

The Maryland-National Capital Park and Planning Commission



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

For the Fiscal Year Ended June 30, 2008

Commissioners

Royce Hanson, Chairman of the Commission
Samuel J. Parker, Jr., Vice-Chairman of the Commission
Joe Alfandre
Sarah A. Cavitt
Jesse Clark
Jean B. Cryor
Amy Presley
John M. Robinson
John H. Squire
Sylvester J. Vaughns

Officers

Oscar Rodriguez, Executive Director
Patricia Colihan Barney, Secretary-Treasurer
Adrian R. Gardner, General Counsel

Department Directors

Rollin Stanley, Montgomery County Director of Planning
Mary Bradford, Montgomery County Director of Parks

Fern V. Piret, Prince George's County Director of Planning
Ronnie Gathers, Prince George's County Director of Parks and Recreation

Oscar Rodriguez, Department of Human Resources and Management
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Pamela F. Gogol, Investments and Treasury Operations
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◆ PART I ◆
INTRODUCTORY SECTION



Prince George's County's popular Teen Cotillion Program includes learning experiences, team building, and community service.



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

October 31, 2008

Commissioners:

The Comprehensive Annual Financial Report of The Maryland-National Capital Park and Planning Commission ("the Commission") for the fiscal year ended June 30, 2008 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, 2008 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, 2008 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.

This year the Commission is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as revised and U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. This audit is not required as the dollar threshold requiring such audit was not met.. 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's 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 6 in the basic financial statements.

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

Factors Affecting Financial Condition

The Commission's financial condition is positive as a result of a stable primary revenue source, 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, 2008 the Commission's General Fund budget basis ending fund balance was \$129.1 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.

The Commission has an established fund balance policy of designating 3% to 5% of budgeted expenditures for contingencies. In Montgomery County a designation of 3% of budgeted FY2009 expenditures was made, while in Prince George's County this percentage was 5.7%. 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 (\$54.9 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 2008. 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 \$14,601,590 during fiscal year 2008. The average rate of return on the Commission's cash and investments during fiscal year 2008 was 4.49%.

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, 2007 in funding 97.5% of the actuarially accrued liability to employees.

The Commission also provides health and dental care benefits for certain retirees and their dependants. At the end of the fiscal year, 673 retired employees received these benefits. In fiscal year 2008, the Commission implemented a requirement to report expenses on an accrual basis in the financial statements, using actuarially computed amounts in connection with an employer's obligation to pay these benefits. The Commission set up a trust fund to begin accumulating funds for payment of future post employment benefits. The fund has net assets of \$2,816,989 at June 30, 2008. The Commission has elected to phase in to full funding of these requirements over an eight-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, 2007. 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 2008. The Commission has received this award continuously since fiscal year 1987. In order to qualify for the Distinguished Budget Presentation Award, the Commission's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

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

Respectfully submitted,

A handwritten signature in black ink that reads "Patricia Colihan Barney". The signature is written in a cursive style with a large, prominent initial "P".

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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Commission Background and Organization

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

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

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

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

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

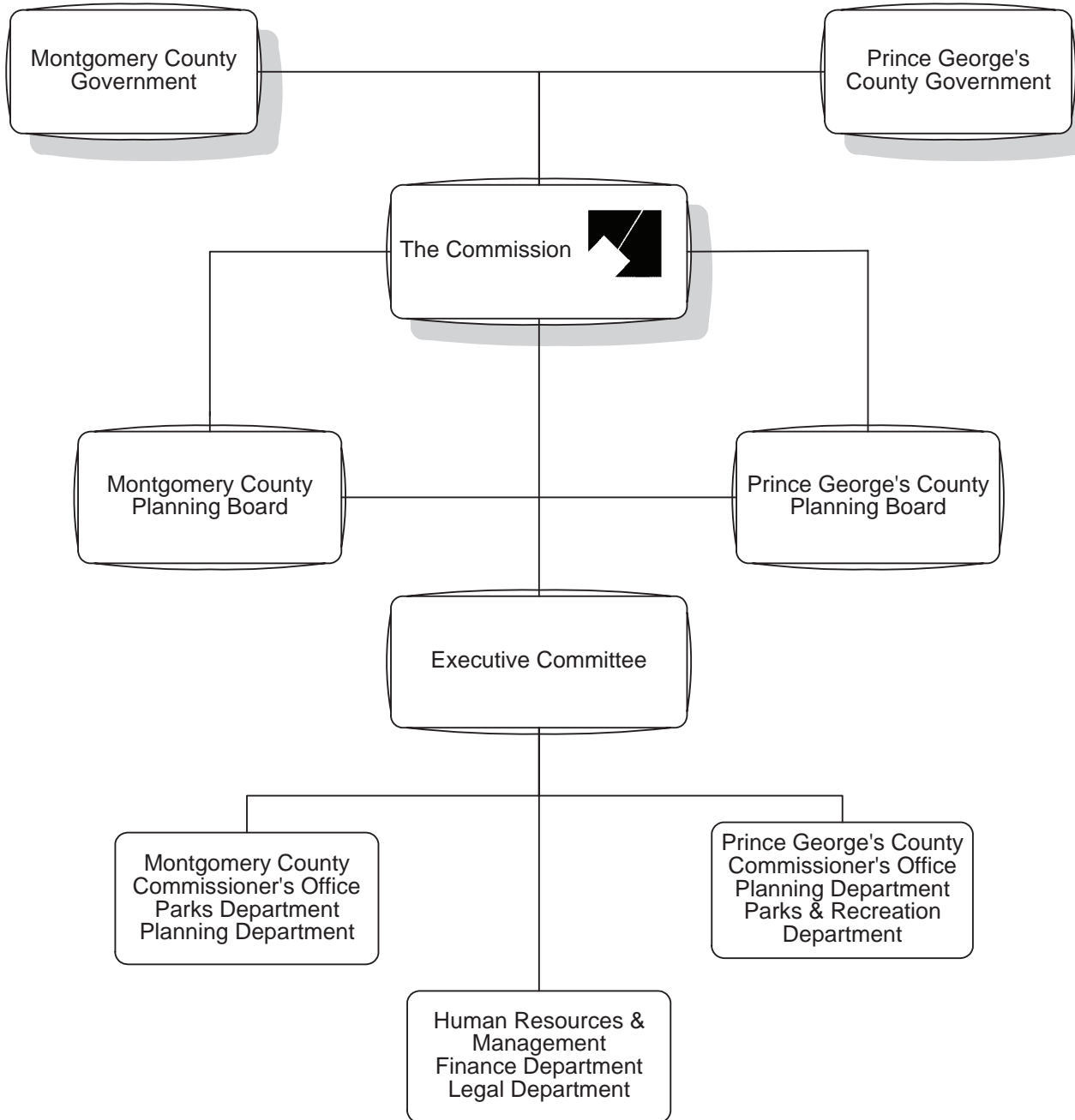
The Commission coordinates and acts on matters of interest to both Counties. Two regional offices are maintained, one in each County. The Commission meets once each month regularly, the site of the meetings alternating between the two regional offices. The members of the Commission from each County serve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

The Commission administers a park system that currently contains over 61,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its staff consists of over 1,885 career employees - planners, park and recreation administrators, park police and administrative staff. In addition, it employs approximately 5,502 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 2008 Program Highlights

During fiscal year 2008 (FY08), the Maryland-National Capital Park and Planning Commission continued to strive to fulfill its mission to manage physical growth and plan communities; protect and steward natural, cultural and historic resources; and provide leisure and recreational services for the citizens of Montgomery and Prince George's Counties. Due to attrition and retirements, the Commission experienced a changeover in upper management staff during the fiscal year, welcoming a new Executive Director, Prince George's County Parks and Recreation and Montgomery County Planning Directors, and several Deputy Directors. Commission staff continued an ongoing tradition of excellence, meriting national, statewide and regional recognition including awards from the American Planning Association for outstanding planning projects, and recognition for excellence in marketing and community outreach activities and publications by the Maryland Recreation and Parks Association.

In carrying out its mission, the Commission also continued to work hand-in-hand with its many community partners to identify and provide programs, services and facilities to respond to ever-changing customer needs and to enhance the quality of life for present and future generations. As an extension of its commitment to and responsibility for environmental stewardship, the Commission intensified its focus and leadership in "going green" by embracing and promoting programs and policies to build healthy, sustainable, and environmentally-friendly communities. Examples included: working to reduce waste and energy use at facilities and through improved fleet management practices; designing and constructing new buildings to comply with Green Building performance measures; providing assistance and guidance to the development community on green building projects and encouraging Leadership in Energy and Environmental Design (LEED) accreditation and training of staff; and providing education and outreach to the general public on the environmental and financial benefits of going green.

The proposed SilverPlace project will consolidate Commission staff in Montgomery County into one LEED Gold certified headquarters building and is designed to be an exemplary mixed-use development incorporating Smart Growth principles, green building initiatives and signature open space.

Montgomery County Department of Parks

New Parks and Renovations: Acquisitions reached record-breaking levels, with the Department spending \$23.7 million for 290 acres of parkland in FY08. Acquisitions included land for Cross Creek Local Park, Capitol View Open Space, Hillmead Local Park, and South Germantown Recreational Park. Staff completed the design and construction of repairs to Lake Needwood Dam, following storm damage in 2006. Construction has been completed for Phases 1 and 2 of the Matthew Henson Hiker-Biker trail which provides two miles of new trail. Construction has been completed for a new park in Clarksburg, Arora Hills Local Park, which was designed by staff and constructed by a developer. Staff is working on the fit-out of a community center at Wisconsin Place, which is part of a mixed-use development in Friendship Heights. Construction will be completed in 2008 and turned over to the Montgomery County Department of Recreation to operate.

Public-Private Partnerships, Grants and Donations: The M-NCPPC Montgomery County Department of Park's New Adopted Policy for Public/Private Partnerships (PPP) was approved by the Commission in September 2007. In February 2008, the M-NCPPC Public/Private Partnership Website was created. Requests for Proposals (RFP's) were released to develop properties at South Germantown and Laytonia Recreational Parks. The Public/Private Partnership Committee approved a partnership arrangement with The Bethesda Little League (BLL), the first little league in Montgomery County. The Grants and Donations program secured approximately \$1.8 million in grants in FY08, most notably additional federal funding for the development of the Rock Creek Trail Hiker-Biker Bridge. The Donations Program received funds from individuals, associations, corporations and partners for commemorative gifts and greening projects including: \$20,170 for non-native invasive plant removal from the Coalition for the Capital Crescent Trail and \$100,000 from the Montgomery County Tennis and Education Foundation for the Pauline Betz Addie Tennis Center at Cabin John Regional Park.

SilverPlace: The SilverPlace project will: (1) consolidate staff into one building located on the property which is now the site of the Montgomery Regional Office (MRO) and a parking lot; (2) provide workforce housing; (3) be an exemplary mixed-use development incorporating Smart Growth principles, green building initiatives, compatibility with the surrounding neighborhood, and signature open space; and (4) leverage the value of the site to reduce the cost of the new headquarters building. In addition to a LEED Gold certified headquarters building, the project will include high-quality open space, and LEED certified housing. Thirty percent of the housing will be available to households meeting “affordable housing” criteria. Last spring, Commission staff successfully engaged the various stakeholders in a design workshop called a “charrette” to reach consensus on the plan for developing the MRO site. Following the charrette, details were added to the plan and the Planning Board approved the plan as the basis for further funding and regulatory activities.

Inter-County Connector: The Maryland State Highway Administration is in the process of building the Inter-County Connector (ICC), which is a major multi-modal highway linking Prince George’s and Montgomery counties. The State has reimbursed the Advanced Land Acquisition Fund approximately \$30 million in FY07 for the land held for the project. As a condition of the development, the State is required to build or fund approximately 45 ICC community mitigation and environmental stewardship projects on parkland. These projects will include a new park at Northwest Branch Recreational Park and renovation of the historic Woodlawn Barn.

Stewardship: An important component of park stewardship includes the aquatic resources management program. Although this program has been in operation for more than 15 years, significant progress has been made in the past year. Twenty-four sites were monitored for biological health and aquatic habitat status based on biologic communities (benthic macro invertebrates and fish) and physical habitat features. Several stream restoration and stormwater management projects were completed:

- Stabilization of stream banks in Seneca Creek;
- Replacement of a failed culvert in Hoyles Mill Conservation Park;
- Stream restoration at Sligo Creek Golf Course;
- Drainage and flood mitigation on Beach Drive; and,
- Emergency repair to a tributary in Northwest Branch.

The stream team continues to work on a number of ongoing projects throughout the county, including ford replacements, stabilization of tributaries, stormwater management improvements, and stream restorations.

Increased Outreach and Customer Service: English and Spanish language materials promoting the Department’s activities, facilities and programs were distributed throughout the county. Website upgrades continued to be made to make the Department’s site easier to use. Park Permit Office policies were reviewed and updated to reflect current use and demand. Program evaluations and customer satisfaction surveys were collected and analyzed, with reports and recommendations distributed to managers and senior leaders for review and action. A dedicated park information line, answered by a Spanish-speaking customer service specialist, was established to more quickly assist Spanish-speaking callers. Community meetings continued throughout the year, assessing the interests and needs of the residents of the county, and interactive online surveys were introduced to collect citizen input. The Department continued to host a wide variety of special events and to support sponsored programs utilizing park property. The ranger program continued to show great success. More than 31,000 service requests were received and managed in FY08 through the 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.

Volunteerism: The Department migrated to a new web-based volunteer management program. The new program allows volunteers to fill out applications and apply for opportunities and events in Montgomery Parks online at www.ParksVolunteers.org. More importantly, the new program makes it easier for in-house volunteer coordinators to manage their volunteer programs for recruiting and recording their volunteers’ hours and efforts. The program also allows volunteers to manage their schedules and add their own hours, reducing the burden on the Department’s larger program coordinators, such as Brookside Gardens. The Volunteer Services Office helped manage volunteer projects that contributed almost 9,000 hours of service in FY08, including service hours from Arbor Day, Harvest Festival, Potomac River Day, Earth Day, Community Service Day, National Public Lands Day, Park and Stream Cleanups, and Eagle Scout Projects.

Montgomery County Planning Department

The Montgomery County Planning Department continued its pursuit of excellence by focusing its talents on master planning, regulatory planning and other initiatives in FY08. Spurred by the hiring of its first permanent planning director in two years, the Department has launched a major initiative to make design excellence a hallmark of development in Montgomery County. Staff members are incorporating good design principles throughout their work, from master plans to development review. Among the Department's achievements during the fiscal year are:

Better Plans: The Department completed a detailed study of the master plan process to identify ways to improve content, enhance understanding and clarity, and strengthen implementation. The new process is intended to be quicker and more responsive to rapidly emerging planning issues and economic trends. Among the report's recommendations are creating small area master plans, which will focus on a limited geography and provide an opportunity for more detailed analysis.

Envisioning Twinbrook: Department staff and the Planning Board put the final touches on a sector plan for Twinbrook and delivered it to the County Council for review. The Twinbrook plan calls for a distinct community that builds on the area's proximity to Metro's Red Line and recommends a mix of new jobs, homes, retail, and technology-oriented businesses.

Revitalizing the I-270 Technology Corridor: As part of an ongoing effort to update master and sector plans along the I-270 corridor, staff continued to work on a number of new visions for Germantown, White Flint and Gaithersburg West. The three plans, all well underway, will recommend ways to attract advanced technology and biotech jobs, provide a range of housing, improve transportation, and examine opportunities for mixed-use development.

Enhancing Communities: A major focus in the Department is maintaining and enhancing existing communities and neighborhoods in Montgomery County. Staff members are working on new sector plans for the Takoma/Langley Crossroads, Wheaton Central Business District and Vicinity, and Kensington – among the county's oldest communities with varied housing stock and ethnically diverse populations.

Growth Policy: Following the passage of the 2007 Growth Policy, planning staff recommended – and the Planning Board adopted – amendments to the Local Area Transportation Review (LATR), as well as Policy Area Mobility Review (PAMR) guidelines.

Healthy & Sustainable Communities: Also as a follow-up to the Growth Policy, staff began a comprehensive effort to develop environmental goals and indicators that will help policy makers measure progress toward achieving environmental goals. Defining those goals – conditions of community health and well-being, such as clean air and water – and ways to measure them were the subjects of much discussion at a public workshop held at the Universities at Shady Grove. Project leaders also solicited public opinion through an interactive website launched to gather feedback.

