	-	-		110	3
Total payments	<u>\$ 7,650</u>	<u>\$ 5,259</u>	<u>\$ 329</u>	<u>\$ 27</u>	<u>\$ 1</u>		<u>\$ 1,806</u>	<u>\$ 228</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 2007, debt service payments approximated 0.30 cents per \$100 of real property and 0.75 cents per \$100 of personal property for Montgomery County and 2.00 cents for real property and 5.00 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for operating and maintaining the park system of the respective counties.

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

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

Montgomery County General Obligation Bonds						
Fiscal Year	Governmental Activities					
	Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	Total ALA Payments
2008	\$ 2,560	\$ 1,265	\$ 3,825	\$ 545	\$ 163	\$ 708
2009	2,580	1,168	3,748	535	141	676
2010	2,680	1,074	3,754	530	118	648
2011	2,695	974	3,669	535	95	630
2012	2,335	877	3,212	240	79	319
2013 - 2017	9,655	3,052	12,707	945	269	1,214
2018 - 2022	7,005	1,224	8,229	600	134	734
2023 - 2027	2,515	225	2,740	360	22	382
Totals	<u>\$ 32,025</u>	<u>\$ 9,859</u>	<u>\$ 41,884</u>	<u>\$ 4,290</u>	<u>\$ 1,021</u>	<u>\$ 5,311</u>

Prince George's County General Obligation Bonds							
Fiscal Year	Governmental Activities						Total Commission
	Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	Total ALA Payments	General Obligation Bonds
2008	\$ 9,665	\$ 4,039	\$ 13,704	\$ 305	\$ 53	\$ 358	\$ 18,595
2009	9,525	3,741	13,266	300	37	337	18,027
2010	9,535	3,418	12,953	295	22	317	17,672
2011	9,405	3,086	12,491	290	8	298	17,088
2012	8,255	2,782	11,037	-	-	-	14,568
2013 - 2017	35,060	9,460	44,520	-	-	-	58,441
2018 - 2022	19,520	3,323	22,843	-	-	-	31,806
2023 - 2027	4,435	450	4,885	-	-	-	8,007
Totals	<u>\$ 105,400</u>	<u>\$ 30,299</u>	<u>\$ 135,699</u>	<u>\$ 1,190</u>	<u>\$ 120</u>	<u>\$ 1,310</u>	<u>\$ 184,204</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 3.75%, the rate in effect starting June 30, 2007, was used. Interest rates during the year ranged from 3.08% to 3.85%.

Outstanding General Obligation Bonds - General obligation bonds outstanding at June 30, 2007, 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>FY2008 Serial Payment</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2007</u>
<u>Montgomery County</u>						
Park Acquisition and Development Bonds						
Series U-2	4.5346 %	08/01/98	08/01/18	\$ 280	\$ 7,000	\$ 5,110
Series Y-2	5.0232	11/01/00	11/01/20	230	5,700	4,620
Series CC-2 (Note 1)	3.7819	12/01/02	12/01/22	845	12,155	9,165
Series FF-2	3.8457	11/15/04	12/01/24	160	4,000	3,680
Series HH-2 Current refunding	3.1807	07/15/05	07/01/14	860	5,445	4,750
Series I I-2	3.9651	03/15/07	04/01/27	185	4,700	4,700
				<u>2,560</u>	<u>39,000</u>	<u>32,025</u>
Advance Land Acquisition Bonds						
Bonds of 1995 Advance Refunding	4.7707	12/01/95	07/01/10	310	3,345	1,205
ALA Refunding Bonds of 2002, Series DD-2	3.4748	12/01/02	12/01/14	155	1,550	1,245
ALA Bonds of 2004 Series	3.8457	11/15/04	12/01/24	80	2,000	1,840
				<u>545</u>	<u>6,895</u>	<u>4,290</u>
Total Montgomery County General Obligation Bonds				<u>\$ 3,105</u>	<u>\$ 45,895</u>	<u>\$ 36,315</u>
<u>Prince George's County</u>						
Park Acquisition and Development Bonds						
Series W-2	6.4000	06/25/98	07/01/12	\$ 615	\$ 7,325	\$ 3,225
Series Z-2	4.5481	07/15/01	05/01/21	750	18,700	15,150
Series AA-2 (Note 2)	Note 2	07/25/02	05/01/22	900	21,200	18,200
Series BB-2 Advance Refunding	3.3944	12/01/02	07/01/14	1,665	21,110	12,615
Series EE-2 (Note 1)	3.2824	03/15/04	01/15/24	2,900	37,525	35,685
Series GG-2 Current Refunding	3.1053	07/15/05	07/01/12	2,480	13,685	11,625
Series JJ-2	4.3180	05/15/07	05/01/27	355	8,900	8,900
				<u>9,665</u>	<u>128,445</u>	<u>105,400</u>
Advance Land Acquisition Bonds						
Bonds of 1995 Advance Refunding	4.8991	12/01/95	07/01/10	305	3,300	1,190
Total Prince George's County General Obligation Bonds				<u>\$ 9,970</u>	<u>\$ 131,745</u>	<u>\$ 106,590</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, 2007 a rate of 3.75% 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 \$6,715,659 at June 30, 2007, are accounted for in the Montgomery County Enterprise Fund. Debt service expenditures for the revenue bonds and notes totaled \$1,376,000 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, 2007, 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
2008	1,086	267	\$ 1,353
2009	1,107	222	1,329
2010	1,130	176	1,306
2011	1,152	130	1,282
2012	1,176	83	1,259
2013 - 2014	1,064	41	1,105
Total	<u>\$ 6,715</u>	<u>\$ 919</u>	<u>\$ 7,634</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 \$160,314 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2007, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale		Dated	Final Maturity Date	FY2008 Serial Payment	Original Issue	Outstanding at June 30, 2007
<u>Montgomery County</u>							
Revenue Bonds and Notes							
Little Bennett Golf Course (net of deferred amount)	3.3705	%	12/09/03	11/01/12	\$ 337	\$ 3,154	\$ 2,198
Wheaton Ice Rink	3.3706		12/09/03	05/01/12	305	2,799	1,628
Cabin John Ice Rink	5.1600		04/24/99	11/01/13	444	6,000	2,889
					<u>\$ 1,086</u>	<u>\$ 11,953</u>	<u>\$ 6,715</u>

New Debt Issue - On April 4, 2007, the Commission issued \$4,700,000 of Montgomery County Park Acquisition and Development General Obligation Project Bonds, Series II-2. Semiannual payments of interest and annual principal payments are due until April 1, 2027, at a net interest cost of 3.9651%.

On June 6, 2007, the Commission issued \$8,900,000 of Prince George's County Park Acquisition and Development General Obligation Project Bonds, Series JJ-2. Semiannual payments of interest and annual principal payments are due until May 1, 2027, at a net interest cost of 4.3180%.

On December 15, 2006, the Commission issued Notes Payable of \$3,300,000 to finance capital equipment purchased in the Capital Equipment Internal Service Funds of Montgomery County (\$2,886,320) and Prince George's County (\$390,560) and in the Commission Wide Initiatives Internal Service fund (\$23,120). Quarterly payments are due until October 1, 2011 at an interest cost of 3.655%.

As part of the appropriation resolution for fiscal year 2007, Montgomery County approved a "revenue transfer" from its Cable TV Special Revenue Fund of \$284,000 to the Commission. These funds are to be repaid without interest at \$56,800 per year from fiscal year 2008 to fiscal year 2012. This item has been recorded as a long-term loan payable.

Changes in Long-term Liabilities – Changes in long-term liabilities for the year ended June 30, 2007, 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	\$ 29,555,000	\$ 4,700,000	\$ 2,230,000	\$ 32,025,000	\$ 2,560,000
General Obligation ALA Bonds Payable	4,845,000	-	555,000	4,290,000	545,000
Deferred charges, net of premiums, on General Obligation Bonds	(499,990)	(61,609)	(60,830)	(500,769)	-
Notes Payable - Governmental	3,427,942	2,895,568	1,348,014	4,975,496	1,682,430
Loan Payable to Montgomery County	-	284,000	-	284,000	56,800
Estimated Liability for Landfill Closure and Postclosure Costs	39,345	-	26,230	13,115	13,115
Accrued Compensated Absences	6,821,461	4,677,643	4,490,256	7,008,848	4,490,256
Long-term Liabilities	<u>44,188,758</u>	<u>12,495,602</u>	<u>8,588,670</u>	<u>48,095,690</u>	<u>9,347,601</u>
<u>Prince George's County</u>					
General Obligation Park Bonds Payable	105,030,000	8,900,000	8,530,000	105,400,000	9,665,000
General Obligation ALA Bonds Payable	1,505,000	-	315,000	1,190,000	305,000
Deferred charges, net of premiums, on General Obligation Bonds	(1,704,718)	(53,052)	(198,276)	(1,559,494)	-
Notes Payable - Governmental	1,779,636	404,432	377,904	1,806,164	367,793
Accrued Compensated Absences	7,497,896	5,671,162	4,818,251	8,350,807	4,818,251
Long-term Liabilities	<u>114,107,814</u>	<u>14,922,542</u>	<u>13,842,879</u>	<u>115,187,477</u>	<u>15,156,044</u>
Total Long-term Liabilities	<u>\$ 158,296,572</u>	<u>\$ 27,418,144</u>	<u>\$ 22,431,549</u>	<u>\$ 163,283,167</u>	<u>\$ 24,503,645</u>
Business type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
<u>Montgomery County</u>					
Revenue Bonds and Notes Payable	\$ 7,780,372	\$ -	\$ 1,064,713	\$ 6,715,659	\$ 1,085,616
Unamortized Discount on Revenue Bonds and Notes	(192,377)	-	(32,063)	(160,314)	-
Notes Payable - Enterprise	54,186	-	26,965	27,221	27,221
Accrued Compensated Absences	353,472	48,725	96,151	306,046	96,151
Long-term Liabilities	<u>7,995,653</u>	<u>48,725</u>	<u>1,155,766</u>	<u>6,888,612</u>	<u>1,208,988</u>
<u>Prince George's County</u>					
Accrued Compensated Absences	622,790	229,813	180,052	672,551	180,052
Long-term Liabilities	<u>622,790</u>	<u>229,813</u>	<u>180,052</u>	<u>672,551</u>	<u>180,052</u>
Total Long-term Liabilities	<u>\$ 8,618,443</u>	<u>\$ 278,538</u>	<u>\$ 1,335,818</u>	<u>\$ 7,561,163</u>	<u>\$ 1,389,040</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	\$ 9,308,507	\$ 276,203	\$ 9,584,710
Due in more than One Year	6,051,148	702,394	6,753,542
Bonds and Notes Payable:			
Due within One Year	15,182,023	1,112,837	16,294,860
Due in more than One Year	132,728,374	5,469,729	138,198,103
Estimated Liability for Closure and Postclosure Costs:			
Due within One Year	13,115	-	13,115
Total Long-term Liabilities	<u>\$ 163,283,167</u>	<u>\$ 7,561,163</u>	<u>\$ 170,844,330</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.

(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 liability (Maryland Tort caps apply), police professional, public official liability, 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 and commercial crime coverage. 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 Public Official bond coverage, 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 2005, 2006, and 2007. No insurance coverages were reduced in fiscal year 2007.

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 complement 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 \$20,644,895 for all group health benefits in fiscal year 2007. 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 2007 totaled \$2,631,108. 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 (the 2006 activity has been restated to remove claims related to retiree health claims, now included as part of the Employee Post retirement Benefits Pension trust Fund , See Note 1B):

	Medical	Risk Management
Unpaid Claims, June 30, 2005	\$ 1,283,204	\$ 6,280,925
Incurred Claims, Fiscal Year 2006	10,195,734	3,445,084
Claims Paid, Fiscal Year 2006	(10,022,869)	(2,301,343)
Unpaid Claims, June 30, 2006	1,456,069	7,424,666
Incurred Claims, Fiscal Year 2007	11,050,898	4,627,219
Claims Paid, Fiscal Year 2007	(10,918,696)	(2,631,108)
Unpaid Claims, June 30, 2007	<u>\$ 1,588,271</u>	<u>\$ 9,420,777</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	\$ 1,588,271	\$ 2,355,202	\$ 3,943,473
Due in more than One Year	-	7,065,575	7,065,575
Total	<u>\$ 1,588,271</u>	<u>\$ 9,420,777</u>	<u>\$ 11,009,048</u>

(B) Related Party Transactions

The Commission was involved in the following related party transactions during fiscal year 2007:

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	\$ 738,800
Zoning enforcement unit	750,400
Planning and zoning functions	600,400
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
Other project charges	248,900
Total	<u>\$ 3,415,800</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, 2006 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, 2006. 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% 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 \$7,684,173 as of July 1, 2006. The net assets available for benefits at June 30, 2007 totaled \$643,658,751.

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, 2007 was 8.97%.

The Commission's annual pension cost (APC) and net pension obligation (NPO) to the System for fiscal years 2005, 2006, and 2007 are presented below (\$000):

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Annual Pension Cost (APC)	\$5,052	\$ 8,337	\$ 9,825
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

Plan Description - 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 at the end of their Commission service, 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 724 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 and retiree Benefits levels are established annually by resolution of the Commission.

On July 1, 1999, the Commission established a 115 Trust account (the "Trust") 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 costs. The Commission is not required to make additional contributions unless obligated to do so by resolution, and the Trust account has not been 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 Commission's fiscal year 2008 budget includes contributions to the 115 Trust based on actuarial information. The Commission's intent is to phase in from pay-as-you-go funding used in years through FY 2007 to full funding of the Actuarially Required Contribution over a five year period of FY 2008 through FY 2012.

Expenditures for postretirement health care benefits are recognized on the accrual basis as retirees' insurance costs are incurred. Retirees contribute 15% of current costs; the balance of benefits is paid by the Commission's Group Insurance Internal Service Fund, and is reimbursed by the Trust. The expense was \$5,548,971 for the year ended June 30, 2007 for the retirees' benefits.

Actuarial Valuation - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples

include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Commission and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the Commission and plan members to that point. The actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Methods for Retiree Health Care Benefits Plan - The actuarial value of assets is the fair value of the investments. This year's asset value is based on the July 1, 2006 actuarial valuation.

The Projected Unit Credit Cost method is used, with level percentage of pay amortization of the unfunded actuarial liabilities over an open 30 year amortization period.

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2006. Significant actuarial assumptions used in the valuation are as follows:

Rate of Return – The assumed rate of return on the investment of present and future assets is 7.0% a year compounded annually, based on five year phase in to full funding. The assumed full funding rate would be 7.5%.

Salary Increases - Salary increases of 4.25% a year are projected for calculating the level percentage of pay.

Healthcare Cost Trend Rates – The expected rate of increase for healthcare costs in 2006 was estimated at 12% for prescription drugs and Pre-65 medical costs, 10% for 65 and older medical costs, and 6.5% for dental. Declining rates of increase were used, with 2015 and later rates at 5% for prescription costs and all medical, and 4% for dental.

The funded status of the plan as of the most recent actuarial date, July 1, 2006, is as follows (\$000's):

Actuarial Valuation of Plan Assets	\$ 132
Actuarial Accrued Liability	208,005
Funded Ratio	0.06%
Unfunded Actuarial Accrued Liability	207,873
Annual Covered Payroll	109,579
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	189.7%

Required Supplementary Information required to be disclosed presenting multi-year trend information and a schedule of employer contributions is not presented since the July 1, 2006 actuarial valuation was the initial valuation, and employer contributions will not begin until the Commission implements GASB Statement No. 45, "Accounting and Financial reporting by Employers for Postemployment Benefits Other Than Pensions" as of July 1, 2007.

The 115 Trust is reported by the Commission as a pension trust fund, the Other Post Employment Benefits Fund.

The Trust's financial records are not maintained on a separate county basis.