Green Infrastructure: Planning staff made strides on a plan to preserve a network of waterways, wetlands, woodlands, wildlife habitats and other natural areas of countywide significance. Called the Green Infrastructure Plan, the proposed interconnected network of waterways, wetlands, woodlands, wildlife habitats and other natural areas will better support native species, maintain natural ecological processes, sustain air and water resources and contribute to human health and quality of life. The plan will provide a guide for regulators like the Planning Board as they seek to balance growth with natural resource protection.

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. Transportation staff, along with colleagues from the county's Department of Parks, supported work on the Intercounty Connector, as the project entered the design

phase. Working with the Planning Board, staff is close to completing a final draft of the ICC Limited Functional Master Plan: Bikeways and Interchanges.

Preserving Agriculture: Planning staff worked closely with the Board to continue to refine protections of the Agricultural Reserve. Strategies include: mapping property data; reviewing child lot policies; refining policies on sand mounds and amending the county Water and Sewer Plan; monitoring TDR easements and transfers; drafting zoning text amendments to augment TDR receiving areas; and examining ways to create a market to implement a proposed Building Lot Termination program.

Housing Montgomery: Staff has launched an effort to develop recommendations to revise the Housing Element of the General Plan. Starting with a GIS-based inventory of housing and related data, such as home size, year built, assessment, rents, etc., staff held a series of public work sessions hosted by the Board on various aspects of housing. The process will culminate with the Board reviewing proposed revisions to the housing-related goals in the General Plan for County Council review.

Transparent Processes: To increase public access to the Planning Board, the Department launched live webcasting of Board meetings. Now, anyone with a computer can view the Board in real time – or visit later to focus on particular actions. Staff continued to refine the MontgomeryPlanning.org website to better highlight Board actions and Department initiatives. Among the new web features are blogs and other direct-feedback methods designed to encourage two-way communication. Staff also produced several new episodes of “Montgomery Plans,” a cable show that highlights significant current initiatives.

Prince George’s County Department of Parks and Recreation

Meeting Customer Needs Through Innovative Service: The Department provided comprehensive, park and recreation programs, facilities and services to meet changing community needs, and to preserve, enhance, and protect open spaces. An increased focus was placed on “green” technologies, as employed through new building practices, programs, and fleet management. The customer base grew by 12%, and the Customer Service Help Desk was expanded as the main portal for resident inquiries and requests for service. More customers used the Department’s weekly e-mail newsletter and web site to keep up to date on events and activities, and a new community relations initiative was begun. The Partners ’n Parks program continued established relationships with IKEA, REI, AARP and the University of Maryland, and grants were received from state and national organizations.

Enhancing the Park System: Efficient management of the 26,565-acre park system was supported by Geographic Information System (GIS) re-inventory and mapping. Project Management software was used to track all design and construction projects and the Historic Agricultural Resources Preservation Program was implemented. Construction was completed at the Bladensburg Waterfront Park, Brentwood Arts Center, North Brentwood Community Center Annex, and Cedar Heights Community Center, and improvements made to Enterprise Golf Course, Montpelier Cultural Arts Center, Prince George’s Sports & Learning Complex, Prince George’s Stadium, Watkins Regional Park, and 15 park sites. New development included Saddlebrook East Community Park, playgrounds at 18 park sites, and the new Vansville Community Center. Program Open Space provided \$6.2 million in funding for park acquisition and \$6.1 million for development.

Planning and Providing Recreational Opportunities for All: Over 21,000 youth enrolled in summer camps, playgrounds and teen centers, with community partners providing funding for 150 children who otherwise would not have been able to participate. More than 200 sports teams played in tournaments, and sports leagues attracted more than 30,000 participants. The 26th-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, and Arena Football at The Show Place Arena continued to draw fans at home games of the *Chesapeake Tide*. The Black History Month celebration marked its 22nd anniversary, and free summer concerts at numerous parks and facilities delighted thousands. Thousands more enjoyed events such as Festival Hispano, the Harlem Renaissance Festival, Kinderfest, the Jug Bay 10K run/walk, and the Festival of Lights at Watkins Regional Park.

Serving the County's Youth: With the Youth Action Plan as a guide, the Department offered diverse programming, and positive experiences and opportunities (including free ID cards), for youth ages 12-18. The Teen Leadership Council forged ahead, and www.pgxtremeteens.com was an important on-line resource. Teens performed art forms such as hip hop poetry and salsa dancing at the award winning Café Groove. The Positive Pathways Program served pre-teens, and the Talk Up, Not Down residency camp served at-risk youth. The Science, Service, Medicine, and Mentoring partnership with Bethesda Naval Hospital's Uniformed Services University targeted underserved populations and exposed teens to careers in science and medicine. Service to Latino youth continued, and the second successful Quinceanera was held. 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. Lunches were served to needy children at 77 summer program sites, and pre-school, before- and after- care, and Kids' Day Out programs continued to be offered at facilities countywide.

Supporting Arts and Cultural Heritage: 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 of musicians and stage presentations. Visual arts exhibits and displays attracted thousands to art galleries. Historic rental properties hosted a variety of events, and saw a 33% increase in usage. The site www.culturecapital.com a newly established on-line regional calendar promoting arts and culture activities to residents and tourists was utilized by the Department. The Maryland State Arts Council awarded the Department funds to support performing arts programs in Prince George's County.

Preserving and Protecting Natural and Historical Resources: To help meet increasing needs for youth to experience the outdoors and grow an appreciation for the environment, the Department inaugurated residential overnight Wilderness Adventure camps. Innovative, popular educational programs continued at museums, nature centers, waterfront parks and natural areas. 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 led to environmental community improvements. Partnerships also continued with the Patuxent River Keepers, Anacostia Watershed Society, Riverdale 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 the County. Montpelier Mansion was awarded a national grant designed to provide needed collection care resources, and the Luther Goldman Birding Trail at Lake Artemesia was opened.

Keeping Parks Secure: Park Police officers continued to ensure the safety of patrons at all parks and facilities using sophisticated technologies such as Mobile Data Terminals and new T-3 mobile units for patrolling parks, trails, events and activities. The canine program begun in 2006 continued to help combat crime, with canine teams conducting building, article and narcotics detection searches. Officers continued to participate in regional area task forces with allied agencies to combat drug abuse and trafficking and to address gang problems. They also 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 other community events and safety initiatives, including the Click It or Ticket and Donate a Phone to victims of domestic violence programs. The Park Police Community Volunteer Academy served the park system, and the President's Council on Service and Civic Participation awarded the *Gold Unit Presidential Service Award* for Park Police Volunteer Association activities.

Maintaining Parks and Facilities: Maintenance and development staff completed construction and repairs at park facilities, including Abraham Hall, Allentown Pool and Montpelier Arts Center, and athletic field renovations at Auth Village, College Park, Kentland and Fairland. Staff also assisted with volunteer service days at Beltsville and Lake Artemesia, and completed 23 major building renovations and repairs. Fleet Management completed more than 6,500 work orders and upgraded Commission fuel sites to comply with environmental regulations. The Department continued to partner with the County by maintaining four major 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 increased purchase of hybrid vehicles to conserve natural resources.

Prince George's County Planning Department

Communicating with the Public: To better serve its customers, the Department completed a best practices inventory of public participation practices and techniques, and developed short and long-term strategies for public participation programs for planning areas within the county. Also, in an effort to bring the public into transparent discussions of development and growth at the earliest stages of the Master Plan and Development Review processes, staff enhanced ongoing master plans and sector plans in the pre-planning process with intensive community outreach activities such as stakeholder interviews, public festivals, workshops, and surveys. The Department also held a public forum entitled "Development Review and You" which focused on looking at all aspects of the Development review process and developing strategies for making improvements.

Planning for Quality Communities: Work continued on Master Plans, Sectional Map Amendments (SMAs), Zoning Map Amendments (ZMAs), specialized planning studies, and Planning Assistance to Municipalities and Communities (PAMC) projects. Community planning projects included: approving the Capitol Heights Metro Station Transit District Development Plan; adopting the Branch Avenue Corridor Sector Plan and SMA; completing the Medical Mall Planning Study, which received an award from the American Planning Association; and completing the Defense Base Closure and Realignment Commission (BRAC) Evaluation Study. Staff also completed the Preliminary Subregion I Master Plan and SMA (remanded by the District Council for additional technical work), and the Preliminary Landover Gateway Sector Plan and SMA (continued for additional technical work). Staff initiated the Takoma/Langley Crossroads Sector Plan, Glenn Dale-Seabrook-Lanham Sector Plan and SMA, and the Port Towns Sector Plan and SMA. Pre-planning began for the Bowie State University MARC Station Sector Plan and SMA, and continued for the Subregion 4 Master Plan/SMA. Staff continued work on the following: the functional plan for Historic Sites and Districts; the Biotechnology Research and Development Center Study; the Growth Policy Update; the County Housing Affordability Study; Subregion 5 Master Plan and SMA; Subregion 6 Master Plan and SMA; New Carrollton Metro Station Transit District Development Plan; Marlboro Pike Sector Plan and SMA; New Mixed-Use Zoning Tools Project; Central Kenilworth Avenue Revitalization Study; Upper Marlboro Revitalization Action Plan; and Westphalia Public Facilities Implementation Study. Professional services contracts were executed for the Subregion 4 Master Plan/SMA and the Central US 1 Corridor Sector Plan/SMA, and pre-planning began for the Water Resources Master Plan and the Biennial Plan Update.

Providing for Public Facilities and Services: The Department published the adopted and approved Public Safety Facilities Master Plan. Staff provided public facility technical support for the Subregions 1, 5 and 6 Master Plans, and the Landover Gateway and Takoma/Langley Cross Roads Sector Plans. Staff also assisted the School Construction Management Team, coordinated the Planning Department's analysis for the Water and Sewer Plan Amendment cycles, and provided information on alternative financing strategies for Westphalia.

Developing Efficient Transportation Systems: Studies for the Purple Line and the US 301 Waldorf Area continued. Public workshops on the Countywide Master Plan of Transportation (MPOT) were held. The Preliminary Draft MPOT was started. 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 34 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 the updating of various master and sector plans. Staff prepared updated legislation and a technical manual for the Woodland Conservation Ordinance. Development review activities focused on the use of natural resource inventories to illustrate the value of resources for preservation or restoration. Pre-planning activities began for the Water Resources Functional Master Plan. Archeological review of subdivision applications continued. Work continued on five consultant projects: the Postbellum Archeological Resources Guide; the Historic Properties Database Update; the African American Historic Inventory Development; Environmental Standards for Historic Properties projects; and the Historic Resources Inventory Update. 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.

Information Technology Advancements: A major upgrade to PGAtlas (www.pgatlas.com), the Department's GIS web-mapping application, was implemented in FY08. The marriage of this mapping tool with DAMS (Development Activity Monitoring System), the Department's development activity database, provided internal staff, county agencies and the world at large, access to the status and location of development applications in Prince George's County. Search tools allow citizens and residents of the county to locate development proposals by application number, applicant, address and Council District, among others. Mapping options allow users to show one or all application types reviewed by the Planning Board and to filter those selections by status, such as all pending or all approved applications.

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 19,000 permits, and provided expert professional advice to decision-makers. Also, several major development proposals were approved in major transportation corridors, including: Konterra Town Center, a conceptual site plan for 4,500 dwellings and 5.9 million square feet of retail, office and hotel uses in the greater Beltsville-Laurel area along the I-95 corridor; Marriott Hotels At Bowie, a detailed site plan for three hotels with a combined 362 rooms in the Bowie area along the MD 3 corridor; and Brandywine Crossing, a zoning change for 266,000 square feet of retail and office space in the Brandywine area along the southern US 301 corridor. In addition, *Process Guidelines for Development Review Applications* were established through the cooperative effort of citizens, municipal officials, developers, attorneys, engineers and planners to improve the transparency, certainty and effectiveness of the development review process.

Department of Human Resources and Management

Organizational Management: Under the leadership of the Executive Director, the Department of Human Resources and Management (DHRM), provides corporate management services to the Commission. DHRM serves several specific statutory functions: budget, personnel and labor relations, official records and archives/information management, as well as risk and liability mitigation. The Department utilizes a cross-functional approach to help the operating Departments enhance their service quality, increase productivity, and ensure compliance with State, Local, and Federal employment laws.

Shared Services Recruitment Model: In FY08, DHRM streamlined the recruitment process by introducing a "shared services" approach to this vital function. Under this approach, DHRM strives to enable the departments to assume as much of the responsibility for filling their vacancies as possible through a structured and closely monitored system. The new model is anticipated to save both time and money by reducing the "down" time that occurs when a valuable position is vacant during the hiring process. Unlike in the past when DHRM played a policing role and did not start the recruitment process until a number of internal controls were met, now recruitment activities can start prior to the actual departure of the incumbent employee. Vacancies or anticipated vacancies that do not require a change to position qualifications or job classification (approximately 59% of all hires) can be sourced and potentially filled within a few weeks. Overall recruitment has been further simplified by requiring less paperwork and utilizing user-friendly technology to disseminate applicant data to hiring managers. The automated "Job Bank" system will provide secure, real-time access to view applications as they are received, and uploaded for all continuously advertised, frequently vacant, or hard-to-fill positions. Applications from individual and uniquely advertised positions will also be placed in an electronic format, uploaded onto the intranet site, and secure on-line access provided to the hiring manager. In this more collaborative process, the recruiter will provide more consultative support and strategic recruitment for the departments. The purpose of the new Selection Services is to provide the departments with robust pools of applicants helping the departments expedite the selection process. The departments will continue to be responsible for interviewing, selection, and processing new employee hires. They will also be expected to act promptly to fill vacancies, comply with employment guidelines, and be accountable for assuring a diverse workforce. As part of the new Shared-Services Approach, performance information will be captured, constantly evaluated by recruitment staff for refinement to the process, and reported to the Commission on a regular basis. Performance measures that will be monitored include, the average days to fill, the quality of Job Bank applicants and new hires and the quality of the recruitment process.

The policy and procedures have also been revised to accommodate the changes. Revised Commission Practice 2-10, Recruitment and Selection, and associated Administrative Procedures 03-03 are posted on inSite under the Practices and Procedure Section. Training for supervisors, hiring managers and administrative staff was conducted in late June.

Performance in Management: Over the past year the Department has attempted to make the Commission more data driven. The primary elements of this effort includes metrics and goals for key objectives, monthly reporting of metrics and progress against goals and new action items based on the analysis of the metrics. This increased focus on performance management will lead to continued improvement in programs and processes throughout the Commission.

Collaborative Cooperation: The Centralized Information Technology unit provides coordination of Commission-wide (enterprise) systems, facilitates information/communication services through development and maintenance of a Commission web portal, and an employee intranet. 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. 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 FY08 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.

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.

Corporate Financial Management: In FY08, the Department coordinated the sale of \$17.3 million Prince George's County Park Acquisition and Development Refunding Bonds, to currently refund a like amount of Auction Rate Notes. This transaction eliminated the Commission's exposure to variable rate debt, where the market for such securities had collapsed. The refunding bonds were sold at a fixed rate of 3.2%. Financial and procurement related guidance was provided on numerous public/private partnership transactions including work on Brentwood Arts Center, North Brentwood Town Hall, SilverPlace, and the South Germantown Driving Range. The Department led the effort of implementation of the accounting requirements for Other Post Employment Benefits including guidance on budgetary impact.

Safeguarding of Commission Assets. To increase audit awareness and the safeguarding of Commission assets, the Audit Division again provided training to Prince George's County Parks and Recreation Management University and Montgomery County's Enterprise Operations on internal control activities and risk identification. Internal Audit developed a risk assessment survey that solicited input on both generic risks as well as perceived specific risks facing the surveyed departments. The responses to the survey were completed for the Montgomery County Parks Department and the Prince George's County Parks and Recreation Department. As a result of the survey, a risk based audit program was developed. To strengthen fiscal oversight, the Commission established an Audit Committee in accordance with GFOA best practices. In addition, a risk assessment was started in the Finance Department to identify and document the internal controls for the key processes. Lastly, Internal Audit developed a pilot scoring system in order to evaluate the control risks based upon the Commission's business processes and facilities. The ranking results are now used in prioritizing audits. The Investments and Treasury Operations Division preserved all operating capital and increased investment earnings despite the turmoil in the nation's credit markets. Operating efficiencies (timeliness and reduced paper consumption) were achieved through greater reliance on electronic communication.

Automating/Streamlining Efforts: The Department continued to implement new processes to streamline financial operations. Finance and field staff processed and approved 84% of all purchase orders and 59% of all vendor invoices electronically. Taking advantage of efficiencies gained through automation in the disbursements area, the Accounting Division reorganized in order to meet increased demands in the financial reporting function. The Department continued to provide training on significant financial systems, as well as guidance and support related to user systems including: KRONOS, an updated and expanded system to automate time and attendance, SMARTlink, and the golf course and Sportsplex point of sale systems in Prince George's County, and ParkPASS and the Brookside Gardens gift shop in Montgomery County. A new initiative to replace the existing Financial Management System was started, and it is anticipated that a new system will begin implementation next year.

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 26.7% which equated to \$24.3 million of procurement with MFD firms.

Information Systems Support: The Department's IT Division continues to provide management and support primarily for the financial, human resources, and payroll systems which include separate Internet and ATM Wide-Area Network connections to ensure continued access to critical applications and resources. In addition, over 150 applications (desktop, server, network and security) used daily by the Commission were supported. During this year, major efforts included: finalizing a Finance Disaster Recovery Plan, expanding KRONOS timekeeping system; implementation of remote access and telework applications; upgrade of firewall and SPAM software; expanding the storage area network architecture, hardware and business continuity replication software; installation of wireless access points in the EOB building conference rooms which allows teleworkers the ability to gain access to the Commission network and secures visitors to internet access only. We are still in the process of upgrading from Faser to EnergyCap utility management software.

Financial Reporting: For the 35th 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 FY07 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 35 court cases carried over from FY07; and managed 28 new cases. As of the FY08 year-end, our lawyers were managing 35 active cases.

Enhancing the Stewardship of Public Funds Through More Effective Contracting: The Legal Department's Transactions Practice Team (TPT) provides 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. Notable transactions handled recently 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 Silver Place – a mixed-use development project slated for construction on the Commission 's existing 3.4-acre regional office site in Downtown Silver Spring. Silver Place is now constituted as a high profile public private partnership that is expected to deliver a new 170,000 square foot office facility for the Commission's Montgomery County operations.

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 88 local and statewide bills of potential interest to the Commission. For example, the Legal Department helped to craft complex legislation this year that enables funding for a new purchase of development rights program that is expected to preserve hundreds of acres of farmland in 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 FY08, 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 \$578 million. The FY08 annualized rate of return on investments was -8.6%. The Board of Trustees actions for the year included terminating and replacing one international investment manager; terminating both an equity and fixed income manager; funding a new real estate manager; and continuous comprehensive communications to all members which included 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 amphitheatre at Cabin John Regional Park hosts a variety of fun events, including plays and puppet shows.

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, 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2008, 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.

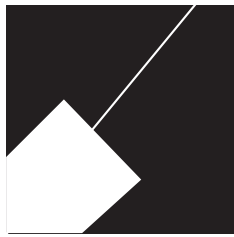
In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 schedules 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
October 31, 2008



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, 2008.

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

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

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

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

Financial Highlights

- The assets of the Commission exceeded its liabilities at June 30, 2008 by \$792.1 million (net assets). Of this amount, \$256.0 million may be used to meet the Commission's ongoing obligations.
- The Commission's net assets grew by \$88.7 million during fiscal year 2008. This is largely a result of: \$40.0 million of capital grants and contributions; use of current revenues of \$31.7 million to purchase and construct capital assets and \$16.3 million to pay debt principal; growth in property tax revenues (\$24.8 million) in excess of anticipated, and savings in Governmental Activities expenses (\$7.2 million), offset by depreciation expense of \$19.6 million.
- In fiscal year 2008, the Commission implemented GASB statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". Implementing this statement required reporting accrual basis information related to retiree benefits, which previously were reported on a pay-as-you-go basis. Because the Commission is phasing into full funding of the actuarially calculated contribution for these benefits, which contribution must be recorded as an expense, a liability of \$9.8 million has been recognized on the Commission's Statement of Net Assets, including \$.4 million in the Business-type activities. For more information, see note 5E of the Notes to the Financial Statements.
- As of June 30, 2008, the Commission's governmental funds reported combined ending fund balances of \$252.1 million, an increase of \$51.7 million. Of this amount, \$46.6 million is reserved for contracts already issued (encumbrances) and \$69.6 million is designated for use in the fiscal year 2009 budget, for future facilities costs and as contingency reserves.

- The Commission's General Fund balance at June 30, 2008 was \$150.7 million, an increase of \$27.5 million during the year. The unreserved fund balance of \$129.1 million is approximately 42% of fiscal year 2008 expenditures and transfers out. Of this amount, \$59.5 million (19% of fiscal year 2008 expenditures and transfers out) is unreserved and undesignated.
- The Prince George's County Capital Projects Fund balance at June 30, 2008 was \$88.0 million, an increase of \$29.1 million. The unreserved fund balance of \$74.3 million has grown through a combination of unspent bond proceeds of \$14.7 million, and major pay-as-you-go funding, which was \$31.4 million in fiscal year 2008.
- The Montgomery County Capital Projects Fund balance at June 30, 2008 was \$5.6 million, a decrease of \$1.7 million. The unreserved fund balance deficit of \$4.9 million results from a combination of a delayed bond sale, and reserves for encumbrances for long-term contracts, many of which will be funded when expended by reimbursements by Montgomery County Government or by reimbursable grants.
- The assets of the enterprise funds exceeded liabilities by \$82.2 million, a decrease of \$3.2 million. The Prince George's Enterprise Fund had a loss of \$2.3 million and the Montgomery Enterprise Fund had a loss of \$.9 million.
- The Commission's bonds and notes payable decreased by \$16.0 million as no new debt was issued (other than a current refunding), and principal payments were made as scheduled.

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

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|--|--|
| Independent Auditors' Report <i>Provides the opinion of the Independent Auditors on the fair presentation of the basic financial statements.</i> | |
| Management's Discussion and Analysis <i>This supplementary information is required for state and local government financial statements, and is intended to provide a narrative introduction, overview, and analysis.</i> | |
| Government-Wide Financial Statements <i>Provides information on governmental and business-type activities of the Commission.</i> Exhibits 1 and 2. | Fund Financial Statements <i>Provides information on the financial position of specific funds of the Commission.</i> Exhibits 3 to 11. |
| Notes to Financial Statements <i>Provides a summary of significant accounting policies and related disclosures.</i> Following Exhibit 11. | |

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

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

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

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

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

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

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

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

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

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

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Commission's various functions. The Commission uses internal service funds to account for Montgomery County's Capital Equipment, Employee Benefits and Risk Management and Prince George's County's Capital Equipment, Executive Office Building, Employee Benefits, and 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 and other post employment 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 \$792.1 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, 2008 and 2007 | | | | | | | |
|--|--------------------------------|-----------------|---------------------------------|----------------|-----------------|-----------------|--|
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | | <u>Total</u> |
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>Percentage</u> <u>Change</u> <u>2007-2008</u> |
| <u>Assets</u> | | | | | | | |
| Current and Other Assets | \$ 343.6 | \$ 278.2 | \$ 6.5 | \$ 6.8 | \$ 350.1 | \$ 285.0 | 22.8% |
| Capital Assets | 570.1 | 539.5 | 84.9 | 88.0 | 655.0 | 627.5 | 4.4% |
| Total Assets | <u>913.7</u> | <u>817.7</u> | <u>91.4</u> | <u>94.8</u> | <u>1,005.1</u> | <u>912.5</u> | <u>10.1%</u> |
| <u>Liabilities</u> | | | | | | | |
| Current Portion of Long-term | | | | | | | |
| Liabilities | 29.4 | 28.5 | 1.4 | 1.4 | 30.8 | 29.9 | 3.0% |
| Long-term Liabilities | 141.9 | 145.8 | 5.6 | 6.2 | 147.5 | 152.0 | -3.0% |
| Other Liabilities | 32.5 | 25.5 | 2.2 | 1.8 | 34.7 | 27.3 | 27.1% |
| Total Liabilities | <u>203.8</u> | <u>199.8</u> | <u>9.2</u> | <u>9.4</u> | <u>213.0</u> | <u>209.2</u> | <u>1.8%</u> |
| <u>Net Assets</u> | | | | | | | |
| Invested in Capital Assets, | | | | | | | |
| Net of Related Debt | 456.8 | 416.1 | 79.4 | 81.5 | 536.2 | 497.6 | 7.8% |
| Unrestricted | 253.1 | 201.8 | 2.8 | 3.9 | 255.9 | 205.7 | 24.4% |
| Total Net Assets | <u>\$ 709.9</u> | <u>\$ 617.9</u> | <u>\$ 82.2</u> | <u>\$ 85.4</u> | <u>\$ 792.1</u> | <u>\$ 703.3</u> | <u>12.6%</u> |

Current and other assets increased by 22.8%, primarily an increase in cash and investments resulting from the positive operating results this year and the current revenues dedicated to construction and acquisition that are unspent. Changes in other liabilities were primarily a result of increases in accrued payroll amounts, which increased significantly due to a Commission-wide effort to fill vacant positions during fiscal year 2008. Changes in net assets are discussed later.

By far the largest portion of the Commission's net assets of \$536.1 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 \$255.9 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, 2008 and 2007

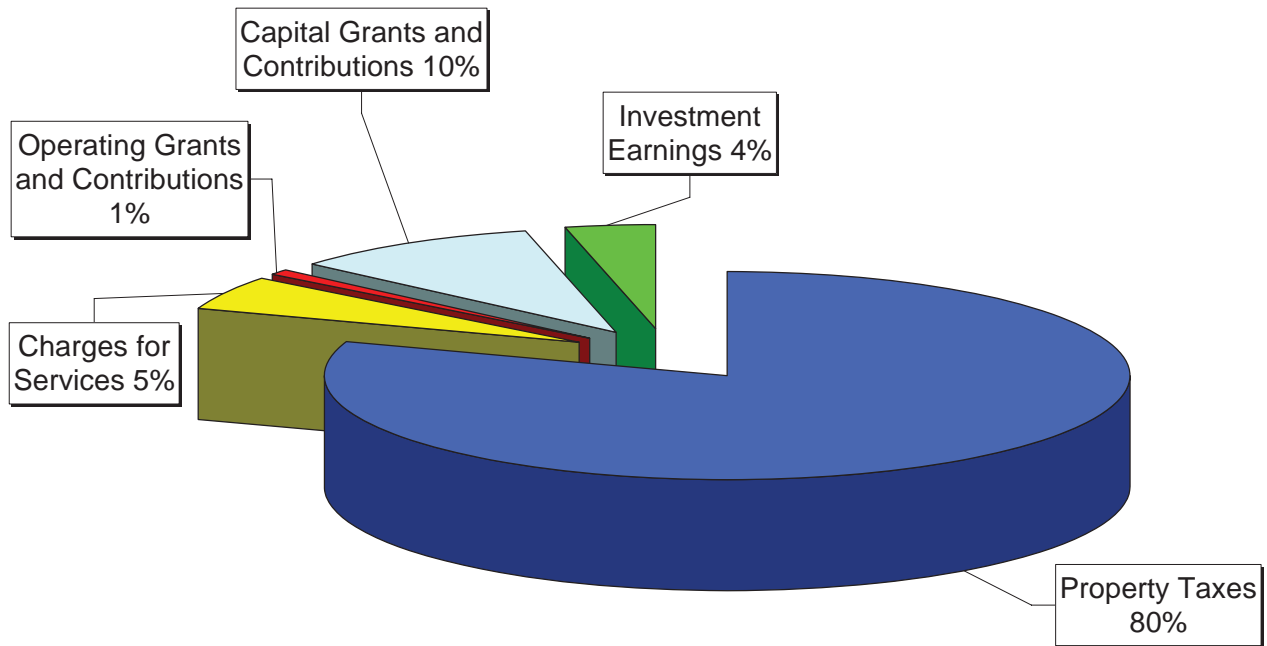
| | Governmental | | Business-type | | Total | | Total Percentage Change 2007-2008 |
|--|-----------------|-----------------|----------------|----------------|-----------------|-----------------|--|
| | Activities | | Activities | | | | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | |
| Program Revenues: | | | | | | | |
| Charges for Services | \$ 21.0 | \$ 23.3 | \$ 18.0 | \$ 19.3 | \$ 39.0 | \$ 42.6 | -8.5% |
| Operating Grants and Contributions | 3.0 | 2.3 | 0.1 | 0.1 | 3.1 | 2.4 | 29.2% |
| Capital Grants and Contributions | 40.0 | 23.2 | - | 0.3 | 40.0 | 23.5 | 70.2% |
| General Revenues: | | | | | | | |
| Property Taxes | 313.8 | 272.9 | - | - | 313.8 | 272.9 | 15.0% |
| Investment Earnings | 13.6 | 13.4 | 0.3 | 0.3 | 13.9 | 13.7 | 1.5% |
| Total Revenues | <u>391.4</u> | <u>335.1</u> | <u>18.4</u> | <u>20.0</u> | <u>409.8</u> | <u>355.1</u> | <u>15.4%</u> |
| Expenses: | | | | | | | |
| General Government | 17.4 | 15.1 | - | - | 17.4 | 15.1 | 15.2% |
| County Planning and Zoning | 48.6 | 39.1 | - | - | 48.6 | 39.1 | 24.3% |
| Park Operations and Maintenance | 165.8 | 146.0 | - | - | 165.8 | 146.0 | 13.6% |
| Recreation Programs | 52.7 | 46.9 | - | - | 52.7 | 46.9 | 12.4% |
| Recreational and Cultural Facilities | - | - | 30.3 | 28.5 | 30.3 | 28.5 | 6.3% |
| Interest on Long-term Debt | 5.9 | 5.7 | 0.3 | 0.3 | 6.2 | 6.0 | 3.3% |
| Total Expenses | <u>290.4</u> | <u>252.8</u> | <u>30.6</u> | <u>28.8</u> | <u>321.0</u> | <u>281.6</u> | <u>14.0%</u> |
| Increase (Decrease) in Net Assets Before Transfers | 101.0 | 82.3 | (12.2) | (8.8) | 88.8 | 73.5 | <u>20.8%</u> |
| Transfers | <u>(9.0)</u> | <u>(7.8)</u> | <u>9.0</u> | <u>7.8</u> | <u>-</u> | <u>-</u> | |
| Increase (Decrease) in Net Assets | 92.0 | 74.5 | (3.2) | (1.0) | 88.8 | 73.5 | |
| Net Assets - beginning | 617.9 | 543.4 | 85.4 | 86.4 | 703.3 | 629.8 | |
| Net Assets - ending | <u>\$ 709.9</u> | <u>\$ 617.9</u> | <u>\$ 82.2</u> | <u>\$ 85.4</u> | <u>\$ 792.1</u> | <u>\$ 703.3</u> | |

During the current fiscal year the Commission's net assets increased by \$88.8 million. This is largely a result of: \$40.0 million of capital grants and contributions; use of current revenues of \$31.7 million for the purchase and construction of capital assets and \$16.3 million to pay debt principal; growth in property tax revenues (\$24.8 million) in excess of anticipated, and savings in Governmental Activities expenses (\$7.2 million), offset by depreciation expense of \$19.6 million.

Investment earnings were higher despite interest rates falling during the year as larger balances were available for investment. Charges for services decreased as general economic conditions resulted in less development activity, thus reducing revenues from General Planning and Zoning Activities.

Governmental activities. Governmental activities increased the Commission's net assets by \$92.0 million, thereby accounting for 103% of the total growth in the net assets of the Commission. This increase is primarily attributable to capital grants receipts of \$40.0 million, added to an excess of ongoing revenues over ongoing expenses of \$61.0 million, which were offset by the transfers to business-type activities of \$9.0 million.

Revenues by Source - Governmental Activities



As the above diagram shows, property taxes make up 80% of Commission governmental revenues. Investment earnings increased due to larger investment balances.