(F) Pension Trust Funds

Combining schedules of the pension trust funds follow:

Combining Schedules of Net Assets
Pension Trust Funds
June 30, 2007

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Total Pension Trust Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ -	\$ 465,014	\$ 465,014
Cash	166,747	14,351	181,098
Fixed Income Securities	186,460,125	-	186,460,125
International Fixed Income Securities	38,275,247	-	38,275,247
Common Stock	355,478,653	-	355,478,653
International Common Stock	81,014,618	-	81,014,618
International Short Term Investments	19,879,005	-	19,879,005
Mutual Funds	-	129,843	129,843
Collateral for Securities Lending Transactions	63,447,751	-	63,447,751
Accounts Receivable	1,860,469	-	1,860,469
Other	24,193	-	24,193
Total Assets	<u>746,606,808</u>	<u>609,208</u>	<u>747,216,016</u>
LIABILITIES			
Investment Payable	38,627,816	-	38,627,816
Accounts Payable	872,490	7,887	880,377
Claims Payable	-	457,127	457,127
Obligation for Collateral Received under Securities Lending Transactions	<u>63,447,751</u>	<u>-</u>	<u>63,447,751</u>
Total Liabilities	<u>102,948,057</u>	<u>465,014</u>	<u>103,413,071</u>
NET ASSETS			
Assets Held in Trust for:			
Pension Benefits	643,658,751	-	643,658,751
Other Postemployment Benefits	-	144,194	144,194
Total Net Assets	<u>\$ 643,658,751</u>	<u>\$ 144,194</u>	<u>\$ 643,802,945</u>

Combining Schedules of Changes in Net Assets
Pension Trust Funds
For the Year Ended June 30, 2007

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Totals
ADDITIONS:			
Contributions:			
Employer	\$ 9,824,590	\$ 4,658,992	\$ 14,483,582
Plan Members	4,402,195	-	4,402,195
Plan Members for Current Benefits	-	889,979	889,979
Total Contributions	<u>14,226,785</u>	<u>5,548,971</u>	<u>19,775,756</u>
Investment Earnings:			
Interest	8,956,338	673	8,957,011
Dividends	2,534,626	4,573	2,539,199
Net increase in the Fair Value of Investments	<u>81,406,105</u>	<u>7,113</u>	<u>81,413,218</u>
Total Investment Earnings	<u>92,897,069</u>	<u>12,359</u>	<u>92,909,428</u>
Less Investment Advisory and Management Fees	<u>(2,238,429)</u>	<u>100</u>	<u>(2,238,329)</u>
Net Income from Investing Activities	<u>90,658,640</u>	<u>12,459</u>	<u>90,671,099</u>
Securities Lending Activity			
Securities Lending Income	3,167,430	-	3,167,430
Securities Lending Fees	<u>(3,078,078)</u>	<u>-</u>	<u>(3,078,078)</u>
Net Income from Securities Lending Activity	<u>89,352</u>	<u>-</u>	<u>89,352</u>
Total Net Investment Income	<u>90,747,992</u>	<u>12,459</u>	<u>90,760,451</u>
Total Additions	<u>104,974,777</u>	<u>5,561,430</u>	<u>110,536,207</u>
DEDUCTIONS:			
Benefits	21,318,664	5,548,971	26,867,635
Refunds of Contributions	489,233	-	489,233
Administrative expenses	<u>1,182,229</u>	<u>-</u>	<u>1,182,229</u>
Total Deductions	<u>22,990,126</u>	<u>5,548,971</u>	<u>28,539,097</u>
Change in Net Assets	<u>81,984,651</u>	<u>12,459</u>	<u>81,997,110</u>
Net Assets - Beginning	<u>561,674,100</u>	<u>131,735</u>	<u>561,805,835</u>
Net Assets - Ending	<u>\$ 643,658,751</u>	<u>\$ 144,194</u>	<u>\$ 643,802,945</u>

(G) Land Sales in Private Purpose Trust Fund

During fiscal year 2007 the Montgomery County Private Purpose Trust Fund settled two land sales with the State of Maryland. Land Held for Other Governments purchased on dates ranging from October 1973 to August 1996 was sold to the State at a formula price stipulated in the trust. The land cost \$14,899,974 and was sold for a gain of \$12,347,440.

(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. A long-term lease agreement was

entered into on October 31, 2006 whereby the Authority will operate the courses in exchange for a rental payment.

(7) – COUNTY FINANCIAL DATA

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

MONTGOMERY COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2007

	General Fund Accounts			Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Total			
ASSETS						
Equity in Pooled Cash and Investments	\$ 6,453,334	\$ 12,389,942	\$ 18,843,276	\$ 2,862,122	\$ 2,296,497	\$ 24,001,895
Receivables - Taxes (net of allowance for uncollectibles)	128,182	311,467	439,649	-	-	439,649
Receivables - Other	5,691	7,105	12,796	-	13,728	26,524
Due from County Government	60,110	185,409	245,519	3,184,849	277,885	3,708,253
Due from Other Governments	-	88,673	88,673	761,690	25,569	875,932
Restricted Cash - Unspent Debt Proceeds	-	-	-	3,506,765	-	3,506,765
Other	2,198	-	2,198	-	21,201	23,399
Total Assets	<u>\$ 6,649,515</u>	<u>\$ 12,982,596</u>	<u>\$ 19,632,111</u>	<u>\$ 10,315,426</u>	<u>\$ 2,634,880</u>	<u>\$ 32,582,417</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 555,144	\$ 1,174,871	\$ 1,730,015	\$ 2,002,744	\$ 6,685	\$ 3,739,444
Accrued Liabilities	702,881	1,709,389	2,412,270	-	9,931	2,422,201
Retainage Payable	-	-	-	475,890	-	475,890
Due to County Government	-	-	-	-	11,937	11,937
Deposits and Deferred Revenue	155,864	579,418	735,282	618,322	244,337	1,597,941
Total Liabilities	<u>1,413,889</u>	<u>3,463,678</u>	<u>4,877,567</u>	<u>3,096,956</u>	<u>272,890</u>	<u>8,247,413</u>
Fund Balances:						
Reserved for Encumbrances	2,365,587	2,278,054	4,643,641	11,584,882	594,655	16,823,178
Reserved for Debt Service	-	-	-	-	4,855	4,855
Unreserved, Designated for Contingencies	801,000	1,964,300	2,765,300	-	-	2,765,300
Unreserved, Designated for Subsequent Years	778,900	-	778,900	-	-	778,900
Unreserved, Undesignated, Reported in:						
General Fund	1,290,139	5,276,564	6,566,703	-	-	6,566,703
Special Revenue Fund	-	-	-	-	1,762,480	1,762,480
Capital Projects	-	-	-	(4,366,412)	-	(4,366,412)
Total Fund Balances	<u>5,235,626</u>	<u>9,518,918</u>	<u>14,754,544</u>	<u>7,218,470</u>	<u>2,361,990</u>	<u>24,335,004</u>
Total Liabilities and Fund Balances	<u>\$ 6,649,515</u>	<u>\$ 12,982,596</u>	<u>\$ 19,632,111</u>	<u>\$ 10,315,426</u>	<u>\$ 2,634,880</u>	<u>\$ 32,582,417</u>

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2007

	General Fund Accounts			Capital	Other	Total
	Administration	Park	Total	Projects	Governmental Funds	Governmental Funds
REVENUES						
Property Taxes	\$ 24,269,252	\$ 69,135,828	\$ 93,405,080	\$ -	\$ 1,425,173	\$ 94,830,253
Intergovernmental:						
Federal	-	285,686	285,686	106,316	-	392,002
State	-	33,650	33,650	1,295,365	-	1,329,015
County	24,496	142,450	166,946	7,235,258	395,090	7,797,294
Local	-	25,995	25,995	-	52,629	78,624
Charges for Services	601,521	897,940	1,499,461	-	2,980,737	4,480,198
Rentals and Concessions	-	1,727,713	1,727,713	-	38,609	1,766,322
Interest	413,456	816,469	1,229,925	223,693	118,629	1,572,247
Contributions	-	-	-	360,498	226,134	586,632
Miscellaneous	22,321	201,206	223,527	-	387,700	611,227
Total Revenues	<u>25,331,046</u>	<u>73,266,937</u>	<u>98,597,983</u>	<u>9,221,130</u>	<u>5,624,701</u>	<u>113,443,814</u>
EXPENDITURES						
Current:						
General Government	7,279,126	-	7,279,126	-	-	7,279,126
Planning and Zoning	16,342,844	-	16,342,844	-	2,866,847	19,209,691
Park Operations and Maintenance	-	66,402,098	66,402,098	-	280,722	66,682,820
Contributions	-	-	-	-	782,891	782,891
Debt Service:						
Principal	-	-	-	-	2,785,000	2,785,000
Interest	-	-	-	-	1,327,798	1,327,798
Other Debt Service Costs	-	-	-	-	91,676	91,676
Capital Outlay:						
Park Acquisition	-	-	-	846,087	-	846,087
Park Development	-	-	-	13,615,851	-	13,615,851
Total Expenditures	<u>23,621,970</u>	<u>66,402,098</u>	<u>90,024,068</u>	<u>14,461,938</u>	<u>8,134,934</u>	<u>112,620,940</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,709,076</u>	<u>6,864,839</u>	<u>8,573,915</u>	<u>(5,240,808)</u>	<u>(2,510,233)</u>	<u>822,874</u>
OTHER FINANCING SOURCES (USES)						
General Obligation Bonds Issued	-	-	-	4,700,000	-	4,700,000
Loan Issued	142,000	142,000	284,000	-	-	284,000
Premiums on Bonds Issued	-	-	-	-	25,797	25,797
Transfers In	-	223,693	223,693	330,000	3,504,880	4,058,573
Transfer Out	-	(4,239,880)	(4,239,880)	(223,693)	-	(4,463,573)
Total Other Financing Sources (Uses)	<u>142,000</u>	<u>(3,874,187)</u>	<u>(3,732,187)</u>	<u>4,806,307</u>	<u>3,530,677</u>	<u>4,604,797</u>
Net Change in Fund Balances	1,851,076	2,990,652	4,841,728	(434,501)	1,020,444	5,427,671
Fund Balances - Beginning	3,384,550	6,528,266	9,912,816	7,652,971	1,341,546	18,907,333
Fund Balances - Ending	<u>\$ 5,235,626</u>	<u>\$ 9,518,918</u>	<u>\$ 14,754,544</u>	<u>\$ 7,218,470</u>	<u>\$ 2,361,990</u>	<u>\$ 24,335,004</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, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 23,071,400	\$ 23,071,400	\$ 24,269,252	\$ 1,197,852
Intergovernmental -				
State	150,000	150,000	-	(150,000)
County	-	-	24,496	24,496
Charges for Services	487,500	487,500	601,521	114,021
Interest	245,000	245,000	413,456	168,456
Miscellaneous	-	-	164,321	164,321
Total Revenues	<u>23,953,900</u>	<u>23,953,900</u>	<u>25,473,046</u>	<u>1,519,146</u>
Expenditures/Encumbrances:				
Commissioners' Office	1,322,600	1,322,600	1,304,535	18,065
Central Administrative Services -				
Department of Human Resources and Management	2,134,000	2,134,000	2,133,905	95
Department of Finance	2,720,900	2,720,900	2,570,277	150,623
Legal Department	979,600	979,600	936,019	43,581
Support Services	500,300	500,300	434,090	66,210
Merit System Board	40,000	40,000	33,368	6,632
Total Central Administrative Services	<u>6,374,800</u>	<u>6,374,800</u>	<u>6,107,659</u>	<u>267,141</u>
Planning Department -				
Park and Planning Director's Office	316,000	366,000	346,836	19,164
Management Services	1,031,600	1,031,600	1,042,415	(10,815)
Strategic Planning	500,100	500,100	494,937	5,163
Community-Based Planning	3,829,300	3,779,300	3,678,175	101,125
County-wide Planning	3,777,500	3,743,500	3,618,388	125,112
Development Review	1,203,400	1,203,400	974,362	229,038
Research and Technology	4,442,700	4,442,700	4,793,773	(351,073)
Support Services	1,693,200	1,727,200	1,860,930	(133,730)
Grants	150,000	150,000	-	150,000
Total Planning Department	<u>16,943,800</u>	<u>16,943,800</u>	<u>16,809,816</u>	<u>133,984</u>
Non-Departmental	-	-	(31,373)	31,373
Total Expenditures/Encumbrances	<u>24,641,200</u>	<u>24,641,200</u>	<u>24,190,637</u>	<u>450,563</u>
Excess of Revenues over (under)				
Expenditures/Encumbrances	<u>(687,300)</u>	<u>(687,300)</u>	<u>1,282,409</u>	<u>1,969,709</u>
Excess of Revenues and Other Financing Sources				
over (under) Expenditures and Other Financing Uses	\$ <u>(687,300)</u>	\$ <u>(687,300)</u>	<u>1,282,409</u>	\$ <u>1,969,709</u>
Fund Balance - Budget Basis, Beginning			<u>1,587,630</u>	
Fund Balance - Budget Basis, Ending			\$ <u>2,870,039</u>	

Note 7D

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, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 65,769,100	\$ 65,769,100	\$ 69,135,828	\$ 3,366,728
Intergovernmental -				
Federal	-	285,686	285,686	-
State	425,000	113,319	33,650	(79,669)
Other	-	25,995	25,995	-
County	-	142,450	142,450	-
Charges for Services	829,900	829,900	897,940	68,040
Rentals and Concessions	1,577,000	1,577,000	1,727,713	150,713
Interest	545,000	545,000	816,469	271,469
Miscellaneous	42,000	42,000	343,206	301,206
Total Revenues	<u>69,188,000</u>	<u>69,330,450</u>	<u>73,408,937</u>	<u>4,078,487</u>
Expenditures/Encumbrances:				
Director of Montgomery Parks	541,700	541,700	586,654	(44,954)
Superintendent of Parks	2,838,000	2,980,450	2,952,418	28,032
County-wide Planning	1,714,200	1,714,200	1,726,359	(12,159)
Research and Technology	2,307,400	2,307,400	2,341,063	(33,663)
Park Development	2,899,100	2,899,100	2,892,850	6,250
Park Police	10,796,160	10,796,160	10,531,390	264,770
Natural Resources	5,441,100	5,441,100	5,760,037	(318,937)
Central Maintenance	9,815,200	9,815,200	9,531,023	284,177
Northern Region	7,999,800	7,999,800	8,287,118	(287,318)
Southern Region	11,669,600	11,669,600	11,673,293	(3,693)
Support Services	9,028,900	9,028,900	8,241,994	786,906
Grants	425,000	425,000	345,331	79,669
Property Management	944,300	944,300	1,004,196	(59,896)
Non-Departmental	-	-	(59,247)	59,247
Total Expenditures/Encumbrances	<u>66,420,460</u>	<u>66,562,910</u>	<u>65,814,479</u>	<u>748,431</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>2,767,540</u>	<u>2,767,540</u>	<u>7,594,458</u>	<u>4,826,918</u>
Other Financing Sources (Uses):				
Transfers In/Out-				
Capital Projects Funds	150,000	150,000	223,693	73,693
Debt Service Fund	(3,782,000)	(3,782,000)	(3,438,880)	343,120
Capital Projects Funds - Development	(330,000)	(330,000)	(330,000)	-
Special Revenue-Historic Preservation	(10,000)	(10,000)	(66,000)	(56,000)
Enterprise Fund	(405,000)	(405,000)	(405,000)	-
Total Other Financing Sources (Uses)	<u>(4,377,000)</u>	<u>(4,377,000)</u>	<u>(4,016,187)</u>	<u>360,813</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (1,609,460)</u>	<u>\$ (1,609,460)</u>	<u>3,578,271</u>	<u>\$ 5,187,731</u>
Fund Balance - Budget Basis, Beginning			<u>3,662,593</u>	
Fund Balance - Budget Basis, Ending			<u>\$ 7,240,864</u>	

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2007

	General Fund Accounts				Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total			
ASSETS							
Equity in Pooled Cash and Investments	\$ 25,654,034	\$ 61,434,011	\$ 32,126,059	\$ 119,214,104	\$ 42,345,010	\$ 9,378,427	\$ 170,937,541
Receivables - Taxes (net of allowance for uncollectibles)	221,484	782,069	288,693	1,292,246	-	-	1,292,246
Receivables - Other	8,418	6,951	463	15,832	-	5,863	21,695
Due from County Government	177,846	176,595	67,581	422,022	-	1,486	423,508
Due from Other Governments	-	55,498	2,728	58,226	1,975,352	-	2,033,578
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	17,631,068	-	17,631,068
Other	-	7,723	-	7,723	-	-	7,723
Total Assets	\$ 26,061,782	\$ 62,462,847	\$ 32,485,524	\$ 121,010,153	\$ 61,951,430	\$ 9,385,776	\$ 192,347,359
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 1,679,525	\$ 1,678,894	\$ 1,374,401	\$ 4,732,820	\$ 2,491,811	\$ 151,956	\$ 7,376,587
Accrued Liabilities	450,725	1,483,064	1,248,265	3,182,054	-	96,555	3,278,609
Retainage Payable	-	-	-	-	599,111	-	599,111
Deposits and Deferred Revenue	281,038	1,323,847	3,091,692	4,696,577	-	309,811	5,006,388
Total Liabilities	2,411,288	4,485,805	5,714,358	12,611,451	3,090,922	558,322	16,260,695
Fund Balances:							
Reserved for Encumbrances	7,761,697	3,763,728	2,895,646	14,421,071	13,958,876	166,539	28,546,486
Reserved for Debt Service	-	-	-	-	-	1,001,486	1,001,486
Unreserved, Designated for Contingencies	1,547,600	4,551,800	2,320,000	8,419,400	-	-	8,419,400
Unreserved, Designated for Subsequent Years	3,522,400	9,655,100	-	13,177,500	-	-	13,177,500
Unreserved, Designated for Future Facilities	-	3,683,500	-	3,683,500	-	-	3,683,500
Unreserved, Undesignated, Reported in:							
General Fund	10,818,797	36,322,914	21,555,520	68,697,231	-	-	68,697,231
Special Revenue Fund	-	-	-	-	-	7,659,429	7,659,429
Capital Projects	-	-	-	-	44,901,632	-	44,901,632
Total Fund Balances	23,650,494	57,977,042	26,771,166	108,398,702	58,860,508	8,827,454	176,086,664
Total Liabilities and Fund Balances	\$ 26,061,782	\$ 62,462,847	\$ 32,485,524	\$ 121,010,153	\$ 61,951,430	\$ 9,385,776	\$ 192,347,359