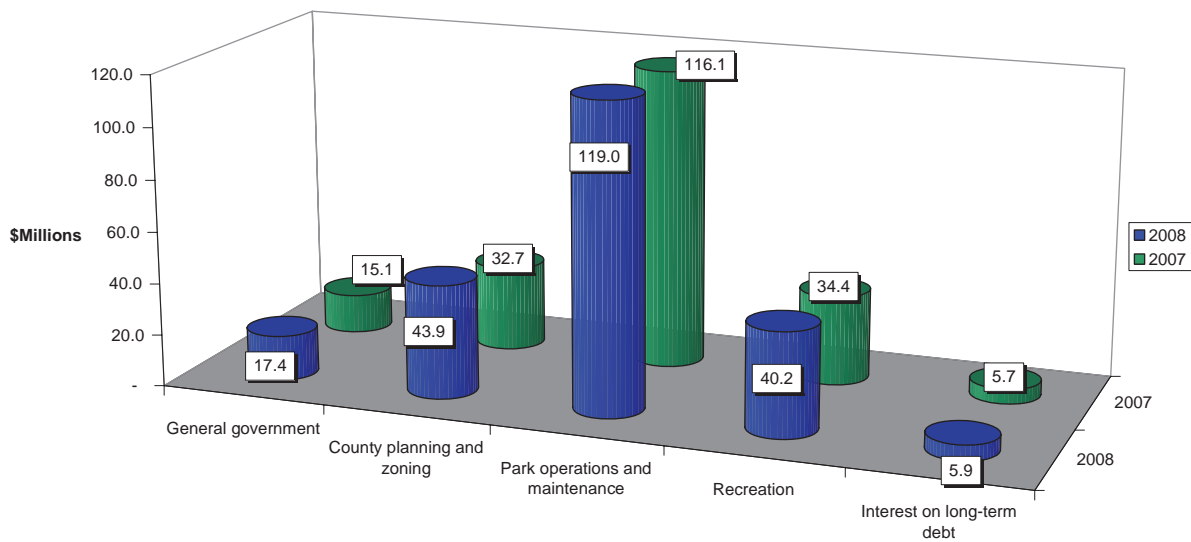
As is reflected in the following chart, the Commission's governmental activities are largely supported by general revenues and in particular property taxes. Charges for services and operating grants cover 8.2% of governmental activities expenses.

County Planning and Zoning Programs costs increased 24.3% largely due to an increase in staff due to filling a significant number of vacancies. plus normal personnel cost increases. The net cost increased by 34.3% as charges for services were lower than in the prior year, as previously discussed. Park Operations and Maintenance costs rose significantly due to the increased personnel costs and the significant utility rate cost increases incurred; significant increase in intergovernmental construction contributions resulted in reducing the impact of these cost increases on net costs. Recreation Programs total costs and net costs increased 12.3% and 16.8%, respectively, due to the personnel costs associated with filling vacant positions, as well as some significant maintenance required at several community centers, while revenues remained at the same level.

**Net Cost of Governmental Activities (000's)
For the Fiscal Years Ended June 30, 2008 and 2007**

| | 2008 | | 2007 | | Percentage Change 2007 - 2008 | |
|---------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|----------------------------------|----------------------------|
| | 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 | \$ 17,398 | \$ 17,398 | \$ 15,063 | \$ 15,063 | 15.5% | 15.5% |
| County Planning and Zoning | 48,650 | 43,912 | 39,150 | 32,697 | 24.3% | 34.3% |
| Park Operations and Maintenance | 165,753 | 118,969 | 145,957 | 116,074 | 13.6% | 2.5% |
| Recreation Programs | 52,689 | 40,236 | 46,908 | 34,463 | 12.3% | 16.8% |
| Interest on Long-term Debt | 5,902 | 5,902 | 5,694 | 5,694 | 3.7% | 3.7% |
| Total | \$ 290,392 | \$ 226,417 | \$ 252,772 | \$ 203,991 | 14.9% | 11.0% |

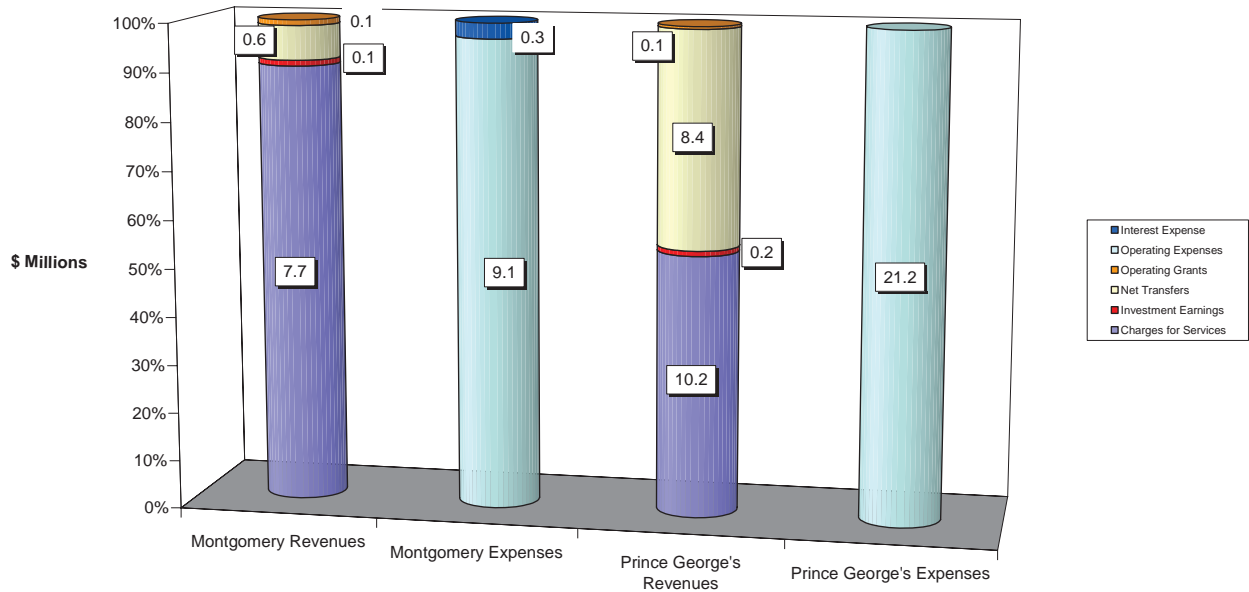
Net Cost by Function - General Government



Business-type Activities. Business-type activities expenses in excess of revenues led to a decrease in the Commission's net assets by \$3.2 million.

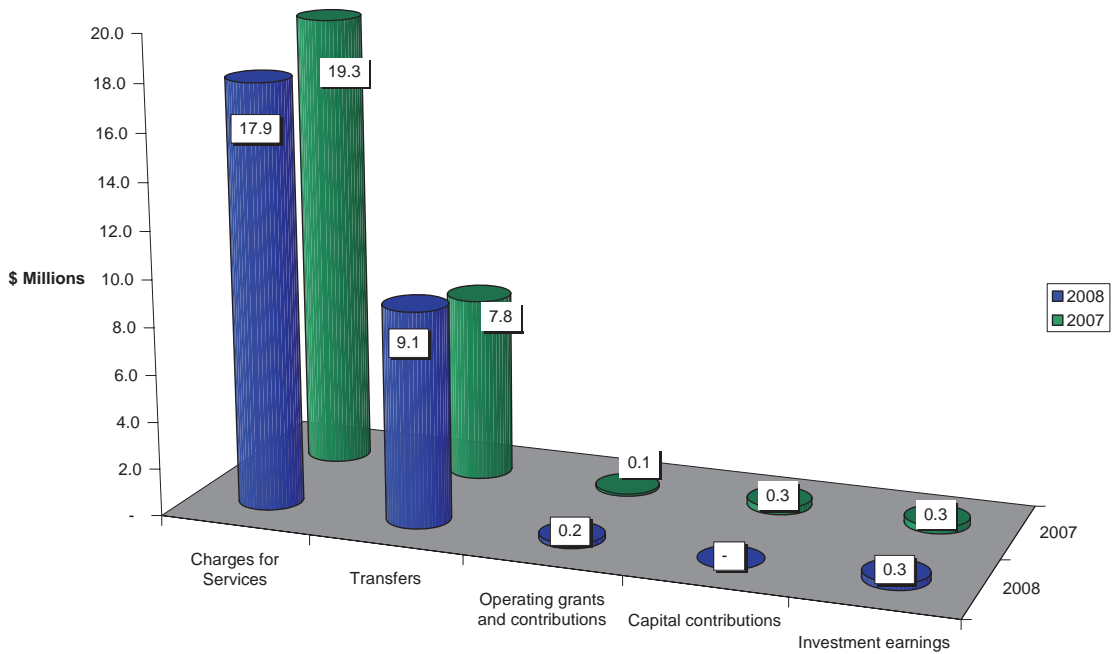
- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services, current operating grants and interest income by \$12.2 million.
- Governmental activities contributed \$9.0 million to support the enterprise activities. The support is primarily \$8.4 million of operating support for the Prince George's County business-type activities.

Changes in Net Assets - Business-type Activities



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

Revenues by Source - Business-type Activities



Charges for services make up the major portion of revenues for the business-type operations, although support from governmental operations (transfers) also makes up a significant portion.

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 \$252.1 million, an increase of \$51.7 million in comparison with the prior year. Approximately 54% of this total amount, or \$135.9 million, constitutes unreserved and undesignated fund balance, which is available for spending in future years, with \$69.4 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 \$46.6 million has been committed for contracts and purchase orders, and \$69.6 million is designated to fund fiscal year 2009 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 \$59.5 million, while total fund balance was \$150.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 19% of the total general fund expenditures and transfers out, while total fund balance represents 49% of the same amount.

The fund balance of the Commission's General Fund increased by \$27.5 million during the current fiscal year. Key factors that generated this increase are as follows:

- Property taxes were \$24.8 million greater than anticipated, primarily due to increases in the assessable base.
- Interest revenues were \$2.2 million more than anticipated in the general fund, and \$1.8 million more than anticipated in the capital project funds (which are ultimately transferred to the general fund), as cash balances were higher than projected.
- A reduction of \$11.2 million was planned in the final budget for fiscal year 2008.
- A control of expenditures generated \$7.2 million savings to provide funding for future years' budgets.
- Reserves for encumbrances were \$2.6 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 \$5.6 million and \$88.0 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 \$1.7 million in Montgomery County, and an increase of \$29.2 million in Prince George's County primarily due to the \$31.4 million in pay-as-you-go funding in Prince George's County, and construction grants realized of \$17.6 million in Montgomery County and \$18.8 million in Prince George's County, compared to expenditures of \$19.4 million in Montgomery County and \$21.4 million 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 \$.9 million and those for the Prince George's County fund amounted to \$1.8 million. The total changes in net assets for the funds were decreases of \$.9 million and \$2.3 million, 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, 2008 and 2007 | | | | |
|---|----------------------|---------------|---------------------------|-------------------|
| | Montgomery County | | Prince George's County | |
| | FY2008 | FY2007 | FY2008 | FY2007 |
| Operating Revenues | \$ 7,847 | \$ 9,294 | \$ 10,231 | \$ 10,139 |
| Operating Expenses, Excluding Depreciation | 7,746 | 7,925 | 18,932 | 16,872 |
| Operating Income (Loss), Excluding Depreciation | 101 | 1,369 | (8,701) | (6,733) |
| Depreciation | 1,363 | 1,383 | 2,266 | 2,336 |
| Operating Income (Loss) | (1,262) | (14) | (10,967) | (9,069) |
| Nonoperating Revenue (Expense) | (218) | (235) | 194 | 209 |
| Contribution from General Government Assets | - | - | - | 273 |
| Transfers | 619 | 405 | 8,445 | 7,349 |
| Change in Net Assets | <u>\$ (861)</u> | <u>\$ 156</u> | <u>\$ (2,328)</u> | <u>\$ (1,238)</u> |

Comparative Montgomery County key data are as follows:

| Montgomery County Enterprise Fund Key Data (000's) For the Fiscal Years Ended June 30, 2008 and 2007 | | | | | | |
|---|-----------------------|-----------------|-------------------|---|-----------------|-------------------|
| | Operating Revenues | | | Operating Income (Loss) Excluding Depreciation | | |
| | FY2008 | FY2007 | Change | FY2008 | FY2007 | Change |
| Conference Centers | \$ 315 | \$ 431 | \$ (116) | \$ (257) | \$ (119) | \$ (138) |
| Golf Courses | 358 | 337 | 21 | 133 | 233 | (100) |
| Ice Rinks | 3,612 | 4,309 | (697) | 35 | 276 | (241) |
| Indoor Tennis | 728 | 1,229 | (501) | (180) | 123 | (303) |
| Park Facilities | 2,834 | 2,988 | (154) | 370 | 856 | (486) |
| Total | <u>\$ 7,847</u> | <u>\$ 9,294</u> | <u>\$ (1,447)</u> | <u>\$ 101</u> | <u>\$ 1,369</u> | <u>\$ (1,268)</u> |

The Montgomery County Enterprise Fund revenues decreased by \$1,447,000, and operating income, excluding depreciation, decreased by \$1,268,000. Both indoor tennis facilities were closed for significant periods during the year for refurbishing, thus reducing revenues. At the same time, expenses were reduced during these periods, so the operating income losses were less significant. A significant portion of the revenue reduction in Ice Rinks related to a change in the relationship with instructors at those facilities, as instructors now collect the fees and the Commission revenue is a share of the fee. Previously the Commission collected full instruction fees and paid instructor fees. The warm weather over the past year also caused reductions in the use of the indoor facilities. Park facilities incurred significant repair costs and personnel costs in expanding its Camps and Programs function.

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, 2008 and 2007 | | | | | | |
| | Operating Revenues | | | Operating Income (Loss) Excluding Depreciation | | |
| | FY2008 | FY2007 | Change | FY2008 | FY2007 | Change |
| Airport | \$ 323 | \$ 447 | \$ (124) | \$ (90) | \$ 132 | \$ (222) |
| Equestrian Center/Arena | 1,729 | 1,806 | (77) | (2,154) | (1,880) | (274) |
| Golf Courses | 2,534 | 2,382 | 152 | (924) | (716) | (208) |
| Ice Rinks | 533 | 588 | (55) | (741) | (576) | (165) |
| Tennis Bubbles | 342 | 322 | 20 | (157) | (5) | (152) |
| Trap and Skeet Center | 1,331 | 1,219 | 112 | (118) | (96) | (22) |
| Sports and Learning Complex | 3,387 | 3,309 | 78 | (3,878) | (3,335) | (543) |
| Bladensburg Marina | 52 | 66 | (14) | (639) | (257) | (382) |
| Total | <u>\$ 10,231</u> | <u>\$ 10,139</u> | <u>\$ 92</u> | <u>\$ (8,701)</u> | <u>\$ (6,733)</u> | <u>\$ (1,968)</u> |

The Prince George's County Enterprise Fund revenues increased by \$92,000 and the operating loss, excluding depreciation, increased by \$1,968,000. The major changes occurred in the Equestrian Center, the Sports and Learning Complex, and the Bladensburg Marina. Revenues remained fairly stable at all three of these facilities. However, expenses increased overall, primarily due to increased compensation costs and energy costs, resulting in greater losses than in 2007. The marina had significant costs for dredging this year, resulting in a significant operating loss increase. 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, 2008 | | |
| | Administration Account | Park Account |
| Favorable property tax collections | \$ 298.2 | \$ 711.1 |
| Unfavorable charges for services | (120.3) | (32.6) |
| Favorable (unfavorable) intergovernmental revenue | 58.4 | (277.2) |
| Favorable (unfavorable) investment revenue | (6.4) | 60.6 |
| Favorable (unfavorable) other revenue | (136.4) | 49.7 |
| Total favorable revenue variance | <u>93.5</u> | <u>511.6</u> |
| Expenditure savings | 713.9 | 1,646.5 |
| Favorable other financing sources (uses) | - | 86.2 |
| Total favorable budgetary variance | <u>\$ 807.4</u> | <u>\$ 2,244.3</u> |

Property tax collections were about 1% above budget due to increased assessments. Investment revenue was favorable in the Park Account primarily due to higher cash balances than anticipated. Charges for services were unfavorable in both accounts, primarily due to the economic slowdown, especially with respect to development fees in the Administration Account. Favorable other revenue in the Park Account was primarily the result of fines and advertising revenues, while the Administration Account collected fewer fines and penalties than expected. Unfavorable intergovernmental revenues in the Park Account are offset by expenditure savings. The rest of the

expenditure savings were primarily the result of managing operations to generate a two percent savings, as requested by Montgomery County Government. This savings, intended to assist in funding the fiscal year 2010 budget, was generated by freezing positions and non-departmental savings from liquidation of prior year encumbrances of \$40,800 in the Administration Account and \$93,000 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 a lower interest rate on a bond sale late in fiscal 2007.

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, 2008 | | |
|--|---------------------------|-------------------|
| | Administration Account | Park Account |
| Prior year fund balance | | |
| Designated for Contingencies | \$ 801.0 | \$ 1,964.3 |
| Undesignated | 1,290.1 | 5,276.5 |
| Planned growth in fund balance | - | 1,419.5 |
| Budget adjustment in mid-year | (749.0) | (202.0) |
| Favorable budget variance | 807.4 | 2,244.3 |
| Total ending fund balance, budget basis | <u>\$ 2,149.5</u> | <u>\$10,702.6</u> |
| | | |
| <u>Fund balance, budget basis</u> | | |
| Designated for Subsequent Years | \$ 239.4 | \$ 4,790.6 |
| Designated for Contingencies | 823.9 | 2,386.0 |
| Undesignated | 1,086.2 | 3,526.0 |
| Total Budgetary Fund Balance | <u>\$ 2,149.5</u> | <u>\$10,702.6</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, 2008 | | | |
|---|---------------------------|--------------------|-----------------------|
| | Administration Account | Park Account | Recreation Account |
| Favorable property tax collections | \$ 4,066.5 | \$ 14,418.0 | \$ 5,280.5 |
| Unfavorable charges for services | (846.7) | (29.9) | (119.7) |
| Favorable intergovernmental revenue | 0.8 | 10.0 | - |
| Favorable investment revenue | 401.9 | 946.0 | 814.0 |
| Favorable (unfavorable) other revenue | 17.5 | (82.0) | 3.3 |
| Total favorable revenue variance | <u>3,640.0</u> | <u>15,262.1</u> | <u>5,978.1</u> |
| | | | |
| Expenditure savings | 2,652.2 | 840.2 | 1,371.4 |
| Favorable other financing sources | - | 3,417.5 | - |
| Total favorable budgetary variance | <u>\$ 6,292.2</u> | <u>\$ 19,519.8</u> | <u>\$ 7,349.5</u> |

Property tax collections were above budget primarily because the assessable base growth was higher than anticipated in the budget. Charges for services were down significantly in the Administration Account as a result of the economic slowdown which impacted fees collected for subdivisions, zoning and urban design applications. Investment revenue was favorable in all accounts primarily due to higher than anticipated cash balances. Other revenues in the Park Account were less than anticipated primarily due to an accounting change with respect to insurance reimbursements. 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 \$34,200 in the Administration Account, \$105,000 in the Park Account and \$219,000 in the Recreation Account. Other financing sources were favorable due to interest on cash balances in the capital projects fund far exceeding expectations

(this income is transferred to the Park Account), and the savings from budgeted debt service generated by the auction rate bonds in the first half of the fiscal year, and the fixed rate bonds that refunded them at the end of the year.

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

| Prince George's County Budgetary Fund Balances (000's) | | | |
|--|---------------------------|--------------------|-----------------------|
| June 30, 2008 | | | |
| | Administration Account | Park Account | Recreation Account |
| Prior year fund balance | | | |
| 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 |
| Planned growth in fund balance | - | - | 2,262.7 |
| Favorable budget variance | 6,292.2 | 19,519.8 | 7,349.5 |
| Total ending fund balance, budget basis | <u>\$ 18,658.6</u> | <u>\$ 64,078.0</u> | <u>\$ 33,487.7</u> |
| | | | |
| <u>Fund balance, budget basis</u> | | | |
| Designated for Subsequent Years | \$ 14,336.6 | \$ 18,929.1 | \$ 6,056.0 |
| Designated for Contingencies | 2,829.9 | 5,643.2 | 3,679.7 |
| Designated for Future Facilities | - | 2,550.0 | 7,315.0 |
| Undesignated | 1,492.1 | 36,955.7 | 16,437.0 |
| Total Budgetary Fund Balance | <u>\$ 18,658.6</u> | <u>\$ 64,078.0</u> | <u>\$ 33,487.7</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, 2008, amounts to \$655.0 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 4.4% (a 5.6% increase for governmental activities and a 3.6% decrease for business-type activities). The most significant increases are from land acquisitions, construction of community centers, renovation of a dam in a regional park, and trail construction. 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 2008, projects totaling \$4.1 million in governmental activities were completed. Among these projects, where most of the costs were incurred in prior years, are Winding Creek Park Improvements, Olney Manor Skateboard Park, and Thomas Seabrook Neighborhood Park Improvements.

Expenditures on Montgomery County projects totaled \$19.4 million in fiscal year 2008, of which \$5.4 million was for acquisition and \$14.0 million was for development. Land acquisition included \$3.3 million for land for the Cross Creek Local Park and \$1.6 million for land for the Hillandale Local Park. The largest projects were construction of the Ovid Hazen Wells Recreation Park, with construction cost to date of \$3.0 million, of which \$0.4 million was in fiscal year 2008, Lake Needwood Dam Renovation, with construction costs of \$3.0 million, of which \$2.0 million was in fiscal year 2008, Matthew Henson Trail, with construction cost to date of \$2.4 million, of which \$1.7 million was in fiscal year 2008. In addition, expenditures totaling \$4.9 million were spent on 25 projects for routine maintenance of parks, roads, buildings and other structures.

Prince George's County projects totaled \$21.4 million in fiscal year 2008, of which \$4.6 million was for acquisition and \$16.8 million was for development. Land acquisition included \$4.2 million for Cobblestone Ridge land, part of the Stream Valley Park acquisition initiative. Major park development expenditures include the Vansville Community Center with construction cost to date of \$2.9 million, all of which was in fiscal year 2008, Fort Washington Forrest Community Park School (community center) with construction cost to date of \$3.4 million, of which \$1.6 million was in fiscal year 2008, North Forrestville Community Park School (community center) with construction cost to date of \$2.8 million, of which \$1.6 million was in fiscal year 2008, and the Prince George's Sports and Learning Center improvements, with construction cost to date of \$1.6 million, of which \$1.2 million was in fiscal year 2008. In addition, expenditures totaling \$0.8 million were spent on 10 other community center projects.

Commission's Capital Assets

| Commission's Capital Assets (net of depreciation) (\$000's) | | | | | | | |
|---|----------------------------|---------------------------------|------------|----------------------------|---------------------------------|------------|-------------------------|
| June 30, 2008 and 2007 | | | | | | | |
| | June 30, 2008 | | | June 30, 2007 | | | Percent Change Total |
| | Governmental Activities | Business- type Activities | Total | Governmental Activities | Business- type Activities | Total | |
| Land | \$ 292,725 | \$ 19,364 | \$ 312,089 | \$ 279,508 | \$ 19,364 | \$ 298,872 | 4.4% |
| Buildings and improvements | 88,776 | 63,482 | 152,258 | 92,685 | 66,727 | 159,412 | -4.5% |
| Infrastructure | 117,492 | - | 117,492 | 120,580 | - | 120,580 | -2.6% |
| Machinery and equipment | 20,185 | 1,868 | 22,053 | 18,792 | 1,919 | 20,711 | 6.5% |
| Construction in progress | 50,914 | 172 | 51,086 | 27,971 | 28 | 27,999 | 82.5% |
| Total | \$ 570,092 | \$ 84,886 | \$ 654,978 | \$ 539,536 | \$ 88,038 | \$ 627,574 | 4.4% |

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 \$129.8 million and the related debt service requirements to maturity are set forth in Note 4E of the Notes to the Financial Statements.

The Commission's general obligation bonds are unconditionally guaranteed by the Commission and the county for which issued. Debt service principal and interest expenditures for Park Bonds and ALA Bonds totaled \$18.6 million (Montgomery - \$4.5 million; Prince George's - \$14.1 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled \$125.2 million (Montgomery County - \$29.5 million and Prince George's County - \$95.7 million) at June 30, 2008. Park Bonds debt service expenditures totaled \$17.5 million (Montgomery - \$3.8 million, Prince George's - \$13.7 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 0.29 cents per \$100 of assessed valuation for real property and .73 cents per \$100 of assessed valuation for personal property for Montgomery County and 1.84 cents per \$100 of assessed valuation for real property and 4.58 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, 2008 | | | |
| | Moody's Investor Services Inc. | Standard & Poor's Rating Services | Fitch Ratings |
| Montgomery County | Aaa | AAA | AAA |
| Prince George's County | Aa1 | AAA | AA+ |

The Commission's Montgomery County revenue bonds and revenue notes payable totaled \$5.6 million at June 30, 2008. The bonds and notes have a reported value of \$5.5 million, after considering the \$0.1 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, 2008, and the related debt service requirements are set forth in the Notes to the Financial Statements.

On April 10, 2008, the Commission issued \$17,300,000 of Prince George's County Park Acquisition and Development General Obligation Refunding Bonds, Series KK-2. The bonds provided the resources to retire on that date the outstanding principle of \$17,300,000 of Prince George's County Park Acquisition and Development General Obligation Project Bonds, Series AA-2, which were auction rate notes. Semiannual payments of interest and annual principal payments are due until May 1, 2018, at a net interest cost of 3.2004%.

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) at June 30, 2008 follow (\$000's):

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

| Commission's Outstanding Debt June 30, 2008 and 2007 | | | | | | | |
|---|-------------------------|-------------------|--------------------------|-----------------|-------------------|-------------------|---------------|
| | Governmental Activities | | Business-type Activities | | Total | | Change |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | |
| General obligation bonds | \$ 128,029 | \$ 140,845 | \$ - | \$ - | \$ 128,029 | \$ 140,845 | -9.1% |
| Revenue bonds and notes | - | - | 5,502 | 6,555 | 5,502 | 6,555 | -16.1% |
| Notes payable | 4,960 | 7,065 | - | 27 | 4,960 | 7,092 | -30.1% |
| Total | <u>\$ 132,989</u> | <u>\$ 147,910</u> | <u>\$ 5,502</u> | <u>\$ 6,582</u> | <u>\$ 138,491</u> | <u>\$ 154,492</u> | <u>-10.4%</u> |

| Montgomery County Outstanding Debt June 30, 2008 and 2007 | | | | | | | |
|--|-------------------------|------------------|--------------------------|-----------------|------------------|------------------|---------------|
| | Governmental Activities | | Business-type Activities | | Total | | Change |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | |
| General obligation bonds | \$ 32,770 | \$ 35,814 | \$ - | \$ - | \$ 32,770 | \$ 35,814 | -8.5% |
| Revenue bonds and notes | - | - | 5,502 | 6,555 | 5,502 | 6,555 | -16.1% |
| Notes payable | 3,522 | 5,259 | - | 27 | 3,522 | 5,286 | -33.4% |
| Total | <u>\$ 36,292</u> | <u>\$ 41,073</u> | <u>\$ 5,502</u> | <u>\$ 6,582</u> | <u>\$ 41,794</u> | <u>\$ 47,655</u> | <u>-12.3%</u> |

| Prince George's County Outstanding Debt June 30, 2008 and 2007 | | | | | | | |
|---|-------------------------|-------------------|--------------------------|-------------|------------------|-------------------|--------------|
| | Governmental Activities | | Business-type Activities | | Total | | Change |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | |
| General obligation bonds | \$ 95,259 | \$ 105,031 | \$ - | \$ - | \$ 95,259 | \$ 105,031 | -9.3% |
| Revenue bonds and notes | - | - | - | - | - | - | 0.0% |
| Notes payable | 1,438 | 1,806 | - | - | 1,438 | 1,806 | -20.4% |
| Total | <u>\$ 96,697</u> | <u>\$ 106,837</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 96,697</u> | <u>\$ 106,837</u> | <u>-9.5%</u> |

The Commission's total debt decreased by \$16.0 million (10.4%) during the current fiscal year, as no new debt was issued (other than a current refunding), and principal payments were made as scheduled.

State statutes limit the amount of general obligation debt the Commission may issue to the amount that can be redeemed within 30 years from date of issue by the taxes authorized for payment of the bonds. The legal debt margin for the Commission is \$1,382.2 million of debt service for Montgomery County and \$776.3 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of \$38.0 million and \$119.8 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.

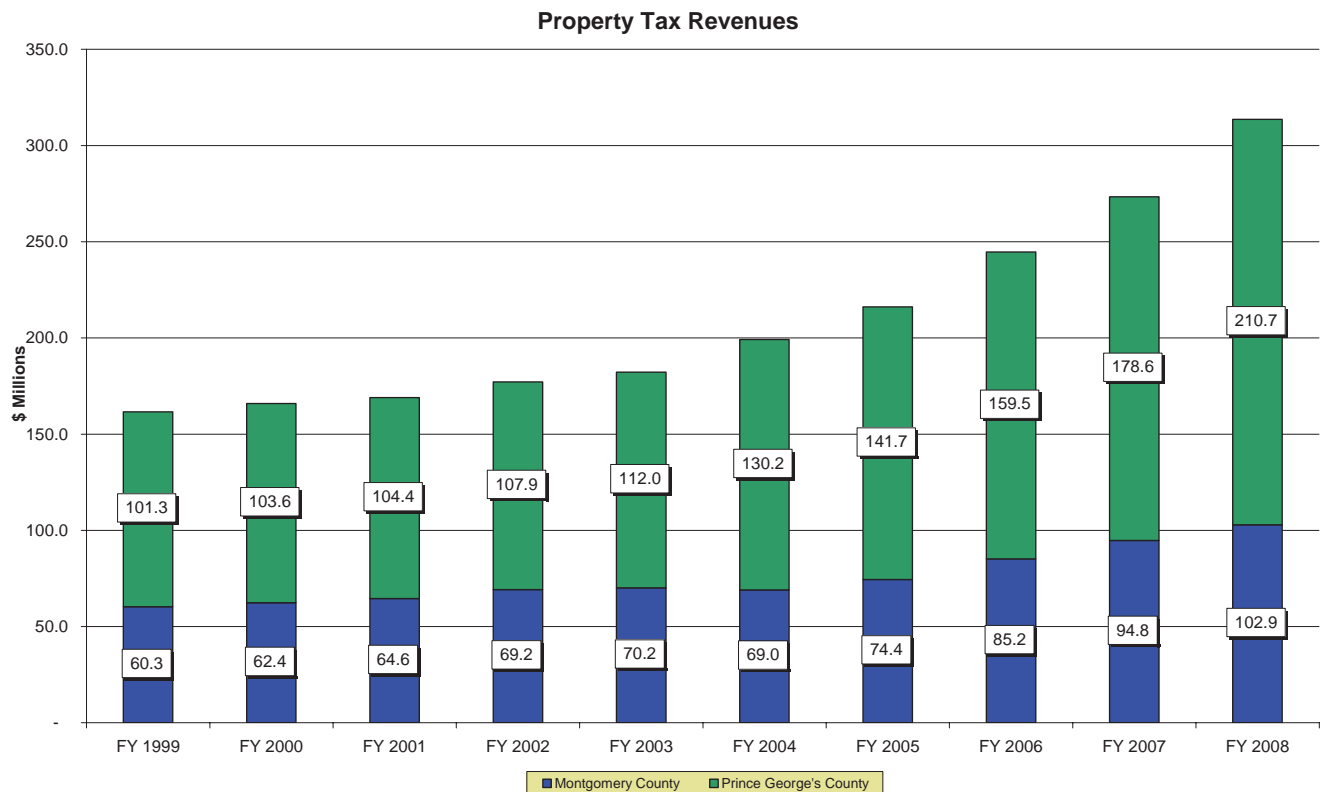
Economic Factors and Next Year's Budgets and Rates

The Commission's strong financial position and stable future outlook are supported by the stability of its major revenue source property taxes, increases in the assessable base, healthy fund balances and prudent fiscal oversight.

The Commission's major funding source, property taxes, constituted approximately 80% of the Commission's Governmental Funds revenues in fiscal year 2008. The assessed value of all taxable property increased, resulting in significant growth in property tax revenues in fiscal year 2008 from \$273.4 million to \$313.6 million (14.7%).