PRINCE GEORGE'S COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2007

	General Fund Accounts				Capital Projects	Other Governmental Funds	Total Governmental Funds
	Administration	Park	Recreation	Total			
REVENUES							
Property Taxes	\$ 30,435,791	\$ 107,537,288	\$ 39,769,411	\$ 177,742,470	\$ -	\$ 870,498	\$ 178,612,968
Intergovernmental:							
Federal	-	49,589	-	49,589	270,949	-	320,538
State	-	46,146	280,059	326,205	9,441,794	-	9,767,999
County	311,054	16,646	13,116	340,816	178,000	145,029	663,845
Local	-	-	4,426	4,426	41,225	500	46,151
Charges for Services	1,734,972	437,012	5,796,300	7,968,284	4,897	849,507	8,822,688
Rentals and Concessions	-	1,679,688	625,964	2,305,652	-	4,800,548	7,106,200
Interest	1,383,914	3,123,326	1,564,196	6,071,436	2,485,057	454,044	9,010,537
Sale of Land	-	-	-	-	21,925	-	21,925
Contributions	-	-	-	-	50,000	211,690	261,690
Miscellaneous	4,832	302,269	85,422	392,523	49,304	81,101	522,928
Total Revenues	<u>33,870,563</u>	<u>113,191,944</u>	<u>48,138,894</u>	<u>195,201,401</u>	<u>12,543,151</u>	<u>7,412,917</u>	<u>215,157,469</u>
EXPENDITURES							
Current:							
General Government	8,028,853	-	-	8,028,853	-	-	8,028,853
Planning and Zoning	20,243,772	-	-	20,243,772	-	-	20,243,772
Park Operations and Maintenance	-	64,826,826	-	64,826,826	-	278,915	65,105,741
Recreation	-	-	40,055,338	40,055,338	-	5,410,787	45,466,125
Contributions	-	-	-	-	-	486,993	486,993
Debt Service:							
Principal	-	-	-	-	-	8,845,000	8,845,000
Interest	-	-	-	-	-	3,993,730	3,993,730
Other Debt Service Costs	-	-	-	-	-	166,479	166,479
Capital Outlay:							
Park Acquisition	-	-	-	-	12,677,616	-	12,677,616
Park Development	-	-	-	-	12,243,235	-	12,243,235
Total Expenditures	<u>28,272,625</u>	<u>64,826,826</u>	<u>40,055,338</u>	<u>133,154,789</u>	<u>24,920,851</u>	<u>19,181,904</u>	<u>177,257,544</u>
Excess (deficiency) of Revenues over Expenditures	<u>5,597,938</u>	<u>48,365,118</u>	<u>8,083,556</u>	<u>62,046,612</u>	<u>(12,377,700)</u>	<u>(11,768,987)</u>	<u>37,899,925</u>
OTHER FINANCING SOURCES (USES)							
General Obligation Bonds Issued	-	-	-	-	8,900,000	-	8,900,000
Premiums on Bonds Issued	-	-	-	-	-	67,912	67,912
Transfers In	-	2,485,057	-	2,485,057	27,735,000	12,604,192	42,824,249
Transfer Out	(50,000)	(46,628,292)	(400,000)	(47,078,292)	(2,485,057)	(610,000)	(50,173,349)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(44,143,235)</u>	<u>(400,000)</u>	<u>(44,593,235)</u>	<u>34,149,943</u>	<u>12,062,104</u>	<u>1,618,812</u>
Net Change in Fund Balances	5,547,938	4,221,883	7,683,556	17,453,377	21,772,243	293,117	39,518,737
Fund Balances - Beginning	18,102,556	53,755,159	19,087,610	90,945,325	37,088,265	8,534,337	136,567,927
Fund Balances - Ending	<u>\$ 23,650,494</u>	<u>\$ 57,977,042</u>	<u>\$ 26,771,166</u>	<u>\$ 108,398,702</u>	<u>\$ 58,860,508</u>	<u>\$ 8,827,454</u>	<u>\$ 176,086,664</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, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 28,744,200	\$ 28,744,200	\$ 30,435,791	\$ 1,691,591
Intergovernmental -				
State	-	2,500	-	(2,500)
County	457,000	293,564	311,054	17,490
Charges for Services	1,473,400	1,473,400	1,734,972	261,572
Interest	690,000	690,000	1,383,914	693,914
Miscellaneous	-	-	4,832	4,832
Total Revenues	<u>31,364,600</u>	<u>31,203,664</u>	<u>33,870,563</u>	<u>2,666,899</u>
Expenditures/Encumbrances:				
Commissioners' Office	2,164,000	2,164,000	2,098,559	65,441
Central Administrative Services -				
Department of Human Resources and Management	2,134,000	2,134,000	2,133,905	95
Department of Finance	2,720,900	2,720,900	2,570,277	150,623
Legal Department	979,600	979,600	936,019	43,581
Support Services	500,300	500,300	434,090	66,210
Merit System Board	40,000	40,000	33,368	6,632
Total Central Administrative Services	<u>6,374,800</u>	<u>6,374,800</u>	<u>6,107,659</u>	<u>267,141</u>
Planning Department	25,352,600	25,191,664	22,347,567	2,844,097
Non-Departmental	-	-	(53,200)	53,200
Total Expenditures/Encumbrances	<u>33,891,400</u>	<u>33,730,464</u>	<u>30,500,585</u>	<u>3,229,879</u>
Excess (Deficiency) of Revenues over Expenditures/Encumbrances	<u>(2,526,800)</u>	<u>(2,526,800)</u>	<u>3,369,978</u>	<u>5,896,778</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>\$ (2,576,800)</u>	<u>\$ (2,576,800)</u>	<u>3,319,978</u>	<u>\$ 5,896,778</u>
Fund Balance - Budget Basis, Beginning			12,568,819	
Fund Balance - Budget Basis, Ending			<u>\$ 15,888,797</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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 101,404,500	\$ 101,404,500	\$ 107,537,268	\$ 6,132,768
Intergovernmental -				
Federal	-	49,589	49,589	-
State	-	46,146	46,146	-
County	-	16,646	16,646	-
Charges for Services	400,000	400,000	437,012	37,012
Rentals and Concessions	1,588,600	1,588,600	1,679,688	91,088
Interest	1,845,000	1,845,000	3,123,326	1,278,326
Miscellaneous	239,800	239,800	302,269	62,469
Total Revenues	<u>105,477,900</u>	<u>105,590,281</u>	<u>113,191,944</u>	<u>7,601,663</u>
Expenditures/Encumbrances:				
Director's Office	4,032,000	4,032,000	3,637,602	394,398
Park Police	11,319,300	11,319,300	11,389,007	(69,707)
Support Services	9,905,400	9,865,400	9,404,773	460,627
Park Planning and Development	4,273,700	4,273,700	4,139,153	134,547
Facility Operations -				
Administration	427,800	427,800	395,276	32,524
Maintenance and Development	18,725,300	18,725,300	18,593,967	131,333
Natural and Historical Resources	2,286,300	2,286,300	2,024,879	261,421
Arts and Cultural Heritage	1,305,800	1,345,800	1,455,462	(109,662)
Park Permits	319,600	319,600	258,390	61,210
Total Facility Operations	<u>23,064,800</u>	<u>23,104,800</u>	<u>22,727,974</u>	<u>376,826</u>
Area Operations -				
Northern Area	5,064,500	5,064,500	4,963,760	100,740
Central Area	4,688,200	4,688,200	4,541,805	146,395
Southern Area	4,377,300	4,377,300	4,098,180	279,120
Total Area Operations	<u>14,130,000</u>	<u>14,130,000</u>	<u>13,603,745</u>	<u>526,255</u>
Grants	-	112,381	112,381	-
Non-Departmental	363,600	363,600	105,514	258,086
Total Expenditures/Encumbrances	<u>67,088,800</u>	<u>67,201,181</u>	<u>65,120,149</u>	<u>2,081,032</u>
Excess of Revenues over Expenditures/Encumbrances	<u>38,389,100</u>	<u>38,389,100</u>	<u>48,071,795</u>	<u>9,682,695</u>
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Interest	700,000	700,000	2,485,057	1,785,057
Debt Service - Park Fund	(14,278,000)	(14,278,000)	(12,554,192)	1,723,808
Enterprise Fund	(6,949,100)	(6,949,100)	(6,949,100)	-
Capital Projects Funds - Development	(27,125,000)	(27,125,000)	(27,125,000)	-
Total Other Financing Sources (Uses)	<u>(47,652,100)</u>	<u>(47,652,100)</u>	<u>(44,143,235)</u>	<u>3,508,865</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (9,263,000)</u>	<u>\$ (9,263,000)</u>	<u>3,928,560</u>	<u>\$ 13,191,560</u>
Fund Balance - Budget Basis, Beginning			50,284,754	
Fund Balance - Budget Basis, Ending			<u>\$ 54,213,314</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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 37,572,900	\$ 37,572,900	\$ 39,769,411	\$ 2,196,511
Intergovernmental -				
State	-	280,059	280,059	-
County	-	13,116	13,116	-
Other Local Munis/Gov	-	4,426	4,426	-
Charges for Services	5,930,800	5,930,800	5,796,300	(134,500)
Rentals and Concessions	541,700	541,700	625,964	84,264
Interest	750,000	750,000	1,564,196	814,196
Miscellaneous	32,900	32,900	85,422	52,522
Total Revenues	<u>44,828,300</u>	<u>45,125,901</u>	<u>48,138,894</u>	<u>3,012,993</u>
Expenditures/Encumbrances:				
Director's Office	558,500	558,500	457,589	100,911
Support Services	5,705,200	5,705,200	5,100,158	605,042
Total Director's Office	<u>6,263,700</u>	<u>6,263,700</u>	<u>5,557,747</u>	<u>705,953</u>
Facility Operations:				
Sports/Athletic/Outreach Program	4,090,300	4,090,300	3,940,105	150,195
Natural and Historical Resources	3,591,700	3,591,700	3,424,716	166,984
Arts and Cultural Heritage	3,076,800	3,076,800	3,263,520	(186,720)
Grants	-	297,601	297,601	-
Total Facility Operations	<u>10,758,800</u>	<u>11,056,401</u>	<u>10,925,942</u>	<u>130,459</u>
Area Operations:				
Deputy Director	383,000	383,000	349,446	33,554
Northern Area	6,650,300	6,650,300	6,796,085	(145,785)
Central Area	6,111,000	6,111,000	6,130,171	(19,171)
Southern Area	6,504,100	6,504,100	5,729,673	774,427
Child Care and Special Projects	4,002,200	4,002,200	4,021,833	(19,633)
Total Area Operations	<u>23,650,600</u>	<u>23,650,600</u>	<u>23,027,208</u>	<u>623,392</u>
Non-Departmental	<u>1,435,200</u>	<u>1,435,200</u>	<u>1,340,327</u>	<u>94,873</u>
Total Operating Expenditures/Encumbrances	<u>42,108,300</u>	<u>42,405,901</u>	<u>40,851,224</u>	<u>1,554,677</u>
Excess of Revenues over (under) Expenditures/Encumbrances	<u>2,720,000</u>	<u>2,720,000</u>	<u>7,287,670</u>	<u>4,567,670</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>\$ 2,320,000</u>	<u>\$ 2,320,000</u>	<u>6,887,670</u>	<u>\$ 4,567,670</u>
Fund Balance - Budget Basis, Beginning			16,987,850	
Fund Balance - Budget Basis, Ending			<u>\$ 23,875,520</u>	

Required Supplementary Information for Defined Benefit Pension Plan
(Unaudited)

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

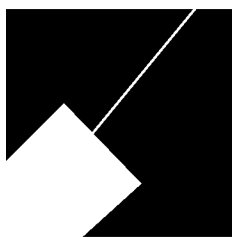
Funding activity for the last three years is summarized as follows:

SCHEDULE OF FUNDING PROGRESS (000'S)

	July 1, 2004	July 1, 2005	July 1, 2006
Actuarial Valuation of Plan Assets	\$ 507,413	\$ 521,369	\$ 552,432
Actuarial Accrued Liability	469,344	507,393	544,748
Funded Ratio	108.1%	102.8%	101.4%
Actuarial Value of Assets in Excess of Actuarial Accrued Liability	38,069	13,976	7,684
Annual Covered Payroll	101,882	106,058	109,579
Actuarial Value of Assets in Excess of Actuarial Accrued Liability as a Percentage of Covered Payroll	37.4%	13.2%	7.0%

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 the unfunded 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



Mounted Park Police officer draws a crowd during KidFest 2007 at Cabin John Regional Park.

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, 2007

	MONTGOMERY COUNTY						PRINCE GEORGE'S COUNTY						
	Special Revenue Funds			Advance Land Acquisition Debt Service			Special Revenue Funds			Advance Land Acquisition Debt Service			Total Nonmajor Governmental Funds
	Planning	Parks	Total Special Revenue	Park Debt Service		Total	Planning	Parks and Recreation	Total Special Revenue	Park Debt Service		Total	
ASSETS													
Equity in Pooled Cash and Investments	\$ 1,928,956	\$ 356,787	\$ 2,285,743	\$ 10,754	\$ -	\$ 2,296,497	\$ 36,745	\$ 8,259,662	\$ 8,296,407	\$ 1,082,020	\$ -	\$ 9,378,427	\$ 11,674,924
Accounts Receivable	-	13,728	13,728	-	-	13,728	-	5,863	5,863	-	-	5,863	19,591
Due from County Government	273,030	-	273,030	-	4,855	277,885	-	-	-	-	1,486	1,486	279,371
Due from Other Government	25,569	-	25,569	-	-	25,569	-	-	-	-	-	-	25,569
Deposits and Other	21,201	-	21,201	-	-	21,201	-	-	-	-	-	-	21,201
Total Assets	\$ 2,248,756	\$ 370,515	\$ 2,619,271	\$ 10,754	\$ 4,855	\$ 2,634,880	\$ 36,745	\$ 8,265,525	\$ 8,302,270	\$ 1,082,020	\$ 1,486	\$ 9,385,776	\$ 12,020,656
LIABILITIES													
Accounts Payable	\$ 5,257	\$ 605	\$ 5,862	\$ 823	\$ -	\$ 6,685	\$ -	\$ 92,467	\$ 92,467	\$ 59,489	\$ -	\$ 151,956	\$ 158,641
Accrued Liabilities	-	-	-	9,931	-	9,931	-	74,024	74,024	22,531	-	96,555	106,486
Due to County Government	11,937	-	11,937	-	-	11,937	-	-	-	-	-	-	11,937
Deposits and Deferred Revenue	244,337	-	244,337	-	-	244,337	-	309,811	309,811	-	-	309,811	554,148
Total Liabilities	261,531	605	262,136	10,754	-	272,890	-	476,302	476,302	82,020	-	558,322	831,212
FUND BALANCES													
Reserved for Encumbrances	470,759	123,896	594,655	-	-	594,655	2,850	163,689	166,539	-	-	166,539	761,194
Reserved for Debt Service	-	-	-	-	4,855	4,855	-	-	-	1,000,000	1,486	1,001,486	1,006,341
Unreserved, Undesignated	1,516,466	246,014	1,762,480	-	-	1,762,480	33,895	7,625,534	7,659,429	-	-	7,659,429	9,421,909
Total Fund Balances	1,987,225	369,910	2,357,135	-	4,855	2,361,990	36,745	7,789,223	7,825,968	1,000,000	1,486	8,827,454	11,189,444
Total Liabilities and Fund Balances	\$ 2,248,756	\$ 370,515	\$ 2,619,271	\$ 10,754	\$ 4,855	\$ 2,634,880	\$ 36,745	\$ 8,265,525	\$ 8,302,270	\$ 1,082,020	\$ 1,486	\$ 9,385,776	\$ 12,020,656

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, 2007**

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					
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	267,030	128,060	395,090	-	-	395,090	-	145,029	145,029	-	-	145,029	540,119
	20,069	32,560	52,629	-	-	52,629	-	500	500	-	-	500	53,129
	2,979,504	1,233	2,980,737	-	-	2,980,737	-	849,507	849,507	-	-	849,507	3,830,244
	-	38,609	38,609	-	-	38,609	-	4,800,548	4,800,548	-	-	4,800,548	4,839,157
	99,639	18,990	118,629	-	-	118,629	25,282	428,762	454,044	-	-	454,044	572,673
	126,634	-	126,634	-	99,500	226,134	-	211,690	211,690	-	-	211,690	437,824
	360,187	27,513	387,700	-	-	387,700	-	81,101	81,101	-	-	81,101	468,801
	3,853,083	246,965	4,100,028	-	1,524,673	5,624,701	25,282	6,517,137	6,542,419	-	870,498	7,412,917	13,037,618
	-	-	-	2,230,000	555,000	2,785,000	-	-	-	8,530,000	315,000	8,845,000	11,630,000
	-	-	-	1,143,001	184,797	1,327,798	-	-	-	3,925,625	68,105	3,993,730	5,321,528
	-	-	-	91,676	-	91,676	-	-	-	166,479	-	166,479	258,155
	-	-	-	-	782,891	782,891	-	-	-	-	488,993	488,993	1,269,884
	2,866,847	-	2,866,847	-	-	2,866,847	-	-	-	-	-	-	2,866,847
	-	280,722	280,722	-	-	280,722	-	278,915	278,915	-	-	278,915	559,637
	-	-	-	-	-	-	-	5,410,787	5,410,787	-	-	5,410,787	5,410,787
	2,866,847	280,722	3,147,569	3,464,677	1,522,688	8,134,934	-	5,689,702	5,689,702	12,622,104	870,098	19,181,904	27,316,836
	986,216	(33,757)	952,459	(3,464,677)	1,985	(2,510,233)	25,282	827,435	852,717	(12,622,104)	400	(11,768,987)	(14,279,220)
S):													
	-	-	-	25,797	-	25,797	-	-	-	67,912	-	67,912	93,709
	-	66,000	66,000	3,438,880	-	3,504,880	50,000	-	50,000	12,554,192	-	12,604,192	16,109,072
	-	-	-	-	-	-	(500,000)	(110,000)	(610,000)	-	-	(610,000)	(610,000)
	-	66,000	66,000	3,464,677	-	3,530,677	(450,000)	(110,000)	(560,000)	12,622,104	-	12,062,104	15,592,781
	986,216	32,243	1,018,459	-	1,985	1,020,444	(424,718)	717,435	292,717	-	400	293,117	1,313,561
	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
\$	1,987,225	\$ 369,910	\$ 2,357,135	\$ -	\$ 4,855	\$ 2,361,990	\$ 36,745	\$ 7,789,223	\$ 7,825,968	\$ 1,000,000	\$ 1,486	\$ 8,827,454	\$ 11,189,444

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, 2007**

	Montgomery County				Prince George's County			
	Budgeted Amounts		Actual	Variance Positive (Negative)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 328,000	\$ 328,000	\$ 447,719	\$ 119,719	\$ 400,000	\$ 400,000	\$ 145,529	\$ (254,471)
Charges for Services	3,905,200	3,905,200	3,018,112	(887,088)	738,000	738,000	849,507	111,507
Recreation Activities	-	-	-	-	4,964,900	4,964,900	4,800,548	(164,352)
Interest	200	200	118,629	118,429	287,000	287,000	454,044	167,044
Contributions	-	-	126,634	126,634	458,000	458,000	211,690	(246,310)
Miscellaneous	61,000	61,000	388,934	327,934	110,500	110,500	81,101	(29,399)
Total Revenues	<u>4,294,400</u>	<u>4,294,400</u>	<u>4,100,028</u>	<u>(194,372)</u>	<u>6,958,400</u>	<u>6,958,400</u>	<u>6,542,419</u>	<u>(415,981)</u>
Expenditures/Encumbrances:								
Current -								
County Planning and Zoning	3,320,800	3,320,800	3,010,478	310,322	-	-	-	-
Park Operations and Maintenance	387,300	387,300	402,341	(15,041)	621,500	621,500	276,971	344,529
Recreation	-	-	-	-	5,304,600	5,304,600	5,395,137	(90,537)
Total Expenditures/Encumbrances	<u>3,708,100</u>	<u>3,708,100</u>	<u>3,412,819</u>	<u>295,281</u>	<u>5,926,100</u>	<u>5,926,100</u>	<u>5,672,108</u>	<u>253,992</u>
Excess (Deficiency) of Revenues over Expenditures/Encumbrances	<u>586,300</u>	<u>586,300</u>	<u>687,209</u>	<u>100,909</u>	<u>1,032,300</u>	<u>1,032,300</u>	<u>870,311</u>	<u>(161,989)</u>
Other Financing Sources (Uses):								
Operating Transfers In	10,000	10,000	66,000	56,000	50,000	50,000	50,000	-
Transfers Out	-	-	-	-	(1,180,000)	(1,180,000)	(610,000)	570,000
Total Other Financing (Uses)	<u>10,000</u>	<u>10,000</u>	<u>66,000</u>	<u>56,000</u>	<u>(1,130,000)</u>	<u>(1,130,000)</u>	<u>(560,000)</u>	<u>570,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Sources (Uses) - Budget Basis	<u>\$ 596,300</u>	<u>\$ 596,300</u>	<u>753,209</u>	<u>\$ 156,909</u>	<u>\$ (97,700)</u>	<u>\$ (97,700)</u>	<u>310,311</u>	<u>\$ 408,011</u>
Fund Balances - Budget Basis, July 1			<u>1,009,271</u>				<u>7,349,118</u>	
Fund Balances - Budget Basis, June 30			<u>\$ 1,762,480</u>				<u>\$ 7,659,429</u>	

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



The private IceHouse facility operates on the grounds of Fairland Regional Park under a special leasing agreement with the Commission.

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, 2007 and 2006

Recreational and Cultural Facilities

	Montgomery County		Prince George's County		Totals	
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2007	2006	2007	2006	2007	2006
ASSETS						
Current Assets:						
Equity in Pooled Cash and Investments	\$ 2,005,825	\$ 1,538,137	\$ 2,791,555	\$ 2,151,973	\$ 4,797,380	\$ 3,690,110
Accounts Receivable	6,971	6,788	37,344	130,815	44,315	137,603
Due from Other Government	14,957	-	146,596	-	161,553	-
Inventories	187,510	439,635	657,567	689,618	845,077	1,129,253
Total Current Assets	2,215,263	1,984,560	3,633,062	2,972,406	5,848,325	4,956,966
Noncurrent Assets:						
Due from County Government	900,000	-	-	-	900,000	-
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	28,156,765	72,270,589	72,043,302	100,427,354	100,200,067
Machinery and Equipment	1,783,988	5,229,699	4,815,971	4,533,341	6,599,959	9,763,040
Construction in Progress	28,525	9,605	-	-	28,525	9,605
	41,553,746	44,980,537	84,865,691	84,355,774	126,419,437	129,336,311
Less - Accumulated Depreciation	(13,820,363)	(15,114,822)	(24,560,787)	(22,260,776)	(38,381,150)	(37,375,598)
Total Capital Assets (net of depreciation)	27,733,383	29,865,715	60,304,904	62,094,998	88,038,287	91,960,713
Total Noncurrent Assets	28,633,383	29,865,715	60,304,904	62,094,998	88,938,287	91,960,713
Total Assets	30,848,646	31,850,275	63,937,966	65,067,404	94,786,612	96,917,679
LIABILITIES						
Current Liabilities:						
Accounts Payable	128,343	126,658	357,344	263,186	485,687	389,844
Accrued Salaries and Benefits	167,469	166,284	273,881	274,412	441,350	440,696
Compensated Absences	96,151	162,170	180,052	260,544	276,203	422,714
Due to Other Government	-	-	-	1,113	-	1,113
Interest Payable	46,504	53,978	-	-	46,504	53,978
Revenue Collected in Advance	654,895	700,713	259,838	293,277	914,733	993,990
Current Portion of Revenue Bonds Payable	641,172	620,269	-	-	641,172	620,269
Current Portion of Revenue Notes Payable	444,444	444,444	-	-	444,444	444,444
Current Portion of Notes Payable	27,221	26,966	-	-	27,221	26,966
Total Current Liabilities	2,206,199	2,301,482	1,071,115	1,092,532	3,277,314	3,394,014
Noncurrent Liabilities:						
Revenue Bonds Payable	3,025,281	3,634,389	-	-	3,025,281	3,634,389
Revenue Notes Payable	2,444,448	2,888,892	-	-	2,444,448	2,888,892
Notes Payable	-	27,221	-	-	-	27,221
Compensated Absences	209,895	191,302	492,499	362,246	702,394	553,548
Total Noncurrent Liabilities	5,679,624	6,741,804	492,499	362,246	6,172,123	7,104,050
Total Liabilities	7,885,823	9,043,286	1,563,614	1,454,778	9,449,437	10,498,064
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	21,150,817	22,223,534	60,304,904	62,094,998	81,455,721	84,318,532
Unrestricted	1,812,006	583,455	2,069,448	1,517,628	3,881,454	2,101,083
Total Net Assets	\$ 22,962,823	\$ 22,806,989	\$ 62,374,352	\$ 63,612,626	\$ 85,337,175	\$ 86,419,615

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, 2007 and 2006

Recreational and Cultural Facilities

	Montgomery County		Prince George's County		Totals	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2007	2006	2007	2006	2007	2006
Operating Revenues:						
Intergovernmental - Federal	\$ -	\$ -	\$ 146,596	\$ -	\$ 146,596	\$ -
Sales	665,478	1,302,274	2,491,999	2,096,380	3,157,477	3,398,654
Charges for Services	6,166,399	9,076,709	4,526,163	4,641,981	10,692,562	13,718,690
Rentals and Concessions	2,462,051	2,933,404	2,973,918	2,918,773	5,435,969	5,852,177
Total Operating Revenues	9,293,928	13,312,387	10,138,676	9,657,134	19,432,604	22,969,521
Operating Expenses:						
Cost of Goods Sold	357,948	829,811	1,595,116	1,406,243	1,953,064	2,236,054
Personal Services	2,791,427	5,142,395	9,275,905	8,731,590	12,067,332	13,873,985
Supplies and Materials	440,040	1,729,037	1,613,582	1,491,223	2,053,622	3,220,260
Communications	27,099	66,406	292,902	353,926	320,001	420,332
Utilities	1,263,607	1,303,792	1,759,906	1,442,989	3,023,513	2,746,781
Maintenance	258,830	423,665	863,532	752,287	1,122,362	1,175,952
Contractual Services	1,140,276	1,917,497	582,608	507,397	1,722,884	2,424,894
Other Services and Charges	211,319	320,502	587,537	593,699	798,856	914,201
Administrative Services	1,434,788	1,397,257	300,800	281,200	1,735,588	1,678,457
Depreciation	1,382,939	1,639,918	2,336,410	2,243,184	3,719,349	3,883,102
Total Operating Expenses	9,308,273	14,770,280	19,208,298	17,803,738	28,516,571	32,574,018
Operating Income (Loss)	(14,345)	(1,457,893)	(9,069,622)	(8,146,604)	(9,083,967)	(9,604,497)
Nonoperating Revenues (Expenses):						
Investment Earnings	109,957	116,334	209,476	137,045	319,433	253,379
Interest Expense, net of Amortization	(336,317)	(383,062)	-	-	(336,317)	(383,062)
Loss on Sale of Asset	(8,461)	-	-	-	(8,461)	-
Total Nonoperating Revenue (Expense)	(234,821)	(266,728)	209,476	137,045	(25,345)	(129,683)
Loss before Contributions and Transfers	(249,166)	(1,724,621)	(8,860,146)	(8,009,559)	(9,109,312)	(9,734,180)
Contribution from General Government Assets	-	-	272,772	3,470,849	272,772	3,470,849
Transfers In	405,000	655,000	7,349,100	6,471,800	7,754,100	7,126,800
Transfers Out	-	-	-	(200,000)	-	(200,000)
Total Contributions and Transfers	405,000	655,000	7,621,872	9,742,649	8,026,872	10,397,649
Change in Net Assets	155,834	(1,069,621)	(1,238,274)	1,733,090	(1,082,440)	663,469
Total Net Assets - Beginning	22,806,989	23,876,610	63,612,626	61,879,536	86,419,615	85,756,146
Total Net Assets - Ending	\$ 22,962,823	\$ 22,806,989	\$ 62,374,352	\$ 63,612,626	\$ 85,337,175	\$ 86,419,615

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 6

**Schedule of Cash Flows - Enterprise Funds
For the Years Ended June 30, 2007 and 2006**

	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,	
	2007	2006	2007	2006	2007	2006
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 9,232,970	\$ 13,620,916	\$ 10,052,112	\$ 9,532,234	\$ 19,285,082	\$ 23,153,150
Payments to Suppliers	(3,142,583)	(5,887,926)	(7,201,201)	(6,777,152)	(10,343,784)	(12,665,078)
Payments to Employees	(2,837,668)	(5,376,455)	(9,195,561)	(8,813,530)	(12,033,229)	(14,189,985)
Payments for Interfund Services Used	(549,800)	(624,900)	-	-	(549,800)	(624,900)
Payments for Administrative Charges	(1,434,788)	(1,397,257)	(300,800)	(281,200)	(1,735,588)	(1,678,457)
Net Cash Provided (Used) by Operating Activities	1,268,131	334,378	(6,645,450)	(6,339,648)	(5,377,319)	(6,005,270)
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	405,000	655,000	7,349,100	6,471,800	7,754,100	7,126,800
Transfers Out to Other Funds	-	-	-	(200,000)	-	(200,000)
Net Cash Provided (Used) by Noncapital Financing Activities	405,000	655,000	7,349,100	6,271,800	7,754,100	6,926,800
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(99,468)	(194,746)	(273,544)	(42,061)	(373,012)	(236,807)
Principal Paid on Bonds and Notes Payable	(1,091,678)	(1,104,075)	-	-	(1,091,678)	(1,104,075)
Interest Paid	(304,254)	(350,999)	-	-	(304,254)	(350,999)
Payment Received on Long Term Note	180,000	-	-	-	180,000	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,315,400)	(1,649,820)	(273,544)	(42,061)	(1,588,944)	(1,691,881)
Cash Flows from Investing Activities:						
Interest on Investments	109,957	116,334	209,476	137,045	319,433	253,379
Net Cash Provided (Used) by Investing Activities	109,957	116,334	209,476	137,045	319,433	253,379
Net Increase (Decrease) in Cash and Cash Equivalents	467,688	(544,108)	639,582	27,136	1,107,270	(516,972)
Cash, Cash Equivalents and Restricted Cash, July 1	1,538,137	2,082,245	2,151,973	2,124,837	3,690,110	4,207,082
Cash, Cash Equivalents and Restricted Cash, June 30	\$ 2,005,825	\$ 1,538,137	\$ 2,791,555	\$ 2,151,973	\$ 4,797,380	\$ 3,690,110
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (14,345)	\$ (1,457,893)	\$ (9,069,622)	\$ (8,146,604)	(9,083,967)	\$ (9,604,497)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	1,382,939	1,639,918	2,336,410	2,243,184	3,719,349	3,883,102
Effect of Changes in Assets and Liabilities in:						
Accounts Receivable	(183)	(3,391)	93,471	(127,562)	93,288	(130,953)
Due from County Government	(14,957)	-	(146,596)	1,113	(161,553)	1,113
Inventories, at Cost	12,525	318,202	32,051	(108,559)	44,576	209,643
Accounts Payable	1,685	(231,281)	94,157	(120,829)	95,842	(352,110)
Accrued Salaries and Benefits	1,185	(68,667)	(531)	(106,251)	654	(174,918)
Compensated Absences	(47,426)	(165,393)	49,762	24,311	2,336	(141,082)
Interest Payable	(7,474)	(9,037)	-	-	(7,474)	(9,037)
Due to Other Governments	-	-	(1,113)	-	(1,113)	-
Revenue Collected in Advance	(45,818)	311,920	(33,439)	1,549	(79,257)	313,469
Total Adjustments	1,282,476	1,792,271	2,424,172	1,806,956	3,706,648	3,599,227
Net Cash Provided (Used) by Operating Activities	\$ 1,268,131	\$ 334,378	\$ (6,645,450)	\$ (6,339,648)	\$ (5,377,319)	\$ (6,005,270)

In FY 2007 the Montgomery County Enterprise Fund sold \$840,400 of equipment and \$239,600 of inventory for a long term note of \$1,080,000.

In FY 2007, \$227,287 of improvements and \$45,485 of machinery and equipment were contributed to the Prince George's County Enterprise Fund.



The Tea House offers a moment of repose in the horticultural splendor of Brookside Garden 50-acre formal gardens.