Assessable base in both counties has experienced strong growth in the past few years. Due to the economic slow down, we expect the growth rate to become more moderate. One-third of the property is inspected and revalued by the State Department of Assessments and Taxation each year so that all real property is inspected and revalued once every three years. The three-year cycle results in a smoothing effect on property tax revenues in times of slowing growth, which affords the Commission time to adjust its service delivery and spending levels in response to what is economically affordable.

The steady growth in property tax revenues over the past 10 years is displayed in the chart below.



At year-end, the Commission had a budget basis fund balance in the General Fund of \$129.1 million. Of this amount, \$44.3 million is designated to fund fiscal year 2009, \$15.4 million is designated for unforeseen circumstances, \$9.9 million is designated to fund the operating maintenance and debt service costs of future Prince George's County facilities and programs, and \$59.5 million is uncommitted as of June 30, 2008. Of the uncommitted portion, \$54.9 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.

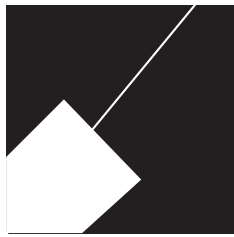
The Commission's Montgomery County activities are subject to spending affordability guidelines of Montgomery County Government. In Prince George's County, a Spending Affordability Committee makes recommendations during the budgetary process to the County Executive and the County Council concerning spending affordability of the Commission's Prince George's County operations. The Commission's total Montgomery County tax rate is

unchanged in fiscal year 2009 for the Administrative Account, but decreased 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 2009.

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 Commissions website, <http://www.mncppc.org> (See Budget/CAFR).



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 1

**Statement of Net Assets
June 30, 2008**

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 311,986,306 | \$ 4,514,734 | \$ 316,501,040 |
| Receivables - Taxes | 3,430,705 | - | 3,430,705 |
| Receivables - Other | 73,792 | 91,478 | 165,270 |
| Due from County Governments | 2,887,668 | 720,000 | 3,607,668 |
| Due from Other Governments | 5,402,603 | 102,906 | 5,505,509 |
| Inventories | - | 1,014,450 | 1,014,450 |
| Deposits and Other | 160,719 | - | 160,719 |
| Restricted Cash, Cash Equivalents and Investments: | | | |
| Unspent Debt Proceeds | 19,664,784 | - | 19,664,784 |
| Capital Assets: | | | |
| Land and Construction in Progress | 343,638,541 | 19,535,763 | 363,174,304 |
| Other Capital Assets, Net of Accumulated Depreciation | <u>226,453,577</u> | <u>65,350,357</u> | <u>291,803,934</u> |
| Total Assets | <u>913,698,695</u> | <u>91,329,688</u> | <u>1,005,028,383</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 24,765,104 | 1,164,606 | 25,929,710 |
| Accrued Interest Payable | 1,678,713 | 38,915 | 1,717,628 |
| Due to Other Governments | 443,105 | - | 443,105 |
| Deposits and Unearned Revenue | 5,603,281 | 1,020,413 | 6,623,694 |
| Claims Payable: | | | |
| Due within One Year | 4,720,202 | - | 4,720,202 |
| Due in more than One Year | 7,180,851 | - | 7,180,851 |
| Compensated Absences: | | | |
| Due within One Year | 9,433,853 | 272,625 | 9,706,478 |
| Due in more than One Year | 7,610,647 | 739,396 | 8,350,043 |
| Bonds and Notes Payable: | | | |
| Due within One Year | 15,254,562 | 1,107,223 | 16,361,785 |
| Due in more than One Year | 117,734,671 | 4,394,570 | 122,129,241 |
| Net Other Post Employment Benefit Obligations | | | |
| Due in more than One Year | <u>9,376,958</u> | <u>443,906</u> | <u>9,820,864</u> |
| Total Liabilities | <u>203,801,947</u> | <u>9,181,654</u> | <u>212,983,601</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 456,767,669 | 79,384,327 | 536,151,996 |
| Unrestricted | <u>253,129,079</u> | <u>2,763,707</u> | <u>255,892,786</u> |
| Total Net Assets | <u>\$ 709,896,748</u> | <u>\$ 82,148,034</u> | <u>\$ 792,044,782</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, 2008

| Functions/Programs | Expenses | Program Revenues | | | Business-type Activities | Total |
|--------------------------------------|----------------|----------------------|------------------------------------|----------------------------------|--------------------------|-----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 17,397,550 | \$ - | \$ - | \$ - | (17,397,550) | \$ (17,397,550) |
| County Planning and Zoning | 48,649,825 | 3,612,794 | 1,124,883 | - | (43,912,148) | (43,912,148) |
| Park Operations and Maintenance | 165,753,521 | 5,473,310 | 1,272,686 | 40,038,962 | (118,968,563) | (118,968,563) |
| Recreation Programs | 52,688,859 | 11,916,298 | 536,073 | - | (40,236,488) | (40,236,488) |
| Interest on Long-term Debt | 5,902,190 | - | - | - | (5,902,190) | (5,902,190) |
| Total Governmental Activities | 290,391,945 | 21,002,402 | 2,933,642 | 40,038,962 | (226,416,939) | (226,416,939) |
| Business-type Activities: | | | | | | |
| Recreational and Cultural Facilities | 30,626,723 | 17,926,991 | 151,636 | - | (12,548,096) | (12,548,096) |
| Total Business-type Activities | 30,626,723 | 17,926,991 | 151,636 | - | (12,548,096) | (12,548,096) |
| Total Government | \$ 321,018,668 | \$ 38,929,393 | \$ 3,085,278 | \$ 40,038,962 | (226,416,939) | (238,965,035) |
| General Revenues: | | | | | | |
| Property Taxes | | | | | 313,813,140 | 313,813,140 |
| Unrestricted Investment Earnings | | | | | 13,601,237 | 13,896,092 |
| Transfers | | | | | (9,064,100) | - |
| Net General Revenues and Transfers | | | | | 318,350,277 | 327,709,232 |
| Change in Net Assets | | | | | 91,933,338 | 86,744,197 |
| Net Assets - Beginning | | | | | 617,963,410 | 703,300,585 |
| Net Assets - Ending | | | | | \$ 709,896,748 | \$ 792,044,782 |

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, 2008**

| | General | Montgomery County Capital Projects | Prince George's County Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|---|--|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Equity in Pooled Cash and Investments | \$ 169,704,217 | \$ 2,335,105 | \$ 75,575,332 | \$ 8,308,995 | \$ 255,923,649 |
| Receivables - Taxes (net of allowance for uncollectibles) | 3,419,098 | - | - | 11,607 | 3,430,705 |
| Receivables - Other (net of allowance for uncollectibles) | 44,385 | - | - | 13,737 | 58,122 |
| Due from Other Funds | - | 18,868 | - | - | 18,868 |
| Due from County Governments | 31,115 | 2,395,998 | - | 342,589 | 2,769,702 |
| Due from Other Governments | 210,854 | 1,933,040 | 3,234,709 | 24,000 | 5,402,603 |
| Restricted Cash - Unspent Debt Proceeds | - | 1,487,089 | 14,653,514 | - | 16,140,603 |
| Other | 44,015 | - | - | - | 44,015 |
| Total Assets | \$ 173,453,684 | \$ 8,170,100 | \$ 93,463,555 | \$ 8,700,928 | \$ 283,788,267 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 8,376,370 | \$ 1,109,857 | \$ 4,803,097 | \$ 230,169 | \$ 14,519,493 |
| Accrued Liabilities | 8,397,554 | - | - | 61,745 | 8,459,299 |
| Retainage Payable | - | 622,444 | 658,156 | - | 1,280,600 |
| Due to County Governments | 60 | - | - | 35 | 95 |
| Deposits and Deferred Revenue | 5,984,579 | 875,000 | - | 560,316 | 7,419,895 |
| Total Liabilities | 22,758,563 | 2,607,301 | 5,461,253 | 852,265 | 31,679,382 |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 21,618,725 | 10,486,991 | 13,670,878 | 844,270 | 46,620,864 |
| Reserved for Debt Service | - | - | - | 11,607 | 11,607 |
| Unreserved, Designated for Contingencies | 15,362,700 | - | - | - | 15,362,700 |
| Unreserved, Designated for Subsequent Years | 44,351,700 | - | - | - | 44,351,700 |
| Unreserved, Designated for Future Facilities | 9,865,000 | - | - | - | 9,865,000 |
| Unreserved, Undesignated, Reported in: | | | | | |
| General Fund | 59,496,996 | - | - | - | 59,496,996 |
| Special Revenue Fund | - | - | - | 6,992,786 | 6,992,786 |
| Capital Projects Fund | - | (4,924,192) | 74,331,424 | - | 69,407,232 |
| Total Fund Balances | 150,695,121 | 5,562,799 | 88,002,302 | 7,848,663 | 252,108,885 |
| Total Liabilities and Fund Balances | \$ 173,453,684 | \$ 8,170,100 | \$ 93,463,555 | \$ 8,700,928 | |

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.

560,984,707

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.

34,093,648

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.

1,916,614

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(139,207,106)

Net Assets of Governmental Activities

\$ 709,896,748

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, 2008

| | General | Montgomery County Capital Projects | Prince George's County Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|---|--|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Property Taxes | \$ 311,058,505 | \$ - | \$ - | \$ 2,569,916 | \$ 313,628,421 |
| Intergovernmental - | | | | | |
| Federal | 69,382 | - | 232,261 | - | 301,643 |
| State | 409,928 | 6,790,237 | 18,599,815 | - | 25,799,980 |
| County | 1,133,935 | 10,781,560 | - | 497,959 | 12,413,454 |
| Local | 49,836 | - | - | 44,887 | 94,723 |
| Charges for Services | 8,916,919 | - | - | 2,540,663 | 11,457,582 |
| Rentals and Concessions | 4,344,493 | - | - | 4,632,716 | 8,977,209 |
| Interest | 7,236,190 | 133,635 | 3,167,504 | 458,812 | 10,996,141 |
| Sale of Land | - | 27,412 | 11,000 | - | 38,412 |
| Contributions | - | 90,769 | 352,000 | 727,715 | 1,170,484 |
| Miscellaneous | 441,319 | - | 7,209 | 91,671 | 540,199 |
| Total Revenues | <u>333,660,507</u> | <u>17,823,613</u> | <u>22,369,789</u> | <u>11,564,339</u> | <u>385,418,248</u> |
| EXPENDITURES | | | | | |
| Current - | | | | | |
| General Government | 16,809,827 | - | - | - | 16,809,827 |
| Planning and Zoning | 44,234,007 | - | - | 3,759,129 | 47,993,136 |
| Park Operations and Maintenance | 147,598,416 | - | - | 515,327 | 148,113,743 |
| Recreation | 44,448,572 | - | - | 5,912,992 | 50,361,564 |
| Contributions | - | - | - | 1,545,894 | 1,545,894 |
| Debt Service - | | | | | |
| Principal | 56,800 | - | - | 13,075,000 | 13,131,800 |
| Interest | - | - | - | 5,504,890 | 5,504,890 |
| Other Debt Service Costs | - | - | - | 87,937 | 87,937 |
| Capital Outlay - | | | | | |
| Park Acquisition | - | 5,450,472 | 4,584,893 | - | 10,035,365 |
| Park Development | - | 13,995,177 | 16,837,598 | - | 30,832,775 |
| Total Expenditures | <u>253,147,622</u> | <u>19,445,649</u> | <u>21,422,491</u> | <u>30,401,169</u> | <u>324,416,931</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>80,512,885</u> | <u>(1,622,036)</u> | <u>947,298</u> | <u>(18,836,830)</u> | <u>61,001,317</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Refunding Bonds Issued | - | - | - | 17,300,000 | 17,300,000 |
| Principal Retirement of Refunded Bonds | - | - | - | (17,300,000) | (17,300,000) |
| Transfers In | 4,301,139 | 350,000 | 31,362,000 | 18,396,049 | 54,409,188 |
| Transfers Out | (57,272,149) | (383,635) | (3,167,504) | (2,900,000) | (63,723,288) |
| Total Other Financing Sources (Uses) | <u>(52,971,010)</u> | <u>(33,635)</u> | <u>28,194,496</u> | <u>15,496,049</u> | <u>(9,314,100)</u> |
| Net Change in Fund Balances | 27,541,875 | (1,655,671) | 29,141,794 | (3,340,781) | 51,687,217 |
| Fund Balances - Beginning | 123,153,246 | 7,218,470 | 58,860,508 | 11,189,444 | 200,421,668 |
| Fund Balances - Ending | <u>\$ 150,695,121</u> | <u>\$ 5,562,799</u> | <u>\$ 88,002,302</u> | <u>\$ 7,848,663</u> | <u>\$ 252,108,885</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, 2008**

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) \$ 51,687,217

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 | \$ 40,612,538 | |
| Depreciation Expense | <u>(14,109,475)</u> | |
| Net adjustment | | 26,503,063 |

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 | (11,000) | |
| Donations | <u>3,192,320</u> | |
| Net adjustment | | 3,181,320 |

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.

184,719

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 | (17,300,000) | |
| Repayments of Principal | 13,131,800 | |
| Payment to Refunding Bond Escrow Account | <u>17,300,000</u> | |
| Net adjustment | | 13,131,800 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount is the unfunded cost of other post employment benefits .

(9,328,459)

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.

(186,093)

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>6,759,771</u> | <u>91,933,338</u> |
|---|---------------------|-------------------|

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 6

**Statement of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - GENERAL FUND
For the Year Ended June 30, 2008**

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|---|------------------------|------------------------|-----------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$ 286,284,300 | \$ 286,284,300 | \$ 311,058,505 | \$ 24,774,205 |
| Intergovernmental | 763,000 | 1,871,090 | 1,663,081 | (208,009) |
| Charges for Services | 10,092,500 | 10,092,500 | 8,916,919 | (1,175,581) |
| Rentals and Concessions | 4,318,200 | 4,318,200 | 4,344,493 | 26,293 |
| Interest | 5,020,000 | 5,020,000 | 7,236,190 | 2,216,190 |
| Miscellaneous | 588,200 | 589,200 | 441,319 | (147,881) |
| Total Revenues | <u>307,066,200</u> | <u>308,175,290</u> | <u>333,660,507</u> | <u>25,485,217</u> |
| Expenditures/Encumbrances: | | | | |
| General Government | 17,900,300 | 17,902,800 | 17,343,248 | 559,552 |
| County Planning and Zoning | 47,436,800 | 47,661,105 | 44,854,611 | 2,806,494 |
| Park Operation and Maintenance | 149,672,800 | 150,430,739 | 147,944,066 | 2,486,673 |
| Recreation Programs | 46,604,800 | 46,931,146 | 45,559,710 | 1,371,436 |
| Total Expenditures/Encumbrances | <u>261,614,700</u> | <u>262,925,790</u> | <u>255,701,635</u> | <u>7,224,155</u> |
| Excess of Revenues over Expenditures/Encumbrances | <u>45,451,500</u> | <u>45,249,500</u> | <u>77,958,872</u> | <u>32,709,372</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,500,000 | 1,500,000 | 4,301,139 | 2,801,139 |
| Transfers Out | <u>(57,225,700)</u> | <u>(57,974,700)</u> | <u>(57,272,149)</u> | <u>702,551</u> |
| Total Other Financing Sources (Uses) | <u>(55,725,700)</u> | <u>(56,474,700)</u> | <u>(52,971,010)</u> | <u>3,503,690</u> |
| Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis | \$ <u>(10,274,200)</u> | \$ <u>(11,225,200)</u> | 24,987,862 | \$ <u>36,213,062</u> |
| Fund Balances - Budget Basis, Beginning | | | <u>104,088,534</u> | |
| Fund Balances - Budget Basis, Ending | | | \$ <u>129,076,396</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, 2008**