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 and Commission-wide Initiatives Funds

The Montgomery and the Prince George's County Capital Equipment Funds and the Commission-wide Initiative Fund are used to account for the acquisition of equipment and computer systems 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, 2007**

	MONTGOMERY COUNTY			PRINCE GEORGE'S COUNTY				TOTALS		
	Capital Equipment	Employee Benefits	Risk Management	Capital Equipment	Executive Building	Employee Benefits	Risk Management	Commission Wide Initiatives	June 30, 2007	June 30, 2006
ASSETS										
Current Assets:										
Equity in Pooled Cash and Investments	\$ 2,037,402	\$ 13,561,555	\$ 7,171,151	\$ 34,826	\$ 689,227	\$ 13,558,745	\$ 10,964,639	\$ 1,575,857	\$ 49,593,402	\$ 45,130,625
Restricted Cash, Cash Equivalents and Investments:										
Unspent Revenue Bond and Equipment Financing										
Proceeds	2,954,365	-	-	399,772	-	-	-	23,664	3,377,801	1,369,525
Accounts Receivable	-	-	250	-	-	-	-	-	250	354,034
Due from County Government	-	-	121,926	-	-	-	121,927	-	243,853	259,776
Deposits and Other	-	32,268	-	-	-	32,268	-	-	64,536	286,078
Total Current Assets	<u>4,991,767</u>	<u>13,593,823</u>	<u>7,293,327</u>	<u>434,598</u>	<u>689,227</u>	<u>13,591,013</u>	<u>11,086,566</u>	<u>1,599,521</u>	<u>53,279,842</u>	<u>47,400,038</u>
Noncurrent Assets:										
Capital Assets:										
Land	-	-	-	-	748,497	-	-	-	748,497	748,497
Buildings and Improvements	102,469	-	-	-	2,649,865	-	-	-	2,752,334	2,752,334
Machinery and Equipment	21,987,302	-	209,036	698,598	31,840	-	366,258	726,673	24,019,707	22,900,898
Less-Accumulated Depreciation	(17,075,378)	-	(158,761)	(114,125)	(1,462,690)	-	(287,999)	(196,349)	(19,285,302)	(17,979,878)
Total Capital Assets (net of accumulated depreciation)	<u>5,014,393</u>	<u>-</u>	<u>50,275</u>	<u>584,473</u>	<u>1,977,512</u>	<u>-</u>	<u>78,259</u>	<u>530,324</u>	<u>8,235,236</u>	<u>8,421,851</u>
Total Assets	<u>10,006,160</u>	<u>13,593,823</u>	<u>7,343,602</u>	<u>1,019,071</u>	<u>2,666,739</u>	<u>13,591,013</u>	<u>11,164,825</u>	<u>2,129,845</u>	<u>61,515,078</u>	<u>55,821,889</u>
LIABILITIES										
Current Liabilities:										
Accounts Payable	62,845	64,461	15,692	-	5,014	64,460	57,012	-	269,484	1,473,549
Current Portion of Claims Payable	-	794,135	1,076,966	-	-	794,136	1,278,236	-	3,943,473	2,653,102
Accrued Salaries and Benefits	-	179,709	17,023	-	2,962	230,501	12,423	-	442,618	442,617
Current Portion of Notes Payable	1,643,078	-	-	138,765	170,000	-	-	98,380	2,050,223	1,399,962
Current Portion of Compensated Absences	-	4,466,500	23,756	-	3,394	4,791,100	23,757	-	9,308,507	9,392,547
Due to County Government	-	-	121,888	-	-	-	121,888	-	243,776	106,216
Interest Payable	39,734	-	-	4,714	28,169	-	-	2,343	74,960	60,609
Total Current Liabilities	<u>1,745,657</u>	<u>5,504,805</u>	<u>1,255,325</u>	<u>143,479</u>	<u>209,539</u>	<u>5,880,197</u>	<u>1,493,316</u>	<u>100,723</u>	<u>16,333,041</u>	<u>15,528,602</u>
Noncurrent Liabilities:										
Claims Payable - Net of Current Portion	-	-	3,230,862	-	-	-	3,834,713	-	7,066,575	6,722,755
Notes Payable - Net of Current Portion	3,207,823	-	-	415,506	895,000	-	-	213,108	4,731,437	3,807,613
Compensated Absences - Net of Current Portion	-	2,517,000	1,592	-	13,566	3,517,400	1,590	-	6,051,148	4,926,810
Total Noncurrent Liabilities	<u>3,207,823</u>	<u>2,517,000</u>	<u>3,232,454</u>	<u>415,506</u>	<u>908,566</u>	<u>3,517,400</u>	<u>3,836,303</u>	<u>213,108</u>	<u>17,848,160</u>	<u>15,457,178</u>
Total Liabilities	<u>4,953,480</u>	<u>8,021,805</u>	<u>4,487,779</u>	<u>558,985</u>	<u>1,118,105</u>	<u>9,397,597</u>	<u>5,329,619</u>	<u>313,831</u>	<u>34,181,201</u>	<u>30,985,780</u>
NET ASSETS										
Invested in Capital Assets, Net of Related Debt	3,117,867	-	50,275	429,974	912,512	-	78,259	242,500	4,831,377	4,583,801
Unrestricted	1,934,823	5,572,018	2,805,548	30,112	636,122	4,193,416	5,756,947	1,573,514	22,602,500	20,252,308
Total Net Assets	<u>\$ 5,052,690</u>	<u>\$ 5,572,018</u>	<u>\$ 2,855,823</u>	<u>\$ 460,086</u>	<u>\$ 1,548,634</u>	<u>\$ 4,193,416</u>	<u>\$ 5,835,206</u>	<u>\$ 1,816,014</u>	<u>\$ 27,333,877</u>	<u>\$ 24,836,109</u>

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, 2007

	MONTGOMERY COUNTY			PRINCE GEORGE'S COUNTY				TOTALS		
	Capital Equipment	Employee Benefits	Risk Management	Capital Equipment	Executive Building	Employee Benefits	Risk Management	Commission Wide Initiatives	June 30, 2007	June 30, 2006
Operating Revenues:										
Charges for Services	\$ 1,695,829	\$ 16,799,148	\$ 2,393,150	\$ 200,000	\$ 728,799	\$ 17,782,540	\$ 2,989,050	\$ 607,940	\$ 43,196,456	\$ 44,875,724
Claim Recoveries	-	-	375,622	-	-	-	316,109	-	691,731	1,160,871
Total Operating Revenues	1,695,829	16,799,148	2,768,772	200,000	728,799	17,782,540	3,305,159	607,940	43,888,187	46,036,595
Operating Expenses:										
Personal Services	-	6,146,173	419,652	-	109,936	8,033,490	361,721	-	15,070,972	14,093,275
Supplies and Materials	14,157	63	13,730	-	12,270	63	71,756	18,509	130,548	153,014
Other Contractual Services	-	14,500	381,431	-	-	14,500	597,062	-	1,007,493	-
Claims Incurred	-	5,837,461	2,245,798	-	-	5,837,459	2,381,421	-	16,302,139	19,267,260
Insurance	-	4,193,546	87,016	-	-	4,193,547	141,112	-	8,615,221	9,663,880
Other Services and Charges	63,493	44,600	169,537	3,200	374,785	44,600	221,485	22,805	944,505	1,203,085
Depreciation	1,554,845	-	29,155	62,518	108,026	-	62,303	70,839	1,887,686	1,770,462
Total Operating Expenses	1,632,495	16,236,343	3,346,319	65,718	605,017	18,123,659	3,836,860	112,153	43,958,564	46,150,976
Operating Income (Loss)	63,334	562,805	(577,547)	134,282	123,782	(341,119)	(531,701)	495,787	(70,377)	(114,381)
Nonoperating Revenues (Expenses):										
Interest Income	181,427	703,782	426,586	15,996	16,924	722,097	660,664	51,578	2,779,054	1,935,975
Interest Expense	(128,331)	-	-	(13,932)	(58,587)	-	-	(10,059)	(210,909)	(186,905)
Total Nonoperating Revenues (Expenses)	53,096	703,782	426,586	2,064	(41,663)	722,097	660,664	41,519	2,568,145	1,749,070
Income (Loss) Before Contributions and Transfers	116,430	1,266,587	(150,961)	136,346	82,119	380,978	128,963	537,306	2,497,768	1,634,689
Transfers In (Out) :										
Transfers In	-	-	-	-	-	-	-	250,000	250,000	250,000
Transfers (Out)	(250,000)	-	-	-	-	-	-	-	(250,000)	-
Net Operating Transfers	(250,000)	-	-	-	-	-	-	250,000	-	250,000
Change in Net Assets	(133,570)	1,266,587	(150,961)	136,346	82,119	380,978	128,963	787,306	2,497,768	1,884,689
Total Net Assets, July 1	5,186,250	4,305,431	3,006,784	323,740	1,466,515	3,812,438	5,706,243	1,028,708	24,836,109	22,951,420
Total Net Assets, June 30	\$ 5,052,680	\$ 5,572,018	\$ 2,855,823	\$ 460,086	\$ 1,548,634	\$ 4,193,416	\$ 5,835,206	\$ 1,816,014	\$ 27,333,877	\$ 24,836,109

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 9

**Combining Statement of Cash Flows - INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2007**

	MONTGOMERY COUNTY			PRINCE GEORGE'S COUNTY				Commission Wide Initiatives	TOTAL
	Capital Equipment	Employee Benefits	Risk Management	Capital Equipment/	Executive Building	Employee Benefits	Risk Management		
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 1,695,829	\$ 16,909,919	\$ 2,776,734	\$ 200,000	\$ 728,799	\$ 17,893,311	\$ 3,666,904	\$ 607,940	\$ 44,479,436
Payments to Suppliers	21,870	(10,268,252)	(1,840,178)	(455)	(389,946)	(10,268,251)	(3,255,358)	(48,099)	(26,048,669)
Payments to Employees	-	(5,952,072)	(426,365)	-	(106,711)	(7,177,090)	(368,435)	-	(14,030,673)
Payments for Interfund Services Used	(32,100)	(41,700)	(126,800)	-	(1,100)	(41,700)	(126,800)	-	(370,200)
Net Cash Provided by Operating Activities	<u>1,685,599</u>	<u>647,895</u>	<u>383,391</u>	<u>199,545</u>	<u>231,042</u>	<u>406,270</u>	<u>(83,689)</u>	<u>559,841</u>	<u>4,029,894</u>
Cash Flows from Noncapital Financing Activities:									
Transfers In From Other Funds	-	-	-	-	-	-	-	250,000	250,000
Transfers Out to Other Funds	(250,000)	-	-	-	-	-	-	-	(250,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:									
Acquisition of Capital Assets	(1,341,787)	-	(38,407)	(257,417)	(5,514)	-	(21,374)	(36,570)	(1,701,069)
Principal Paid on Notes Payable	(1,365,205)	-	-	(102,124)	(165,000)	-	-	(93,588)	(1,725,917)
Interest Paid on Notes Payable	(128,331)	-	-	(13,932)	(58,587)	-	-	(10,059)	(210,909)
Proceeds from Financing - Notes Payable - Net	2,886,320	-	-	390,560	-	-	-	23,120	3,300,000
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>50,997</u>	<u>-</u>	<u>(38,407)</u>	<u>17,087</u>	<u>(229,101)</u>	<u>-</u>	<u>(21,374)</u>	<u>(117,097)</u>	<u>(337,895)</u>
Cash Flows from Investing Activities:									
Interest on Investments	181,427	703,782	426,586	15,996	16,924	722,097	660,664	51,578	2,779,054
Net Cash Provided (Used) by Investing Activities	<u>181,427</u>	<u>703,782</u>	<u>426,586</u>	<u>15,996</u>	<u>16,924</u>	<u>722,097</u>	<u>660,664</u>	<u>51,578</u>	<u>2,779,054</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,668,023	1,351,677	771,570	232,628	18,865	1,128,367	555,601	744,322	6,471,053
Cash and Cash Equivalents, July 1	3,323,744	12,209,878	6,399,581	201,970	670,362	12,430,378	10,409,038	855,199	46,500,150
Cash and Cash Equivalents, June 30	<u>\$ 4,991,767</u>	<u>\$ 13,561,555</u>	<u>\$ 7,171,151</u>	<u>\$ 434,598</u>	<u>\$ 689,227</u>	<u>\$ 13,558,745</u>	<u>\$ 10,964,639</u>	<u>\$ 1,599,521</u>	<u>\$ 52,971,203</u>
Operating Income (Loss)	\$ 63,334	\$ 562,805	\$ (577,547)	\$ 134,282	123,782	\$ (341,119)	\$ (531,701)	\$ 495,787	\$ (70,377)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:									
Depreciation	1,554,845	-	29,155	62,518	108,026	-	62,303	70,839	1,887,686
Effect of Changes in Assets and Liabilities in:									
Accounts Receivable	-	-	-	-	-	-	353,784	-	353,784
Due from County Government	-	-	7,962	-	-	-	7,961	-	15,923
Deposits and Other	-	110,771	-	-	-	110,771	-	-	221,542
Accounts Payable	50,964	(38,321)	(86,613)	-	374	(38,322)	(1,085,846)	(6,300)	(1,204,064)
Claims Payable	-	(181,460)	948,367	-	-	(181,460)	1,047,744	-	1,633,191
Compensated Absences	-	194,100	(6,713)	-	3,225	856,400	(6,714)	-	1,040,298
Interest Payable	16,456	-	-	2,745	(4,365)	-	-	(485)	14,351
Due to County Government	-	-	68,780	-	-	-	68,780	-	137,560
Total Adjustments	<u>1,622,265</u>	<u>85,090</u>	<u>960,938</u>	<u>65,263</u>	<u>107,260</u>	<u>747,389</u>	<u>448,012</u>	<u>64,054</u>	<u>4,100,271</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,685,599</u>	<u>\$ 647,895</u>	<u>\$ 383,391</u>	<u>\$ 199,545</u>	<u>231,042</u>	<u>\$ 406,270</u>	<u>\$ (83,689)</u>	<u>\$ 559,841</u>	<u>\$ 4,029,894</u>



Musicians entertain at the Commission's annual Festival Hispano held in Lane Manor Park.

FIDUCIARY FUNDS

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

Pension Trust Funds

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

Private Purpose Trust Funds

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

Agency Funds

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 10

Combining Statements of Net Assets
Fiduciary Fund Types
June 30, 2007

	PENSION TRUST FUNDS			PRIVATE PURPOSE TRUST FUNDS			AGENCY FUNDS		
	Employees' Retirement Fund	Other 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	\$ -	\$ 465,014	\$ 465,014	\$ 30,973,332	\$ 5,296,465	\$ 36,269,797	\$ 2,546,365	\$ 899,105	\$ 3,445,470
Cash	166,747	14,351	181,098	-	-	-	-	-	-
Restricted Cash: Unspent Bond Proceeds	-	-	-	2,015,019	-	2,015,019	-	-	-
Fixed Income Securities	186,460,125	-	186,460,125	-	-	-	-	-	-
International Fixed Income Securities	38,275,247	-	38,275,247	-	-	-	-	-	-
Common Stock	355,478,653	-	355,478,653	-	-	-	-	-	-
International Common Stock	81,014,618	-	81,014,618	-	-	-	-	-	-
International Short Term Investments	19,879,005	-	19,879,005	-	-	-	-	-	-
Mutual Funds	-	129,843	129,843	-	-	-	-	-	-
Collateral for Securities Lending Transactions	63,447,751	-	63,447,751	-	-	-	-	-	-
Accounts Receivable	1,860,469	-	1,860,469	400	4,002	4,402	-	-	-
Deposits and Other	24,193	-	24,193	-	-	-	-	-	-
Land Held for Other Governments	-	-	-	15,995,303	17,837,342	33,832,645	-	-	-
Total Assets	746,606,808	609,208	747,216,016	48,984,054	23,137,809	72,121,863	2,546,365	899,105	3,445,470
LIABILITIES									
Investment Payable	38,627,816	-	38,627,816	-	-	-	-	-	-
Accounts Payable	872,490	7,887	880,377	1,152	840	1,992	2,546,365	-	2,546,365
Claims Payable:	-	457,127	457,127	-	-	-	-	-	-
Obligation for Collateral Received under Securities Lending Transactions	63,447,751	-	63,447,751	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	899,105	899,105
Total Liabilities	102,948,057	465,014	103,413,071	1,152	840	1,992	2,546,365	899,105	3,445,470
NET ASSETS									
Assets Held in Trust for:									
Land Held for Transfer	-	-	-	15,995,303	17,837,342	33,832,645	-	-	-
Pension Benefits	643,658,751	-	643,658,751	-	-	-	-	-	-
Other Postemployment Benefits	-	144,194	144,194	-	-	-	-	-	-
Other Purposes	-	-	-	32,987,599	5,299,627	38,287,226	-	-	-
Total Net Assets	\$ 643,658,751	\$ 144,194	\$ 643,802,945	\$ 48,982,902	\$ 23,136,969	\$ 72,119,871	\$ -	\$ -	\$ -

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, 2007

	PENSION TRUST FUNDS			PRIVATE PURPOSE TRUST FUNDS		
	Employees' Retirement Fund	Other Post Employment Benefits Fund	Totals	Montgomery County	Prince George's County	Totals
ADDITIONS:						
Contributions:						
Employer	\$ 9,824,590	\$ 4,658,992	\$ 14,483,582	\$ -	\$ -	\$ -
Plan Members	4,402,195	-	4,402,195	-	-	-
Plan Members for Current Benefits	-	889,979	889,979	-	-	-
Private Donations	-	-	-	6,539	26,182	32,721
Total Contributions	14,226,785	5,548,971	19,775,756	6,539	26,182	32,721
Contributions from Commission Debt Service Funds	-	-	-	782,891	486,993	1,269,884
Gain on Sale of Land	-	-	-	12,347,440	-	12,347,440
Investment Earnings:						
Interest	8,956,338	673	8,957,011	1,218,829	254,770	1,473,599
Dividends	2,534,626	4,573	2,539,199	-	-	-
Net increase (decrease) in the Fair Value of Investments	81,406,105	7,113	81,413,218	-	-	-
Total Investment Earnings	92,897,069	12,359	92,909,428	1,218,829	254,770	1,473,599
Less Investment Advisory and Management Fees	(2,238,429)	100	(2,238,329)	-	-	-
Net Income from Investing Activities	90,658,640	12,459	90,671,099	1,218,829	254,770	1,473,599
Securities Lending Activity						
Securities Lending Income	3,167,430	-	3,167,430	-	-	-
Securities Lending Fees	(3,078,078)	-	(3,078,078)	-	-	-
Net Income from Securities Lending Activity	89,352	-	89,352	-	-	-
Total Net Investment Income	90,747,992	12,459	90,760,451	1,218,829	254,770	1,473,599
Total Additions	104,974,777	5,561,430	110,536,207	14,355,699	767,945	15,123,644
DEDUCTIONS:						
Benefits	21,318,664	5,548,971	26,867,635	-	-	-
Refunds of Contributions	489,233	-	489,233	-	-	-
Administrative expenses	1,182,229	-	1,182,229	-	-	-
Contribution to Commission Debt Service Funds	-	-	-	99,500	-	99,500
Other	-	-	-	15,537	47,502	63,039
Total Deductions	22,990,126	5,548,971	28,539,097	115,037	47,502	162,539
Change in Net Assets	81,984,651	12,459	81,997,110	14,240,662	720,443	14,961,105
Net Assets - Beginning	561,674,100	131,735	561,805,835	34,742,240	22,416,526	57,158,766
Net Assets - Ending	\$ 643,658,751	\$ 144,194	\$ 643,802,945	\$ 48,982,902	\$ 23,136,969	\$ 72,119,871

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, 2007

	July 1, 2006	Additions	Deductions	June 30, 2007
MARYLAND STATE RETIREMENT SYSTEM FUND				
ASSETS				
Equity in Pooled Cash and Investments	\$ 2,562,537	\$ 268,404	\$ 284,576	\$ 2,546,365
Total Current Assets	<u>\$ 2,562,537</u>	<u>\$ 268,404</u>	<u>\$ 284,576</u>	<u>\$ 2,546,365</u>
LIABILITIES				
Accounts Payable	\$ 2,562,537	\$ 268,404	\$ 284,576	\$ 2,546,365
Total Current Liabilities	<u>\$ 2,562,537</u>	<u>\$ 268,404</u>	<u>\$ 284,576</u>	<u>\$ 2,546,365</u>
MONTGOMERY COUNTY FUND				
ASSETS				
Equity in Pooled Cash and Investments	\$ 816,322	\$ 167,442	\$ 84,659	\$ 899,105
Total Current Assets	<u>\$ 816,322</u>	<u>\$ 167,442</u>	<u>\$ 84,659</u>	<u>\$ 899,105</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 54,323	\$ 54,323	\$ -
Deposits	816,322	167,442	84,659	899,105
Total Current Liabilities	<u>\$ 816,322</u>	<u>\$ 221,765</u>	<u>\$ 138,982</u>	<u>\$ 899,105</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash and Investments	\$ 3,378,859	\$ 435,846	\$ 369,235	\$ 3,445,470
Total Current Assets	<u>\$ 3,378,859</u>	<u>\$ 435,846</u>	<u>\$ 369,235</u>	<u>\$ 3,445,470</u>
LIABILITIES				
Accounts Payable	\$ 2,562,537	\$ 322,727	\$ 338,899	\$ 2,546,365
Deposits	816,322	167,442	84,659	899,105
Total Current Liabilities	<u>\$ 3,378,859</u>	<u>\$ 490,169</u>	<u>\$ 423,558</u>	<u>\$ 3,445,470</u>

♦ PART III ♦

STATISTICAL SECTION



Children of all ages are delighted by the various water features offered at the Splash Park in South Germantown Regional Park.

STATISTICAL SECTION

This part of The Maryland-National Capital Park and Planning Commission's (Commission) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	116
<i>These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.</i>	
Revenue Capacity	121
<i>These schedules contain information to help the reader assess the Commission's most significant local revenue source, the property tax.</i>	
Debt Capacity	125
<i>These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	130
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.</i>	
Operating Information	133
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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				
	2003	2004	2005	2006	2007
Governmental Activities:					
Invested in Capital Assets, net of related debt	\$ 305,800,251	\$ 364,642,396	\$ 370,469,274	\$ 383,457,023	\$ 416,140,797
Unrestricted	<u>86,192,777</u>	<u>91,953,723</u>	<u>126,681,153</u>	<u>159,962,347</u>	<u>201,822,613</u>
Subtotal Governmental Activities Net Assets	<u>391,993,028</u>	<u>456,596,119</u>	<u>497,150,427</u>	<u>543,419,370</u>	<u>617,963,410</u>
Business-type Activities:					
Invested in Capital Assets, net of related debt	80,397,496	85,843,860	83,421,966	84,318,532	81,455,721
Restricted for Debt Service	589,848	-	-	-	-
Unrestricted	<u>1,910,929</u>	<u>2,238,739</u>	<u>2,334,180</u>	<u>2,101,083</u>	<u>3,881,454</u>
Subtotal Business-type Activities Net Assets	<u>82,898,273</u>	<u>88,082,599</u>	<u>85,756,146</u>	<u>86,419,615</u>	<u>85,337,175</u>
Primary Government:					
Invested in Capital Assets, net of related debt	386,197,747	450,466,256	453,891,240	467,775,555	497,596,518
Restricted for Debt Service	589,848	-	-	-	-
Unrestricted	<u>88,103,706</u>	<u>94,192,462</u>	<u>129,015,333</u>	<u>162,063,430</u>	<u>205,704,067</u>
Total Government Net Assets	<u>\$ 474,891,301</u>	<u>\$ 544,678,718</u>	<u>\$ 582,906,573</u>	<u>\$ 629,838,985</u>	<u>\$ 703,300,585</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				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General Government	\$ 12,678,079	\$ 12,497,931	\$ 13,365,605	\$ 14,110,350	\$ 15,062,982
County Planning and Zoning	29,119,749	29,792,531	31,089,512	35,931,600	39,150,300
Park Operations and Maintenance	104,484,551	112,777,571	117,420,745	140,378,771	145,957,331
Recreation Programs	38,057,899	39,174,875	42,175,861	43,058,594	46,907,997
Interest on Long-term Debt	6,994,245	5,483,168	6,396,948	6,045,652	5,693,542
Subtotal Governmental Activities	191,334,523	199,726,076	210,448,671	239,524,967	252,772,152
Business-type Activities:					
Recreational and Cultural Facilities	28,243,046	30,033,511	31,635,252	32,957,080	28,861,349
Total Government Expenses	219,577,569	229,759,587	242,083,923	272,482,047	281,633,501
Program Revenues					
Governmental Activities:					
County Planning and Zoning	3,058,135	4,392,957	4,537,266	5,555,883	6,452,620
Park Operations and Maintenance	26,321,407	20,104,060	23,359,117	23,763,315	29,883,255
Recreation Programs	9,410,542	11,550,937	11,921,917	12,746,285	12,445,128
Subtotal Governmental Activities	38,790,084	36,047,954	39,818,300	42,065,483	48,781,003
Business-type Activities:					
Recreational and Cultural Facilities	19,757,618	25,901,631	23,321,731	26,440,370	19,705,376
Total Government Program Revenues	58,547,702	61,949,585	63,140,031	68,505,853	68,486,379
Net Government Expenses	(161,029,867)	(167,810,002)	(178,943,892)	(203,976,194)	(213,147,122)
General Revenues and Other Changes in Net Assets					
Governmental Activities	179,149,677	196,451,625	211,184,679	243,728,427	278,535,189
Business-type Activities	4,760,998	9,316,206	5,987,068	7,180,179	8,073,533
Total Primary Government	183,910,675	205,767,831	217,171,747	250,908,606	286,608,722
Change in Net Assets					
Governmental Activities	26,605,238	32,773,503	40,554,308	46,268,943	74,544,040
Business-type Activities	(3,724,430)	5,184,326	(2,326,453)	663,469	(1,082,440)
Total Primary Government	\$ 22,880,808	\$ 37,957,829	\$ 38,227,855	\$ 46,932,412	\$ 73,461,600

(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)

	2003	2004	2005	2006	2007
Program Revenues					
Governmental Activities:					
County Planning and Zoning					
Charges for services	\$ 2,206,015	\$ 3,743,951	\$ 3,523,763	\$ 4,535,128	\$ 5,703,337
Operating grants and contributions	852,120	649,006	1,013,503	1,020,755	749,283
Total County Planning and Zoning	3,058,135	4,392,957	4,537,266	5,555,883	6,452,620
Park Operations and Maintenance					
Charges for services	4,689,195	5,294,071	6,544,420	5,498,642	5,553,868
Operating grants and contributions	762,869	705,213	645,795	1,106,898	1,122,332
Capital grants and contributions	20,869,343	14,104,776	16,168,902	17,157,775	23,207,055
Total Park Operations and Maintenance	26,321,407	20,104,060	23,359,117	23,763,315	29,883,255
Recreation Programs					
Charges for services	9,083,148	11,239,721	11,641,554	12,294,579	12,052,358
Operating grants and contributions	327,394	311,216	280,363	451,706	392,770
Total Recreation Programs	9,410,542	11,550,937	11,921,917	12,746,285	12,445,128
Total Governmental Activities	38,790,084	36,047,954	39,818,300	42,065,483	48,781,003
Business-type Activities:					
Recreational and Cultural Facilities					
Charges for services	19,757,618	22,046,268	23,321,731	22,969,521	19,286,008
Operating grants and contributions	-	26,000	-	-	146,596
Capital grants and contributions	-	3,829,363	-	3,470,849	272,772
Total Recreational and Cultural Facilities	19,757,618	25,901,631	23,321,731	26,440,370	19,705,376
Total Government Program Revenues	\$ 58,547,702	\$ 61,949,585	\$ 63,140,031	\$ 68,505,853	\$ 68,486,379
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property Taxes	\$ 181,859,997	\$ 204,217,877	\$ 213,178,802	\$ 241,784,351	\$ 272,927,451
Unrestricted Investment Earnings	1,931,787	1,418,407	3,908,309	8,870,876	13,361,838
Gain/Loss on Disposal of Land	(4,920)	35,676	-	-	-
Transfers	(4,637,187)	(9,220,335)	(5,902,432)	(6,926,800)	(7,754,100)
Total Governmental Activities	179,149,677	196,451,625	211,184,679	243,728,427	278,535,189
Business-type Activities					
Unrestricted Investment Earnings	123,811	95,871	84,636	253,379	319,433
Transfers	4,637,187	9,220,335	5,902,432	6,926,800	7,754,100
Total Business-type Activities	4,760,998	9,316,206	5,987,068	7,180,179	8,073,533
Total Primary Government	\$ 183,910,675	\$ 205,767,831	\$ 217,171,747	\$ 250,908,606	\$ 286,608,722

(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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 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	\$ 19,064,712
Unreserved, reported in:										
Montgomery Administration Account	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	2,870,039
Montgomery Park Account	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	7,240,864
Prince George's Administration Account	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	15,888,797
Prince George's Park Account	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	54,213,314
Prince George's Recreation Account	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	23,875,520
Total General Fund	59,171,881	56,406,382	57,622,909	50,255,441	49,093,545	49,655,887	58,839,553	74,135,468	100,858,141	123,153,246
All Other Governmental Funds										
Reserved	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	27,311,293
Unreserved (deficit), reported in:										
Special Revenue Funds	-	-	-	-	6,546,298	5,888,267	6,466,722	7,088,718	8,358,389	9,421,909
Capital Projects Funds	20,355,746	12,979,957	12,596,487	3,478,091	17,427,284	21,121,422	19,573,788	27,292,889	15,279,284	40,535,220
Total All Other Governmental Funds	46,451,436	30,090,740	22,436,832	17,589,085	38,405,586	42,176,275	45,319,633	50,621,503	54,617,119	77,268,422
Total All Governmental Funds	\$ 105,623,317	\$ 86,497,122	\$ 80,059,741	\$ 67,844,526	\$ 87,499,131	\$ 91,832,162	\$ 104,159,186	\$ 124,756,971	\$ 155,475,260	\$ 200,421,668

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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Property Taxes	\$ 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	\$ 273,443,221
Intergovernmental	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	20,395,468
Charges for Services	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	13,302,886
Rentals and Concessions	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	8,872,522
Interest	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	10,582,784
Miscellaneous	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	2,004,402
Total Revenues	184,167,807	195,855,069	203,177,325	206,913,074	214,999,307	213,811,417	234,928,354	254,824,003	288,637,360	328,601,283
Expenditures										
General Government	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	15,307,979
Planning and Zoning	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	39,453,463
Park Operations and Maintenance	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	131,788,561
Recreation	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	45,466,125
Contributions	-	-	-	-	-	-	-	-	-	1,269,884
Debt Service										
Principal	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	11,630,000
Interest	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	5,321,528
Other Debt Service Costs	91,859	212,054	33,237	81,752	70,981	553,630	525,375	188,317	262,491	258,155
Capital Projects	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	39,382,789
Total Expenditures	188,026,639	214,957,471	203,308,045	219,200,283	216,691,133	233,934,637	236,799,097	236,599,387	250,942,376	289,878,484
Other Financing Sources (Uses)										
Proceeds from General Obligation Bonds	21,000,000	7,000,000	-	5,700,000	18,744,820	26,422,900	14,720,000	4,002,020	-	13,600,000
Refunding Bonds Issued	7,325,000	21,000,000	-	-	-	29,592,100	22,805,000	-	19,130,000	-
Loan Issued	-	-	-	-	-	-	-	-	-	284,000
Premiums on Bonds Issued	-	-	-	-	-	281,807	1,926,886	-	88,405	93,709
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	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	46,882,822
Transfers Out	(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)	(54,636,922)
Total Other Financing Sources (Uses)	15,600,859	(23,793)	(6,306,661)	71,994	13,329,562	24,456,251	14,197,767	2,373,169	(6,976,695)	6,223,609
Net Change in Fund Balances	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	44,946,408
Beginning Fund Balance	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	155,475,260
Ending Fund Balance	\$ 105,623,317	\$ 86,497,122	\$ 80,059,741	\$ 67,844,526	\$ 87,499,131	\$ 91,832,162	\$ 104,159,186	\$ 124,756,971	\$ 155,475,260	\$ 200,421,668
Debt Service as a Percentage of										
Noncapital Expenditures	9.75%	9.02%	9.52%	8.76%	9.22%	17.65%	8.30%	8.09%	7.62%	6.77%

(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	
1998	\$ 27,274,641	\$ 69,295,328	\$ 2.560	\$ 3,654,451	\$ 2.545	\$ 30,929,092	\$ 72,949,779	42.40 %
1999	27,906,080	71,480,738	2.540	3,758,547	2.524	31,664,627	75,239,285	42.09
2000	28,674,554	74,907,403	2.514	3,879,303	2.502	32,553,857	78,786,706	41.32
2001	29,649,013	79,021,889	2.513	4,077,848	2.500	33,726,861	83,099,737	40.59
2002	(1) 77,574,948	84,229,042	1.005	4,201,345	2.495	81,776,293	88,430,387	92.48
2003	82,407,338	93,432,356	1.004	4,227,854	2.494	86,635,192	97,660,210	88.71
2004	89,263,005	98,091,215	1.005	3,963,802	2.498	93,226,807	102,055,017	91.35
2005	98,281,725	105,339,469	0.994	3,902,612	2.474	102,184,337	109,242,081	93.54
2006	110,529,249	118,593,615	0.952	3,831,629	2.367	114,360,878	122,425,244	93.41
2007	125,710,776	131,634,320	0.904	3,948,950	2.242	129,659,726	135,583,270	95.63

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	
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	0.981	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
2007	60,716,650	69,500,205	0.924	2,827,545	2.312	63,544,195	72,327,750	87.86

- 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.