| | Business-type Activities - Enterprise Funds | | | Governmental |
|--|---|----------------------|----------------------|----------------------|
| | Recreational and Cultural Activities | | | Activities- |
| | Montgomery | Prince George's | Totals | Internal |
| | County | County | | Service |
| | | | Funds | |
| ASSETS | | | | |
| Current Assets: | | | | |
| Equity in Pooled Cash and Investments | \$ 1,581,618 | \$ 2,933,116 | \$ 4,514,734 | \$ 56,062,657 |
| Restricted Cash, Cash Equivalents and Investments: | | | | |
| Unspent Equipment Financing Proceeds | - | - | - | 3,524,181 |
| Accounts Receivable | 6,928 | 84,550 | 91,478 | 15,670 |
| Due from County Government | 180,000 | - | 180,000 | 117,966 |
| Due from Other Government | 102,906 | - | 102,906 | - |
| Deposits and Other | - | - | - | 116,704 |
| Inventories | 186,240 | 828,210 | 1,014,450 | - |
| Total Current Assets | <u>2,057,692</u> | <u>3,845,876</u> | <u>5,903,568</u> | <u>59,837,178</u> |
| Noncurrent Assets: | | | | |
| Due from County Government | 540,000 | - | 540,000 | - |
| Capital Assets: | | | | |
| Land | 11,584,468 | 7,779,131 | 19,363,599 | 748,497 |
| Buildings and Improvements | 26,994,492 | 72,270,589 | 99,265,081 | 2,649,865 |
| Machinery and Equipment | 1,625,438 | 4,783,290 | 6,408,728 | 25,146,860 |
| Construction in Progress | 172,164 | - | 172,164 | 1,056,761 |
| | <u>40,376,562</u> | <u>84,833,010</u> | <u>125,209,572</u> | <u>29,601,983</u> |
| Less - Accumulated Depreciation | <u>(13,692,522)</u> | <u>(26,630,930)</u> | <u>(40,323,452)</u> | <u>(20,494,572)</u> |
| Total Capital Assets, Net of Depreciation | <u>26,684,040</u> | <u>58,202,080</u> | <u>84,886,120</u> | <u>9,107,411</u> |
| Total Noncurrent Assets | <u>27,224,040</u> | <u>58,202,080</u> | <u>85,426,120</u> | <u>9,107,411</u> |
| Total Assets | <u>29,281,732</u> | <u>62,047,956</u> | <u>91,329,688</u> | <u>68,944,589</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 336,271 | 604,589 | 940,860 | 327,753 |
| Claims Payable | - | - | - | 4,720,202 |
| Accrued Salaries and Benefits | 47,966 | 175,780 | 223,746 | 177,959 |
| Compensated Absences | 83,717 | 188,908 | 272,625 | 9,433,853 |
| Interest Payable | 38,915 | - | 38,915 | 56,106 |
| Revenue Collected in Advance | 905,214 | 115,199 | 1,020,413 | 100,000 |
| Current Portion of Revenue Bonds Payable | 662,779 | - | 662,779 | - |
| Current Portion of Revenue Notes Payable | 444,444 | - | 444,444 | - |
| Current Portion of Notes Payable | - | - | - | 1,548,713 |
| Due to Other Funds | - | - | - | 18,868 |
| Due to Other Government | - | - | - | 443,010 |
| Total Current Liabilities | <u>2,519,306</u> | <u>1,084,476</u> | <u>3,603,782</u> | <u>16,826,464</u> |
| Noncurrent Liabilities: | | | | |
| Claims Payable | - | - | - | 7,180,851 |
| Revenue Bonds Payable | 2,394,566 | - | 2,394,566 | - |
| Revenue Notes Payable | 2,000,004 | - | 2,000,004 | - |
| Notes Payable | - | - | - | 3,184,480 |
| Compensated Absences | 174,150 | 565,246 | 739,396 | 7,610,647 |
| Net Other Post Employment Benefit Obligations | 92,317 | 351,589 | 443,906 | 48,499 |
| Total Noncurrent Liabilities | <u>4,661,037</u> | <u>916,835</u> | <u>5,577,872</u> | <u>18,024,477</u> |
| Total Liabilities | <u>7,180,343</u> | <u>2,001,311</u> | <u>9,181,654</u> | <u>34,850,941</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 21,182,247 | 58,202,080 | 79,384,327 | 7,898,399 |
| Unrestricted | 919,142 | 1,844,565 | 2,763,707 | 26,195,249 |
| Total Net Assets | <u>\$ 22,101,389</u> | <u>\$ 60,046,645</u> | <u>\$ 82,148,034</u> | <u>\$ 34,093,648</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, 2008**

| | Business-type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|---------------------------------------|---|---------------------------|----------------------|---|
| | Recreational and Cultural Activities | | | |
| | Montgomery County | Prince George's County | Totals | |
| Operating Revenues: | | | | |
| Intergovernmental | \$ 102,906 | \$ 48,730 | \$ 151,636 | \$ - |
| Sales | 631,448 | 2,553,637 | 3,185,085 | - |
| Charges for Services | 4,786,150 | 4,645,836 | 9,431,986 | 49,445,957 |
| Claim Recoveries | - | - | - | 767,426 |
| Rentals and Concessions | 2,326,898 | 2,983,022 | 5,309,920 | - |
| Total Operating Revenues | <u>7,847,402</u> | <u>10,231,225</u> | <u>18,078,627</u> | <u>50,213,383</u> |
| Operating Expenses: | | | | |
| Cost of Goods Sold | 323,603 | 1,737,089 | 2,060,692 | - |
| Personal Services | 2,854,190 | 10,692,610 | 13,546,800 | 16,201,088 |
| Supplies and Materials | 503,608 | 1,636,301 | 2,139,909 | 140,005 |
| Claims Incurred | - | - | - | 19,511,926 |
| Insurance | - | - | - | 5,991,917 |
| Communications | 43,276 | 345,435 | 388,711 | - |
| Utilities | 1,171,194 | 1,780,917 | 2,952,111 | - |
| Maintenance | 517,290 | 1,059,898 | 1,577,188 | - |
| Contractual Services | 660,097 | 707,985 | 1,368,082 | 1,062,761 |
| Other Services and Charges | 352,783 | 649,789 | 1,002,572 | 1,279,458 |
| Administrative Services | 1,320,493 | 321,900 | 1,642,393 | - |
| Depreciation | 1,363,737 | 2,265,809 | 3,629,546 | 1,818,219 |
| Total Operating Expenses | <u>9,110,271</u> | <u>21,197,733</u> | <u>30,308,004</u> | <u>46,005,374</u> |
| Operating (Loss) | <u>(1,262,869)</u> | <u>(10,966,508)</u> | <u>(12,229,377)</u> | <u>4,208,009</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Investment Earnings | 101,154 | 193,701 | 294,855 | 2,605,096 |
| Interest Expense, net of Amortization | (291,511) | - | (291,511) | (200,865) |
| Loss on Disposal of Asset | (27,208) | - | (27,208) | (102,469) |
| Total Nonoperating Revenue (Expense) | <u>(217,565)</u> | <u>193,701</u> | <u>(23,864)</u> | <u>2,301,762</u> |
| Income (Loss) before Transfers | <u>(1,480,434)</u> | <u>(10,772,807)</u> | <u>(12,253,241)</u> | <u>6,509,771</u> |
| Transfers In | 619,000 | 8,445,100 | 9,064,100 | 250,000 |
| Total Transfers | <u>619,000</u> | <u>8,445,100</u> | <u>9,064,100</u> | <u>250,000</u> |
| Change in Net Assets | <u>(861,434)</u> | <u>(2,327,707)</u> | <u>(3,189,141)</u> | <u>6,759,771</u> |
| Total Net Assets - Beginning | 22,962,823 | 62,374,352 | 85,337,175 | 27,333,877 |
| Total Net Assets - Ending | \$ <u>22,101,389</u> | \$ <u>60,046,645</u> | \$ <u>82,148,034</u> | \$ <u>34,093,648</u> |

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 9

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2008**

| | 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 | \$ 8,009,815 | \$ 10,185,976 | \$ 18,195,791 | \$ 50,271,683 |
| Payments to Suppliers | (2,889,872) | (7,840,812) | (10,730,684) | (26,284,110) |
| Payments to Employees | (2,920,126) | (10,357,519) | (13,277,645) | (14,779,139) |
| Payments for Interfund Services Used | (489,800) | - | (489,800) | (405,700) |
| Payments for Administrative Charges | <u>(1,320,493)</u> | <u>(321,900)</u> | <u>(1,642,393)</u> | <u>-</u> |
| Net Cash Provided (Used) by Operating Activities | <u>389,524</u> | <u>(8,334,255)</u> | <u>(7,944,731)</u> | <u>8,802,734</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Transfers In from Other Funds | <u>619,000</u> | <u>8,445,100</u> | <u>9,064,100</u> | <u>250,000</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>619,000</u> | <u>8,445,100</u> | <u>9,064,100</u> | <u>250,000</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition and Construction of Capital Assets | (341,601) | (162,985) | (504,586) | (2,792,860) |
| Principal Paid on Bonds and Notes Payable | (1,112,836) | - | (1,112,836) | (2,048,469) |
| Interest Paid | (259,448) | - | (259,448) | (200,865) |
| Payment Received on Long Term Note | <u>180,000</u> | <u>-</u> | <u>180,000</u> | <u>-</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(1,533,885)</u> | <u>(162,985)</u> | <u>(1,696,870)</u> | <u>(5,042,194)</u> |
| Cash Flows from Investing Activities: | | | | |
| Interest on Investments | <u>101,154</u> | <u>193,701</u> | <u>294,855</u> | <u>2,605,095</u> |
| Net Cash Provided by Investing Activities | <u>101,154</u> | <u>193,701</u> | <u>294,855</u> | <u>2,605,095</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (424,207) | 141,561 | (282,646) | 6,615,635 |
| Cash and Cash Equivalents, July 1 | <u>2,005,825</u> | <u>2,791,555</u> | <u>4,797,380</u> | <u>52,971,203</u> |
| Cash and Cash Equivalents, June 30 | \$ <u>1,581,618</u> | \$ <u>2,933,116</u> | \$ <u>4,514,734</u> | \$ <u>59,586,838</u> |

**Exhibit 9
continued**

| | Business-type Activities- Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|---|--|---------------------------|-----------------------|--|
| | Recreational and Cultural Activities | | | |
| | Montgomery County | Prince George's County | Totals | |
| Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating (Loss) | \$ (1,262,869) | \$ (10,966,508) | \$ (12,229,377) | \$ 4,208,009 |
| Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 1,363,737 | 2,265,809 | 3,629,546 | 1,818,219 |
| Effect of Changes in Assets and Liabilities in: | | | | |
| Accounts Receivable | 43 | (47,206) | (47,163) | (15,420) |
| Due from Other Government | (87,949) | 146,596 | 58,647 | 125,887 |
| Inventories, at Cost | 1,270 | (170,643) | (169,373) | - |
| Deposits and Other | - | - | - | (52,168) |
| Accounts Payable | 207,927 | 247,245 | 455,172 | 58,269 |
| Claims Payable | - | - | - | 892,005 |
| Accrued Salaries and Benefits | (119,503) | (98,101) | (217,604) | (264,659) |
| Compensated Absences | (48,179) | 81,603 | 33,424 | 1,684,845 |
| Interest Payable | (7,589) | - | (7,589) | (18,854) |
| Other Accrued Liabilities | - | - | - | 100,000 |
| Due to Other Funds | - | - | - | 18,868 |
| Due to County Government | - | - | - | 199,234 |
| Net Other Post Employment Obligations | 92,317 | 351,589 | 443,906 | 48,499 |
| Revenue Collected in Advance | 250,319 | (144,639) | 105,680 | - |
| Total Adjustments | <u>1,652,393</u> | <u>2,632,253</u> | <u>4,284,646</u> | <u>4,594,725</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 389,524</u> | <u>\$ (8,334,255)</u> | <u>\$ (7,944,731)</u> | <u>\$ 8,802,734</u> |

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 10

Statement of Net Assets
Fiduciary Funds
June 30, 2008

| | Pension Trust Funds | Private Purpose Trust Funds | Agency Funds |
|---|---------------------------|-----------------------------------|------------------|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 671,970 | \$ 31,637,674 | \$ 3,140,470 |
| Cash | 321,783 | - | - |
| Fixed Income Securities | 149,662,828 | - | - |
| International Fixed Income Securities | 40,253,069 | - | - |
| Corporate Stock | 262,160,522 | - | - |
| International Corporate Stock | 87,429,403 | - | - |
| Real Estate Investments | 32,299,756 | - | - |
| Short Term Investments | 4,186,788 | - | - |
| Mutual Funds | 2,603,897 | - | - |
| Collateral for Securities Lending Transactions | 33,983,356 | - | - |
| Investments receivable | 1,583,805 | - | - |
| Accounts Receivable | 1,287,616 | 1,750 | - |
| Land Held for Other Governments | - | 43,496,183 | - |
| Other | 17,224 | - | - |
| Total Assets | <u>616,462,017</u> | <u>75,135,607</u> | <u>3,140,470</u> |
| LIABILITIES | | | |
| Accounts Payable | 834,350 | 110 | 2,510,661 |
| Claims Payable | 663,551 | - | - |
| Obligation for Collateral Received under Securities Lending Transactions | 33,983,356 | - | - |
| Deposits | - | - | 629,809 |
| Total Liabilities | <u>35,481,257</u> | <u>110</u> | <u>3,140,470</u> |
| NET ASSETS | | | |
| Assets Held in Trust for: | | | |
| Land Held for Other Governments | - | 43,496,183 | - |
| Pension Benefits | 578,163,771 | - | - |
| Other Postemployment Benefits | 2,816,989 | - | - |
| Other Purposes | - | 31,639,314 | - |
| Total Net Assets | <u>\$ 580,980,760</u> | <u>\$ 75,135,497</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, 2008**

| | Pension Trust Funds | Private Purpose Trust Funds |
|---|-----------------------------|-----------------------------------|
| | <u> </u> | <u> </u> |
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ 18,543,889 | \$ - |
| Plan Members | 4,521,535 | - |
| Plan Members for Current Benefits | 904,938 | - |
| Private Donations | - | 44,917 |
| Total Contributions | <u>23,970,362</u> | <u>44,917</u> |
| Receipts from Commission Debt Service Funds | - | 1,545,894 |
| Federal Grants - Medicare | 298,681 | - |
| Investment Earnings: | | |
| Interest | 7,614,482 | 1,521,153 |
| Dividends | 1,040,998 | - |
| Net decrease in the Fair Value of Investments | <u>(62,197,052)</u> | <u>-</u> |
| Total Investment Earnings | <u>(53,541,572)</u> | <u>1,521,153</u> |
| Less Investment Advisory and Management Fees | <u>(1,990,062)</u> | <u>-</u> |
| Net Income from Investing Activities | <u>(55,531,634)</u> | <u>1,521,153</u> |
| Securities Lending Activity | | |
| Securities Lending Income | 2,167,456 | - |
| Securities Lending Fees | <u>(1,962,564)</u> | <u>-</u> |
| Net Income from Securities Lending Activity | <u>204,892</u> | <u>-</u> |
| Total Net Investment Income | <u>(55,326,742)</u> | <u>1,521,153</u> |
| Total Additions | <u>(31,057,699)</u> | <u>3,111,964</u> |
| DEDUCTIONS | | |
| Benefits | 30,131,867 | - |
| Refunds of Contributions | 382,455 | - |
| Administrative Expenses | 1,250,164 | - |
| Contribution to Commission Debt Service Funds | - | 52,022 |
| Other | - | 44,316 |
| Total Deductions | <u>31,764,486</u> | <u>96,338</u> |
| Change in Net Assets | <u>(62,822,185)</u> | <u>3,015,626</u> |
| Net Assets - Beginning | <u>643,802,945</u> | <u>72,119,871</u> |
| Net Assets - Ending | <u>\$ 580,980,760</u> | <u>\$ 75,135,497</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, 2008

(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.

The Other Post-Employment Benefits Trust (115 Trust), administered by the 5 member Board of Trustees, in accordance with the Trust Agreement between the Board and the Commission, is a trust qualified under the Internal Revenue Code Section 115 to provide health insurance benefits for eligible participants. Only employer funds are held in the trust. The administrative operations are the responsibility of the Administrator who is a Commission employee, and reports directly to the Board of Trustees.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the Commission and its blended component units, the ERS and the 115 Trust. 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 these component units are included as pension trust funds in the accompanying financial statements, and are the only such component units of the Commission.

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

(B) Government-wide and Fund Financial Statements

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

In fiscal year 2008, the Commission implemented GASB statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". Implementing this statement required reporting accrual basis information related to retiree benefits, which previously were reported on a pay-as-you-go basis. This accounting change is reflected in Government-wide Financial Statements and Proprietary Fund statements. Since this Accounting Standard allowed prospective implementation, there is no impact on previously issued financial statements.