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

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
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
2007	0.020/0.050	0.0570/0.1430	0.0010/0.0030	0.0780/0.1960	0.811/2.028	0.889/2.224

PRINCE GEORGE'S COUNTY

Fiscal Year	Administration	Park Operations	Recreation	Advance Land Acquisition	Total	County-wide Property Taxes Within County	Total
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	1.1384/2.8471	1.4174/3.5446
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	1.4147/3.5365
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
2007	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	1.1165/2.7916	1.3955/3.4891

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 for real property 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>	2007			1998 (1)		
	Total Assessment	Rank	Percentage of Total Assessed Valuation	Total Assessment	Rank	Percentage of Total Assessed Valuation
Potomac Electric Power Company	\$ 705,060,996	1	0.54 %	\$ 989,635,360	1	3.23 %
Verizon	670,608,660	2	0.52	-	-	-
Montgomery Mail	335,367,236	3	0.26	77,219,890	4	0.25
Washington Gas Light Company	229,028,830	4	0.18	159,973,950	3	0.52
Chevy Chase Land Co.	213,530,560	5	0.16	-	-	-
Mirant Mid-Atlantic LLC	198,571,702	6	0.15	-	-	-
7501 Wisconsin Ave. LLC	198,508,332	7	0.15	-	-	-
Wheaton Plaza Regional Shopping Center	174,942,430	8	0.13	51,550,340	10	0.17
Bryant F. Foulger, Trustee	174,503,400	9	0.13	56,923,880	7	0.19
Camalier, Anne D et al, Trustee	172,456,415	10	0.13	-	-	-
Bell Atlantic - Washington D.C. Inc	-	-	-	560,581,280	2	1.83
May Department Stores	-	-	-	65,742,820	5	0.21
International Business Machines	-	-	-	61,437,020	6	0.20
Albert & R. Abramson, et. al.	-	-	-	54,094,860	8	0.18
Marbeth Partnership	-	-	-	52,019,330	9	0.17
Total	\$ 3,072,578,561		2.37 %	\$ 2,129,178,730		6.95 %
Total Assessable Base	\$ 129,659,725,668		100.00 %	\$ 30,647,787,862		100.00 %

PRINCE GEORGE'S COUNTY

<u>Taxpayer</u>	2007			1998 (1)		
	Total Assessment	Rank	Percentage of Total Assessed Valuation	Total Assessment	Rank	Percentage of Total Assessed Valuation
Mirant Chalk Point LLC	\$ 483,708,600	1	0.76 %	\$ -	-	- %
Potomac Electric Power Company	410,699,262	2	0.65	985,377,850	1	5.74
Verizon Maryland	386,977,640	3	0.61	-	-	-
Washington Gas Light Company	199,172,318	4	0.31	136,546,850	3	0.80
JKC Stadium (FedEx Field)	181,825,166	5	0.29	52,591,735	6	0.31
Baltimore Gas and Electric Company	127,904,490	6	0.20	82,840,270	5	0.48
Silver Oaks Campus LLC	115,463,500	7	0.18	-	-	-
Summerfield Housing LTD Partnership	101,661,399	8	0.16	37,046,050	8	0.22
Samuel Zeli TRS	97,583,750	9	0.15	-	-	-
Greenbelt Homes, Incorporated	91,519,960	10	0.14	33,524,880	10	0.20
Bell Atlantic Maryland	-	-	-	339,859,790	2	1.98
Panda-Brandywine Partnership	-	-	-	84,003,660	4	0.49
Jones Communication of MD Inc	-	-	-	46,276,960	7	0.27
Southern Maryland Electric Co-Op Inc	-	-	-	36,226,610	9	0.21
Total	\$ 2,196,516,085		3.46 %	\$ 1,834,294,655		10.69 %
Total Assessable Base	\$ 63,544,194,607		100.00 %	\$ 17,159,141,300		100.00 %

(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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections	Percent of Total Collections to Tax Levy
1998	59,150,686	58,603,216	99.1	112,477	58,715,693	99.3
1999	60,547,511	59,484,336	98.2	1,246,050	60,730,386	100.3
2000	61,998,281	60,973,987	98.3	470,539	61,444,526	99.1
2001	65,210,972	64,015,359	98.2	311,722	64,327,081	98.6
2002	69,302,154	68,605,694	99.0	1,479,949	70,085,643	101.1
2003	69,493,121	68,994,492	99.3	689,839	69,684,331	100.3
2004	68,788,496	68,447,863	99.5	649,374	69,097,237	100.4
2005	74,428,353	74,232,900	99.7	333,383	74,566,283	100.2
2006	87,277,546	84,587,921	96.9	2,597,839	87,185,760	99.9
2007	91,903,957	91,347,333	99.4	-	91,347,333	99.4

PRINCE GEORGE'S COUNTY

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections	Percent of Total Collections to Tax Levy
1998	\$ 98,618,464	\$ 97,670,607	99.0	\$ 209,940	\$ 97,880,547	99.3
1999	101,339,962	100,037,283	98.7	1,155,029	101,192,312	99.9
2000	103,461,526	102,213,005	98.8	575,939	102,788,944	99.3
2001	105,035,614	103,544,928	98.6	738,336	104,283,264	99.3
2002	107,977,263	106,777,906	98.9	909,655	107,687,561	99.7
2003	112,003,391	110,517,257	98.7	729,273	111,246,530	99.3
2004	132,837,385	128,734,271	96.9	3,629,840	132,364,111	99.6
2005	141,452,179	140,621,685	99.4	266,690	140,888,375	99.6
2006	156,005,194	155,091,912	99.4	402,499	155,494,411	99.7
2007	178,448,928	177,139,126	99.3	-	177,139,126	99.3

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)
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	48.40	5,255	47,784	0.11	54.38
2001	30,920	4,792	12,388	273	48,373	0.11	54.07	4,925	53,298	0.12	59.58
2002	28,700	3,577	11,811	218	44,306	0.09	48.80	4,500	48,806	0.10	53.76
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	46.88	3,805	46,990	0.09	51.01
2005	31,760	5,256	8,825	114	45,955	0.08	49.55	5,390	51,345	0.09	55.36
2006	29,555	3,711	7,780	54	41,100	0.07	43.86	4,845	45,945	0.08	49.03
2007	32,025	5,259	6,715	27	44,026	0.07	46.49	4,290	48,316	0.08	51.02

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)
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	142.68	3,370	117,898	0.51	146.87
2001	107,280	1,796	-	-	109,076	0.45	133.68	3,135	112,211	0.46	137.53
2002	119,620	1,765	-	-	121,385	0.48	146.99	2,800	124,185	0.49	150.38
2003	113,655	1,675	-	-	115,330	0.44	138.49	2,470	117,800	0.45	141.46
2004	121,965	1,530	-	-	123,495	0.44	147.40	2,145	125,640	0.45	149.96
2005	113,480	1,714	-	-	115,194	0.39	136.69	1,825	117,019	0.40	138.85
2006	105,030	1,496	-	-	106,526	n. a.	126.62	1,505	108,031	n. a.	128.41
2007	105,400	1,806	-	-	107,206	n. a.	n. a.	1,190	108,396	n. a.	n. a.

Notes: (1) 000's omitted.

(2) See Table 15 for personal income and population data. Data are not available for Prince George's County for FY 2006 and FY 2007.

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
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	878,683	28,408,647	27,125	0.10	30.87	32,553,857	5,255	0.02	5.98
2001	894,575	29,324,926	30,920	0.11	34.56	33,726,861	4,925	0.01	5.51
2002 (3)	907,926	71,060,080	28,700	0.04	31.61	81,776,292	4,500	0.01	4.96
2003	916,198	75,030,387	32,125	0.04	35.06	86,635,192	4,225	0.00	4.61
2004	921,264	80,589,255	29,830	0.04	32.38	93,226,807	3,805	0.00	4.13
2005	927,405	88,294,369	31,760	0.04	34.25	102,184,337	5,390	0.01	5.81
2006	937,000	99,136,692	29,555	0.03	31.54	114,360,878	4,845	0.00	5.17
2007	947,000	112,335,704	32,025	0.03	33.82	129,659,726	4,290	0.00	4.53

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
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	802,712	16,634,701	112,635	0.68	140.32	17,891,768	3,370	0.02	4.20
2001	815,927	16,873,735	107,280	0.64	131.48	18,182,904	3,135	0.02	3.84
2002 (3)	825,815	39,068,577	119,620	0.31	144.85	42,190,779	2,800	0.01	3.39
2003	832,761	40,706,364	113,655	0.28	136.48	43,832,133	2,470	0.01	2.97
2004	837,837	42,782,719	121,965	0.29	145.57	46,022,799	2,145	0.00	2.56
2005	842,764	45,981,392	113,480	0.25	134.65	49,441,014	1,825	0.00	2.17
2006	841,315	55,083,907	105,030	0.19	124.84	55,100,674	1,505	0.00	1.79
2007	n. a.	59,177,385	105,400	0.18	n.a.	63,544,195	1,190	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, 2007

	<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	\$ 1,904,769,799	100.00%	\$ 1,904,769,799	\$ -	\$ 1,904,769,799
MCPS - capital leases	45,113,095	100.00%	45,113,095	-	45,113,095
Kingsview Village Center - bonds	2,205,000	100.00%	2,205,000	-	2,205,000
West Germantown - bonds	15,450,000	100.00%	15,450,000	-	15,450,000
Towns, Cities and Villages	47,399,833	100.00%	47,399,833	-	47,399,833
Prince George's County:					
Prince George's County Direct Debt	759,188,646	100.00%	-	759,188,646	759,188,646
IDA of Prince George's County - lease revenue bonds	50,349,910	100.00%	-	50,349,910	50,349,910
Towns, Cities and Villages	22,541,275	100.00%	-	22,541,275	22,541,275
Total Overlapping Debt			2,014,937,727	832,079,831	2,847,017,558
M-NCPPC Direct Debt Outstanding (1)			41,574,496	108,396,164	149,970,660
Total Direct and Overlapping Debt			\$ 2,056,512,223	\$ 940,475,995	\$ 2,996,988,218

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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	\$ 109,087,997,868
Personal Property	-	-	-	-	3,431,488,780	3,376,709,429	3,196,548,890	3,178,419,240	3,128,415,230	3,247,705,861
Total Assessed Value	27,052,214,000	27,701,359,000	28,408,647,000	29,324,926,000	71,060,079,659	75,030,387,185	80,589,255,330	88,294,369,345	99,136,692,634	112,335,703,729
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation										
Real Property at 3.6 cents (9 cents for FY 2001 and prior)	-	-	-	-	24,346,293	25,795,324	27,861,374	30,641,742	34,562,980	39,271,679
Personal Property at 9 cents	-	-	-	-	3,088,340	3,039,038	2,876,894	2,860,577	2,815,574	2,922,935
Debt Service	24,346,993	24,931,223	25,567,782	26,392,433	27,434,633	28,834,362	30,738,268	33,502,319	37,378,554	42,194,614
Revenue available from mandatory park tax over next thirty years - Legal Debt Limit	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	1,265,838,420
Debt Service Applicable to Limit	32,816,000	40,702,000	37,381,000	43,203,000	39,469,000	43,472,000	39,836,487	42,224,115	38,393,681	41,883,976
Legal Debt Margin	\$ 697,593,790	\$ 707,234,690	\$ 729,652,460	\$ 748,569,990	\$ 783,569,990	\$ 821,558,860	\$ 882,311,553	\$ 962,845,455	\$ 1,082,962,939	\$ 1,223,954,444
Debt Service Applicable to Limit as a Percentage of the Limit	4.49%	5.44%	4.87%	5.46%	4.80%	5.03%	4.32%	4.20%	3.42%	3.31%

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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	\$ 56,538,661,889
Personal Property	-	-	-	-	2,869,889,000	2,866,052,000	2,758,807,706	2,649,333,133	2,811,867,582	2,638,722,757
Total Assessed Value	15,590,000,000	16,274,756,000	16,634,701,000	16,873,735,000	39,068,577,000	40,706,364,000	42,782,719,262	45,981,391,582	55,083,906,851	59,177,384,646
Annual Revenue from mandatory park tax levied for each \$100 of assessed valuation										
Real Property at 4 cents (10 cents for FY 2001 and prior)	-	-	-	-	14,479,475	15,136,125	16,009,565	17,332,823	20,908,816	22,615,465
Personal Property at 10 cents	-	-	-	-	2,869,889	2,866,052	2,758,808	2,649,333	2,811,868	2,638,723
Debt Service	15,590,000	16,274,756	16,634,701	16,873,735	17,349,364	18,002,177	18,768,373	19,982,156	23,720,684	25,254,188
Revenue available from mandatory park tax over next thirty years - Legal Debt Limit	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	757,625,640
Debt Service Applicable to Limit	174,590,000	164,131,000	152,589,437	141,350,000	157,767,000	147,391,000	156,442,246	146,418,484	136,076,320	135,698,883
Legal Debt Margin	\$ 293,110,000	\$ 324,111,680	\$ 346,451,593	\$ 364,862,050	\$ 362,713,920	\$ 392,674,310	\$ 406,608,944	\$ 453,046,196	\$ 575,544,200	\$ 621,926,757
Debt Service Applicable to Limit as a Percentage of the Limit	37.33%	33.62%	30.58%	27.92%	30.31%	27.29%	27.78%	24.42%	19.12%	17.91%

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-14

Pledged-Revenue Coverage
Last Ten Fiscal Years

Little Bennett Golf Course Revenue Bonds (1)						
Year	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenue (4)	Debt Service		Coverage
				Principal	Interest	
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	122,975	(0.37)
2006	999,416	1,303,515	(304,099)	315,137	120,699	(0.70)
2007	213,804	3,194	210,610	325,757	109,811	0.48

Wheaton Ice Rink Revenue Bonds						
Year	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenue (4)	Debt Service		Coverage
				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)
2007	1,129,298	1,329,107	(199,809)	294,512	63,144	(0.56)

Cabin John Ice Rink Revenue Notes (5)						
Year	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenue (4)	Debt Service		Coverage
				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
2007	3,006,568	2,604,061	402,507	444,444	162,444	0.66

- Notes: (1) The Commission's Montgomery County golf courses lease to the Montgomery County Revenue Authority on a short-term basis on April 15, 2006 was converted to a long-term lease in October 2006.
- (2) Gross revenues include nonoperating interest income.
- (3) Operating expenses do not include interest, depreciation, or amortization expenses.
- (4) 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.
- (5) Revenue notes for the Cabin John Ice Rink were issued in fiscal year 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)
1998	847,596	36,586,455	43,165	472,944	2.2	125,035
1999	862,350	39,049,711	45,283	478,946	1.9	127,852
2000	878,683	43,575,224	49,592	489,050	2.6	130,689
2001	894,575	45,537,627	50,904	490,213	3.1	134,180
2002	907,926	47,041,902	51,812	496,101	3.5	136,832
2003	916,198	48,533,753	52,973	497,820	3.3	138,891
2004	921,264	52,215,427	56,678	498,237	3.2	139,203
2005	927,405	55,600,356	59,953	507,556	3.1	139,337
2006	937,000	59,300,000	63,287	519,688	2.9	139,387
2007	947,000	62,700,000	66,209	525,018	2.8	137,798

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)
1998	780,666	\$ 20,731,126	\$ 26,274	443,686	4.8 %	128,347
1999	789,037	21,492,265	27,033	447,650	3.8	130,259
2000	802,712	23,195,413	28,894	452,067	4.3	131,059
2001	815,927	24,414,098	29,909	485,077	4.0	133,723
2002	825,815	25,445,330	30,783	471,602	5.1	135,039
2003	832,761	26,248,500	31,429	475,007	5.2	135,439
2004	837,837	28,162,399	33,461	440,424	4.5	137,285
2005	842,764	29,422,711	34,912	445,124	4.5	136,095
2006	841,315	n.a.	n.a.	454,601	4.1	133,325
2007	n. a.	n. a.	n. a.	454,054	4.0	131,014

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities										
General Government:	73.25	74.10	74.76	76.96	77.96	77.11	76.52	75.99	81.00	82.85
County Planning and Zoning:										
Office of the Planning Director	4.00	4.00	3.00	2.50	2.50	2.30	2.50	2.50	2.50	3.30
Management Services	7.80	8.80	13.10	13.10	12.80	12.40	12.80	11.30	11.10	9.30
Strategic Planning	-	-	5.00	4.50	4.50	4.50	4.50	4.50	4.40	3.30
Community-Based Planning	47.90	46.90	46.50	46.20	45.70	45.75	44.70	43.70	39.00	38.00
County-Wide Planning	37.40	39.40	37.90	38.20	41.40	42.35	41.70	40.20	40.10	41.00
Development Review	24.20	24.20	25.20	24.30	24.80	24.40	24.80	24.60	28.50	35.60
Research and Technology	30.00	30.00	30.00	28.50	28.50	29.80	28.00	26.80	26.30	26.90
Total County Planning and Zoning	151.30	153.30	160.70	157.30	160.20	161.50	159.00	153.60	151.90	157.40
Park Operations and Maintenance:										
Director of Parks	-	-	-	-	-	-	2.00	4.00	3.90	24.20
Superintendent of Parks	15.20	15.20	15.40	15.40	17.00	16.50	15.00	19.00	19.00	-
Management Services	4.50	3.50	-	-	-	-	-	-	-	-
Research and Technology	5.00	8.00	8.00	8.00	8.00	8.00	10.00	7.70	8.90	10.10
County-Wide Planning	12.00	12.00	12.00	16.80	17.10	16.30	16.05	18.95	20.50	18.85
Park Development	18.78	25.82	29.27	27.90	27.80	26.50	27.50	27.00	27.70	26.50
Park Police	107.50	107.50	108.50	114.50	115.50	115.05	115.50	112.50	111.20	117.50
Natural Resources	62.20	63.32	66.27	70.60	69.05	69.25	67.65	65.05	67.30	65.65
Central Maintenance	105.00	105.00	105.40	110.90	109.90	107.25	102.30	98.30	106.80	101.30
Northern Region	111.25	113.25	115.50	116.15	117.40	123.25	118.00	113.90	118.00	115.10
Southern Region	188.50	193.00	198.00	198.95	194.20	197.30	190.30	175.00	181.50	174.22
Property Management	1.10	1.10	1.10	1.10	1.10	2.10	3.10	3.10	3.00	3.00
Total Park Operations and Maintenance	631.03	647.69	659.44	680.30	677.05	681.50	667.40	644.50	667.80	656.42
Business-Type Activities										
Recreational and Cultural Facilities	191.75	208.40	211.85	235.60	231.65	226.35	229.30	215.40	204.70	109.70
Total Workyears	<u>1,047.33</u>	<u>1,083.49</u>	<u>1,106.75</u>	<u>1,150.16</u>	<u>1,146.86</u>	<u>1,146.46</u>	<u>1,132.22</u>	<u>1,089.49</u>	<u>1,105.40</u>	<u>1,006.37</u>

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities										
General Government:	74.65	75.50	76.25	78.45	77.45	76.60	75.70	75.70	77.20	79.35
County Planning and Zoning:										
Director's Office	16.70	23.70	24.20	13.00	15.50	14.00	14.00	13.00	15.00	14.00
Development Review	28.60	28.70	29.20	41.20	39.70	41.20	42.70	43.60	46.60	48.40
Information Permit Review	17.00	17.00	18.00	-	-	-	-	-	-	-
Community Planning	14.60	23.60	23.60	23.60	24.60	22.93	21.03	24.13	26.88	33.63
Redevelopment Authority	14.00	14.00	14.00	14.00	14.00	13.90	14.00	-	-	-
Natural Resources	9.60	8.60	12.60	-	-	-	-	-	-	-
Transportation	18.00	11.00	10.00	-	-	-	-	-	-	-
Urban Design	11.00	10.00	10.00	-	-	-	-	-	-	-
Information Management	39.60	33.00	32.00	26.00	22.00	21.80	23.00	22.00	23.00	23.50
County-Wide Planning	-	-	-	30.60	30.60	29.80	31.00	32.00	34.00	35.50
Information Center	-	-	-	25.70	22.70	21.10	20.00	22.00	22.00	23.50
Total County Planning and Zoning	169.10	169.60	173.60	174.10	169.10	164.73	165.73	156.73	167.48	178.53
Park Operations and Maintenance:										
Office of the Director	29.50	29.50	33.00	33.00	33.20	34.70	40.70	39.70	39.70	39.70
Park Police	115.00	120.00	121.00	121.00	123.40	123.40	124.20	124.20	129.80	130.80
Park Planning and Development	64.00	49.00	49.00	49.00	48.00	48.00	47.00	47.00	48.00	51.00
Facility Operations	220.00	272.32	239.00	239.00	233.00	232.50	234.50	235.50	243.50	243.50
Area Operations	214.00	214.00	214.00	218.00	202.00	202.10	204.10	204.10	219.60	219.60
Total Park Operations and Maintenance	642.50	684.82	656.00	660.00	639.60	640.70	650.50	650.50	680.60	684.60
Recreation Programs:										
Director's Office	1.00	1.00	2.00	2.00	3.00	3.00	3.00	8.00	8.00	9.50
Facility Operations	194.00	205.07	212.50	176.50	161.00	159.60	157.60	157.60	159.10	161.10
Area Operations	459.00	459.00	439.50	472.50	476.60	473.00	472.00	622.40	644.10	654.60
Total Recreation Programs	654.00	665.07	654.00	651.00	640.60	635.60	632.60	788.00	811.20	825.20
Business-Type Activities										
Recreational and Cultural Facilities	140.50	139.50	139.50	147.30	217.50	217.50	210.50	209.50	207.50	215.50
Total Workyears	1,680.75	1,734.49	1,699.35	1,710.85	1,744.25	1,735.13	1,735.03	1,880.43	1,943.98	1,983.18

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	estimated 2007
Governmental Activities										
General Government, Commission-Wide:										
Number of Positions Advertised	n/a	n/a	224	377	175	200	200	362	325	400
Number of Vendors in Directory	8,058	9,726	11,520	12,976	14,165	15,171	16,015	17,014	17,741	18,481
Number of MFD Vendors in Directory	805	1,159	1,334	1,334	1,549	1,772	2,094	2,551	2,818	3,028
<u>MONTGOMERY COUNTY</u>										
County Planning and Zoning:										
Number of Master & Sectional Map Ammendment Plans Completed	2	3	5	4	3	8	9	12	6	7
Number of Regulatory Planning Reviews	n/a	n/a	n/a	n/a	n/a	26	30	35	35	38
Number of Transportation Studies	n/a	n/a	n/a	126	125	53	46	56	52	40
Number of Site Plan and Project Plans Reviews	60	66	55	71	68	135	107	142	109	160
Number of Daily Website Visits	n/a	n/a	n/a	n/a	n/a	n/a	1,963	2,000	2,800	3,000
Number of GIS Updates	n/a	n/a	n/a	n/a	n/a	2,086	2,500	1,805	2,140	2,400
Park Operations and Maintenance:										
Number of Park Permits Issued	n/a	n/a	7,685	9,056	9,282	9,239	9,505	9,475	9,475	9,665
Number of Playground Renovations Completed	n/a	n/a	n/a	n/a	9	2	14	16	6	18
Total Acres of Parkland Acquired	n/a	n/a	n/a	n/a	529	1,031	224	407	310	480
Trees Planted for Reforestation Projects	n/a	n/a	n/a	n/a	n/a	2,000	1,200	1,300	1,512	1,295
Major Maintenance Requests Completed	n/a	n/a	n/a	n/a	n/a	32	30	33	146	184
Service Requests Completed	3,980	4,016	3,872	3,900	3,900	5,463	5,300	5,569	5,812	6,009
Number of Customers Attending Nature Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35,225	30,355	29,000
Business-Type Activities										
Recreational and Cultural Facilities:										
Number of Ice Rink Customers	255,460	167,307	151,389	381,779	398,664	418,318	426,493	440,235	459,863	470,000
Number of Indoor Tennis Customers	144,240	272,476	156,503	148,400	145,511	159,869	155,604	140,760	139,839	135,000
Number of Park Facilities Customers	490,000	613,141	491,966	419,357	526,628	358,668	494,563	520,097	496,112	591,500
Number of Conference Center Customers	n/a	n/a	28,395	30,100	31,191	32,301	31,873	37,466	39,153	39,800

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	estimated 2007
<u>PRINCE GEORGE'S COUNTY</u>										
Governmental Activities										
County Planning and Zoning:										
Number of New Applications for Preliminary Plans	121	76	n/a	229	113	157	214	214	163	200
Number of New Zoning Applications	n/a	n/a	n/a	89	98	88	71	76	90	80
Number of Help Desk Requests Completed	n/a	n/a	n/a	1,251	1,309	1,986	2,240	2,030	2,770	2,150
Number of GIS Requests Delivered	n/a	n/a	n/a	153	175	212	212	240	206	220
Number of Transportation Referrals Received	n/a	n/a	265	295	414	338	369	303	318	345
Number of Environmental Referrals Received	n/a	n/a	377	1,023	1,174	1,441	1,791	1,783	2,355	2,500
Number of Walk-in Customers Served	n/a	n/a	n/a	5,707	7,106	n/a	7,165	7,100	10,149	7,000
Number of Telephone Calls Responded to	n/a	n/a	n/a	15,111	11,215	n/a	10,911	10,911	9,645	11,000
Park Operations and Maintenance:										
Number of Nature Education Attendees	30,500	38,100	23,800	20,024	44,968	39,193	91,320	152,817	152,346	164,000
Number of Museum Visitors (College Park Airport)	30,000	40,000	60,000	32,113	42,000	53,000	76,331	77,246	88,019	94,000
Number of Commission Facility Permits Issued	5,200	5,300	6,000	5,300	5,300	5,400	4,676	5,494	4,363	4,500
Number of Historic Property Rentals	356	493	599	630	458	706	663	566	596	700
Acres of Grass Mowed	4,360	4,360	4,760	4,964	5,092	5,582	5,698	6,040	6,450	6,600
Recreation Programs:										
Number of Museum Visitors (Historic Sites)	18,500	18,933	15,296	13,969	22,400	33,718	34,030	42,246	51,155	56,660
Number of Youth Sports Participants	18,800	19,000	18,000	18,000	18,000	18,000	20,000	18,000	15,400	18,000
Total Aquatics Activities Attendance	113,055	263,791	284,891	281,094	298,871	222,835	275,772	271,834	284,844	296,701
Total Community Center Classes Conducted	2,425	2,493	2,282	1,884	1,983	4,000	4,877	4,699	5,078	5,317
Business-Type Activities										
Recreational and Cultural Facilities										
Number of Rounds of Golf	130,500	126,000	103,271	102,735	110,650	88,561	89,102	91,867	91,867	90,556
Number of Fitness Center Class Participants	n/a	n/a	n/a	n/a	9,000	22,000	22,000	23,500	26,000	26,000
Number of Ice Rink General Admissions	42,625	42,625	30,000	29,250	11,360	11,700	16,800	27,900	27,000	26,000
Number of Attendance (Show Place Arena)	201,973	211,130	223,010	223,010	227,925	216,061	253,446	268,304	315,757	267,400
Number of Attendance (Equestrian Center)	38,598	24,180	24,811	n/a	30,900	41,806	36,941	37,735	38,562	44,100

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 Three Fiscal Years (1)

	2005	2006	2007
<u>COMMISSION-WIDE</u>			
Governmental Activities			
General Government:			
Office Building	1	1	1
<u>MONTGOMERY COUNTY</u>			
Governmental Activities			
County Planning and Zoning:			
Office Building	1	1	1
Park Operations and Maintenance:			
Office Building	13	13	13
Recreation Buildings	32	32	32
Picnic Shelters	131	131	190
Rental Buildings	61	61	61
Historic Buildings	27	27	27
Playgrounds	249	255	284
Dog Parks	-	3	4
Skateboard Park	-	-	1
Athletic Fields	354	356	360
Tennis Courts	139	153	153
Basketball Courts	159	173	173
Business-Type Activities			
Recreational and Cultural Facilities:			
Ice Rinks	2	2	2
Golf Courses	4	4	-
Indoor Tennis Facilities	2	2	2
Miniature Trains	2	2	2
Antique Carousel	1	1	1
Conference Centers	3	3	3
<u>PRINCE GEORGE'S COUNTY</u>			
Governmental Activities			
Park Operations and Maintenance:			
Office Building	14	14	14
Recreation Buildings	24	24	25
Picnic Shelters	86	87	88
Playgrounds	209	223	227
Athletic Fields	380	383	389
Tennis Courts	160	161	163
Basketball Courts	211	211	213
Recreation Programs:			
Historic Buildings	15	15	15
Community Centers	29	30	30
Swimming Pools	10	10	10
Business-Type Activities			
Recreational and Cultural Facilities:			
Ice Rinks	2	2	2
Golf Courses	3	3	3
Tennis Bubbles	2	2	2
Equestrian Center	1	1	1
Sports and Learning Complex	1	1	1
Trap and Skeet Range	1	1	1
Marina	1	1	1
Airport	1	1	1

(1) Data for 1998-2004 not readily available

(2) The four Montgomery County golf courses have been leased to the Montgomery County Revenue Authority as of October 2006.

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

<u>Employer</u>	<u>2007 (1)</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
U.S. Department of Health and Human Services	41,250	1	8.87 %	32,908	1	8.41 %
Montgomery County Public Schools	20,875	2	4.49	15,114	2	3.86
U.S. Department of Defense	14,709	3	3.16	12,448	3	3.18
Montgomery County Government	8,675	4	1.87	7,391	4	1.89
Adventist Healthcare	8,134	5	1.75	3,800	10	0.97
U.S. Department of Commerce	6,721	6	1.45	6,705	5	1.71
Giant Food Corporation	3,896	7	0.84	4,500	7	1.15
Lockheed Martin	3,832	8	0.82	*	-	-
Marriott International, Inc. (Headquarters)	3,000	9	0.65	5,000	6	1.28
Nuclear Regulatory Commission	2,712	10	0.58	*	-	-
Chesapeake and Potomac Telephone Company	*	-	-	4,500	7	1.15
Tracor, Inc. (Regional)	*	-	-	4,500	7	1.15
Total	113,804		24.48 %	96,866		24.75 %

PRINCE GEORGE'S COUNTY

<u>Employer</u>	<u>2006 (2)</u>			<u>1997 (2)</u>		
	<u>Private Sector Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Giant Food, Inc.	5,394	1	1.73 %	6,031	1	1.42 %
United Parcel Service	4,220	2	1.35	1,700	6	0.40
Dimensions Health Corporation	3,000	3	0.96	2,895	2	0.68
Verizon	2,738	4	0.88	-	-	-
Safeway Stores, Inc.	2,400	5	0.77	2,827	3	0.66
Shoppers Food Warehouse	1,975	6	0.63	1,750	5	0.41
Chevy Chase Bank	1,456	7	0.47	-	-	-
Southern Maryland Hospital Center	1,300	8	0.42	1,300	9	0.31
Computer Science Corporation	1,200	9	0.38	1,576	7	0.37
Prince George's Hospital Center	1,100	10	0.35	-	-	-
Bell Atlantic Corp./Verizon	*	-	-	1,967	4	0.46
Allied technical Services	*	-	-	1,467	8	0.34
District Photo	*	-	-	1,000	10	0.23
Total	24,783		7.94 %	22,513		5.28 %

Note: (1) The employee numbers listed are best estimates taken during the 4th quarter of 2007 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) In 2007, number of employees not provided by the State. The number of employees in FY 1997 is provided for the ten year comparison.

* Employer is not one of the largest employers during the year noted.

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, 2007

Recreational Facilities

MONTGOMERY COUNTY

	Conference Centers	Golf Courses	Ice Rinks	Indoor Tennis	Park Facilities	Totals
Operating Revenues	\$ 431,110	\$ 337,047	\$ 4,309,150	\$ 1,228,825	\$ 2,987,796	\$ 9,293,928
Operating Expenses Before Depreciation	550,371	104,021	4,033,406	1,105,933	2,131,603	7,925,334
Operating Income (Loss)						
Before Depreciation	(119,261)	233,026	275,744	122,892	856,193	1,368,594
Depreciation	33,660	496,469	685,988	51,416	115,406	1,382,939
Operating Income (Loss)	(152,921)	(263,443)	(410,244)	71,476	740,787	(14,345)
Nonoperating Revenues (Expenses)	-	(119,191)	(225,587)	69,937	40,020	(234,821)
Transfers In (Out)	76,000	-	329,000	-	-	405,000
Net Income (Loss)	\$ (76,921)	\$ (382,634)	\$ (306,831)	\$ 141,413	\$ 780,807	\$ 155,834

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	\$ 447,641	\$ 1,805,828	\$ 2,381,588	\$ 588,186	\$ 321,933	\$ 1,219,042	\$ 3,308,845	\$ 65,613	\$ 10,138,676
Operating Expenses Before Depreciation	315,600	3,685,293	3,097,894	1,164,511	327,146	1,314,585	6,643,998	322,861	16,871,888
Operating Income (Loss)									
Before Depreciation	132,041	(1,879,465)	(716,306)	(576,325)	(5,213)	(95,543)	(3,335,153)	(257,248)	(6,733,212)
Depreciation	113,963	618,353	90,545	175,980	85,641	9,621	1,216,408	25,899	2,336,410
Operating Income (Loss)	18,078	(2,497,818)	(806,851)	(752,305)	(90,854)	(105,164)	(4,551,561)	(283,147)	(9,069,622)
Nonoperating Revenues (Expenses)	3,983	20,795	-	-	54,975	11	83,398	46,314	209,476
Capital Contribution	-	-	-	-	-	-	272,772	-	272,772
Transfers In (Out)	138,000	1,901,000	739,600	500,500	(18,600)	67,300	3,664,600	356,700	7,349,100
Net Income (Loss)	\$ 160,061	\$ (576,023)	\$ (67,251)	\$ (251,805)	\$ (54,479)	\$ (37,853)	\$ (530,791)	\$ 119,867	\$ (1,238,274)

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:

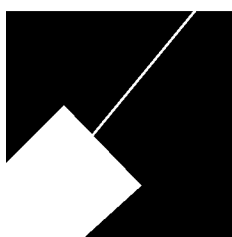
Oxon Hill Manor, one of the Commission's premier rental facilities located in Prince George's County, re-opened to the public in 2007 following extensive renovations. Built in 1929, this two-story, Neo-Georgian style brick mansion has exquisite decorative detail, and is on the National Register of Historic Places. The property includes beautiful English gardens, a rose-wrapped reflecting pool, expansive lawns, and a wide-open terrace with views of the Potomac River. The facility can accommodate 300 guests for indoor receptions.

Page 9:

Mandy the Clown entertains special needs children and their families at a College Park Airport event... Baseball fans of all ages enjoy "America's Pastime" on one of the many baseball fields in the Montgomery County Parks system... Eager skateboarders await their turn for a chance to hone their skills at the new Skateboard Park in Olney Manor Recreational Park... Senior walking club members take to the trails surrounding Lake Artemesia... Montgomery County Parks provide plenty of basketball courts for classes, organized team competitions and friendly pickup games... Campers discover tadpoles living in a demonstration pond at Brookside Nature Center... Junior tumblers wait their turn to perform routines at the Fairland Gymnastics Center... Teen cyclists prepare for a nature ride at Patuxent River Park's Adventurers' Camp.

Photo Credits:

Steve Abramowitz (Prince George's County): Cover and pages 9, 20, 102, and 110.
Francine Bethea (Montgomery County): Pages 1, 9, 98, 106 and 114.



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