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, 2008.

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

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

the basic financial statements. The Commission and many other governments revise their original budgets over the course of the year for a variety of reasons.

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

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

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

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

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

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

The Commission reports the following major governmental funds:

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

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

The Commission reports the following major enterprise funds:

Montgomery County and Prince George's County Enterprise Funds – These Enterprise Funds are used to account for recreational and cultural facilities' operations that are financed and operated in a manner similar to private business enterprises. A separate Enterprise Fund is

maintained for the enterprise operations of each county, each of which is considered a major fund.

Additionally, the Commission reports the following fund types:

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

Internal Service Funds – Internal service funds are used to account for the financing of certain goods or services provided by one department to other departments of the Commission on a cost-reimbursement basis. There are 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. In fiscal year 2008, the Commission began phasing in over an 8 year period actuarially based funding of 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".

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 \$2,951,586 at June 30, 2008. 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.

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 \$69,579,400 of fund balances in the General Fund at June 30, 2008, to fund fiscal year 2009 operations and future facilities costs and allow for contingencies, as follows:

| | <u>Montgomery County</u> | | <u>Prince George's County</u> | | | <u>Total</u> |
|-------------------|--------------------------|---------------------|-------------------------------|----------------------|----------------------|----------------------|
| | <u>Administration</u> | <u>Park</u> | <u>Administration</u> | <u>Park</u> | <u>Recreation</u> | |
| Contingencies | \$ 823,900 | \$ 2,386,000 | \$ 2,829,900 | \$ 5,643,200 | \$ 3,679,700 | \$ 15,362,700 |
| Fiscal year 2009 | 239,400 | 4,790,600 | 14,336,600 | 18,929,100 | 6,056,000 | 44,351,700 |
| Future facilities | N/A | N/A | N/A | 2,550,000 | 7,315,000 | 9,865,000 |
| | <u>\$ 1,063,300</u> | <u>\$ 7,176,600</u> | <u>\$ 17,166,500</u> | <u>\$ 27,122,300</u> | <u>\$ 17,050,700</u> | <u>\$ 69,579,400</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 | \$ 291,976,041 |
| Buildings and improvements | 194,803,782 |
| Infrastructure | 220,689,170 |
| Machinery and Equipment | 50,141,101 |
| Accumulated Depreciation on Buildings, Improvements and Machinery and Equipment | (246,482,629) |
| Construction in Progress | 49,857,242 |
| Total | <u>\$ 560,984,707</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 | \$ 13,705,849 |
| Due in More than One Year | 114,550,191 |
| Net Other Post Employment Benefit Obligations | 9,328,459 |
| Accrued Interest Payable | 1,622,607 |
| Totals | <u>\$ 139,207,106</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 2008 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, 2008 is as follows. The following account information is reported in Note 6.

| | Montgomery County | | Prince George's County | | | Total General Fund |
|-----------------------------|---------------------------|-----------------|---------------------------|-----------------|-----------------------|--------------------------|
| | Administration Account | Park Account | Administration Account | Park Account | Recreation Account | |
| Adjustment to Expenditures | | | | | | |
| To Increase - | | | | | | |
| Encumbrances - | | | | | | |
| June 30, 2007 | \$ 2,365,587 | \$ 2,278,054 | \$ 7,761,697 | \$ 3,763,728 | \$ 2,895,646 | \$ 19,064,712 |
| To Decrease - | | | | | | |
| Encumbrances - | | | | | | |
| June 30, 2008 | (2,658,141) | (1,781,261) | (8,594,768) | (4,577,771) | (4,006,784) | (21,618,725) |
| Total Adjustment | (292,554) | 496,793 | (833,071) | (814,043) | (1,111,138) | (2,554,013) |
| Net Change in Fund Balance: | | | | | | |
| GAAP Basis | (427,942) | 2,964,923 | 3,602,839 | 10,678,733 | 10,723,322 | 27,541,875 |
| Budget Basis | \$ (720,496) | \$ 3,461,716 | \$ 2,769,768 | \$ 9,864,690 | \$ 9,612,184 | \$ 24,987,862 |

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2008, totaled \$984,517,340. The Commission's unrestricted pool of deposits and investments (\$351,951,154) 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 \$3,775,784 and the bank balance was \$5,928,645. In addition, the Commission held cash at various locations totaling \$241,460. Of the bank balance, \$200,000 was covered by Federal depository insurance and the remainder was collateralized by \$10,452,966 of securities held by a member of the Federal Reserve banking system in the name of the Commission and the Commission's bank.

In addition, the Commission had Certificates of Deposit with a carrying value (including accrued interest) of \$86,189,511 at June 30, 2008. The certificates, with an average life of 125.42 days, were covered by collateral of \$109,723,248, which is greater than bank balances for all applicable banks.

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, 2008. 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 \$3,708,796. 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 \$19,664,784 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, 2008 were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Days)</u> |
|--|-----------------------|---|
| Commercial Paper | \$ 37,207,274 | 122.68 |
| Federal Farm Credit Bank Notes | 10,848,307 | 125.67 |
| U.S. Treasury Bills | 3,343,643 | 10.14 |
| Bankers Acceptances | 30,396,270 | 42.31 |
| Federal Home Loan Bank Notes | 49,156,763 | 86.06 |
| Federal Home Loan Mortgage Association Notes | 35,713,133 | 51.55 |
| Federal National Mortgage Association Notes | 56,351,597 | 92.34 |
| Municipal Securities | 7,353,125 | 4.89 |
| Repurchase Agreements | 47,330,275 | 27.96 |
| Total fair value | <u>\$ 277,700,387</u> | |
| Portfolio Weighted Average Maturity | | 71.87 |

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 \$184,615 (0.9%) 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, 2008, was \$4,295,479. Cash deposits in the bank account totaled \$108,691 that was insured and collateralized. At June 30, 2008, ERS held \$4,186,788 of cash equivalents in its custodial investment accounts.

As of June 30, 2008, ERS's cash equivalents were exposed to custodial credit risk as follows:

| | |
|--|-------------------|
| Uninsured and uncollateralized | \$ 169,719 |
| Uninsured and held by custodial bank not in ERS's name | <u>97,944</u> |
| | <u>\$ 267,663</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 | <u>5</u> |
| 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, 2008 was 5.36 years with the Merrill Lynch BB/B and the Lehman Aggregate at 4.58 and 4.68 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, 2008 were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> |
|--|-----------------------|
| Common Stock | \$ 349,062,430 |
| Preferred Stock | 148,735 |
| Convertible Equity | 378,760 |
| Government Bonds | 2,908,958 |
| Government Agencies | 6,043,899 |
| Provincial Bonds | 177,422 |
| Corporate Bonds | 43,432,160 |
| Corporate Convertible Bonds | 707,306 |
| Government Mortgage Backed Securities | 44,405,718 |
| Commercial Mortgage-Backed | 4,061,380 |
| Asset Backed Securities | 5,983,565 |
| Non-Government Backed CMOs | 14,242,725 |
| Index Linked Government Bonds | 4,280,987 |
| Fixed Income Mutual Funds | 63,671,776 |
| Real Estate | 32,299,757 |
| Short Term Bills and Notes | 1,018,995 |
| Cash & Cash Equivalent Derivative-Options | (176,039) |
| Short Term Investment Funds | 2,840,127 |
| Securities Lending Short Term Collateral Investment Pool | 33,983,356 |
| Cash | 503,705 |
| Total Investments | <u>\$ 609,975,722</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 \$610.0 million in investments at June 30, 2008, \$34.0 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, 2008, is presented by type below:

| <u>Collateral</u> | <u>Fair Value</u> |
|-----------------------|----------------------|
| Global Government | \$ 161,357 |
| U.S. Agencies | 3,471,261 |
| U.S. Corporate Fixed | 11,168,154 |
| U.S. Equities | 14,268,333 |
| U.S. Government Fixed | 4,914,251 |
| Total | <u>\$ 33,983,356</u> |

As of June 30, 2008, 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 | \$ 5,983,565 | 24.389641 |
| Commercial Mortgage-Backed | 4,061,380 | 31.372515 |
| Corporate Bonds | 43,432,160 | 14.669319 |
| Corporate Convertible Bonds | 707,306 | 7.731863 |
| Government Agencies | 6,043,899 | 10.103023 |
| Government Bonds | 2,908,958 | 9.227851 |
| Government Mortgage Backed Securities | 44,405,718 | 27.943031 |
| Index Linked Government Bonds | 4,280,987 | 17.396865 |
| Provincial Bonds | 177,422 | 4.920000 |
| Non - Government Backed CMOs | 14,242,725 | 31.475297 |
| Fixed Income Mutual Funds | 63,671,776 | N/A |
| Short Term Bills and Notes | 1,018,995 | 0.463000 |
| Short Term Investment Funds | 2,840,127 | N/A |
| Totals | <u>\$ 193,775,018</u> | |
| Portfolio Weighted Average Maturity | | 19.950637 |

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 \$14,242,725 in CMO's at June 30, 2008.

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 \$5,983,565 in ABS at June 30, 2008.

Credit Quality – ERS Credit Quality Ratings Summary as rated by Standard & Poor’s Rating Services as of June 30, 2008 is as follows:

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

| | | |
|---------------------------------------|------------|---------|
| Agency | Government | 7.675 % |
| Agency | AAA | 1.431 |
| Agency | A | 0.157 |
| Agency | BBB | 0.184 |
| Agency | BB | 0.022 |
| Agency | B | 0.014 |
| Agency | Not Rated | 0.045 |
| Asset Backed Securities | AAA | 0.723 |
| Asset Backed Securities | AA | 0.068 |
| Asset Backed Securities | A | 0.013 |
| Asset Backed Securities | BBB | 0.064 |
| Asset Backed Securities | BB | 0.051 |
| Asset Backed Securities | Not Rated | 0.061 |
| Commercial Mortgage Backed Securities | AAA | 0.508 |
| Commercial Mortgage Backed Securities | Not Rated | 0.158 |
| Non-Government Backed C.M.O.'s | AAA | 2.013 |
| Non-Government Backed C.M.O.'s | AA | .0005 |
| Non-Government Backed C.M.O.'s | B | .0015 |
| Non-Government Backed C.M.O.'s | Not Rated | 0.303 |
| Corporate Bonds | AAA | 0.163 |
| Corporate Bonds | AA | 0.388 |
| Corporate Bonds | A | 0.905 |
| Corporate Bonds | BBB | 1.728 |
| Corporate Bonds | BB | 1.551 |
| Corporate Bonds | B | 1.366 |
| Corporate Bonds | CCC | 0.445 |
| Corporate Bonds | Not Rated | 0.691 |
| Provincial Bonds | AAA | 0.029 |
| Government Mortgage Backed | AAA | 0.090 |
| Other Fixed Income | Not Rated | 10.422 |
| Short Term Investment Fund | Not Rated | 0.466 |

Foreign Currency Risk – ERS’s exposure to foreign currency risk at June 30, 2008, is as follows:

| <u>Investment Type</u> | <u>Currency</u> | <u>Fair Value</u> |
|------------------------|---------------------|---------------------|
| Government Bonds | Brazilian Real | \$ 1,120,112 |
| Government Bonds | Columbian Peso | 149,574 |
| Government Bonds | South African Rand | 108,365 |
| Government Bonds | Mexican Peso | 747,315 |
| Government Agencies | South African Rand | 111,670 |
| Corporate Bonds | Indonesian Rupiah | 476,810 |
| Corporate Bonds | Malaysian Ringgit | 315,838 |
| Corporate Bonds | New Zealand Dollars | 81,933 |
| Corporate Bonds | Canadian Dollars | 7,557 |
| Corporate Bonds | Mexican Peso | 169,036 |
| Corporate Bonds | South Korean Won | 439,750 |
| Cash | Argentine Peso | 3,298 |
| Total | | <u>\$ 3,731,258</u> |

Cash Received as Securities Lending Collateral

The following table details the net income from securities lending for the period ending June 30, 2008:

| | |
|-------------------------------|-------------------|
| Security lending income | \$ 2,167,456 |
| Less security lending fees | 1,962,564 |
| Net securities lending income | <u>\$ 204,892</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, 2008.

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 96 days in 2008.

Cash open collateral is invested in a short-term investment pool, which had an average weighted maturity of 36 days in 2008. 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, 2008:

| <u>Securities Lent</u> | <u>Fair Value</u> | <u>Cash Collateral Received*</u> | <u>Noncash Collateral Value*</u> |
|-------------------------|----------------------|--------------------------------------|--------------------------------------|
| Fixed income securities | \$ 19,232,155 | \$ 19,715,024 | \$ 254,770 |
| Domestic equities | 13,860,359 | 14,268,332 | 4,179 |
| Total | <u>\$ 33,092,514</u> | <u>\$ 33,983,356</u> | <u>\$ 258,949</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 \$213,092 of deposits in investment grade money market accounts at June 30, 2008. The trust participates in the Commission's pooled cash for payment of benefits, and had an equity in pooled cash balance of \$671,970. Investments in mutual funds totaled \$2,603,897.

Investments - The Board of Trustees of the Trust ("Board") is authorized by the Trust Agreement dated July 1, 1999 and amended May 16, 2007 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 2008 are as follows:

| <u>Asset Class</u> | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------|-----------------------|-----------------------|
| Equity Funds | | |
| Large Cap | 35% | 40% |
| Small Cap | 10% | 15% |
| International | 5% | 15% |
| Fixed Income Funds | | |
| Short Term | 0% | 10% |
| Intermediate Term | 25% | 35% |
| Cash and Equivalents | 2% | 10% |

The Trust's investments in mutual funds at June 30, 2008 were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> |
|--------------------------------|---------------------|
| Large Cap Equity | \$ 1,001,427 |
| Small Cap Equity | 326,726 |
| International Equity | 327,571 |
| Short Term Fixed Income | 147,372 |
| Intermediate term Fixed Income | 800,801 |
| Total Investments | <u>\$ 2,603,897</u> |

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

Statement of Net Assets

| | |
|---|----------------|
| Equity in Pooled Cash and Investments | \$ 316,501,040 |
| Restricted Cash, Cash Equivalents and Investments - Unspent Bonds Proceeds | 19,664,784 |

Statement of Net Assets - Fiduciary Funds

| | |
|--|-----------------------|
| Equity in Pooled Cash and Investments - Pension Trust Funds | 671,970 |
| Equity in Pooled Cash and Investments - Private Purpose Trust Funds | 31,637,674 |
| Equity in Pooled Cash and Investments - Agency Funds | 3,140,470 |
| Cash and Marketable Securities - Pension Trust Funds | 578,918,046 |
| Collateral for Securities Lending Transactions - Pension Trust Funds | 33,983,356 |
| Total | <u>\$ 984,517,340</u> |

They are composed of:

| | |
|--|-----------------------|
| Cash in Banks of Commission | \$ 3,775,784 |
| Cash of Employees' Retirement System Pension Trust Fund | 108,691 |
| Cash in Other Locations - Commission | 241,460 |
| Money Market Deposits of Commission | 3,708,796 |
| Money Market Deposits in Other Post Employment Benefits Fund | 213,092 |
| Certificates of Deposit of Commission | 86,189,511 |
| Fixed Income Securities In Commission's Investment Pool | 277,700,387 |
| Mutual funds in Other Post Employment Benefits Fund | 2,603,897 |
| Investments of Employees' Retirement System Pension Trust Fund | |
| Equity Investments | 349,589,925 |
| Fixed Income Securities | 193,775,018 |
| Real Estate | 32,299,757 |
| Cash | 503,705 |
| Cash & Cash Equivalent Derivative-Options | (176,039) |
| Collateral for Securities Lending Transactions | 33,983,356 |
| Total | <u>\$ 984,517,340</u> |

(B) Capital Assets

A summary of governmental activities capital assets at June 30, 2008 is as follows:

| | July 1, 2007 | Increases | Decreases | Transfers/ Contributions | June 30, 2008 |
|---|-----------------------|----------------------|---------------------|-----------------------------|-----------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 279,507,853 | \$ 13,232,385 | \$ (15,700) | \$ - | \$ 292,724,538 |
| Construction in progress | 27,970,574 | 27,050,287 | - | (4,106,858) | 50,914,003 |
| Total capital assets not being depreciated | <u>307,478,427</u> | <u>40,282,672</u> | <u>(15,700)</u> | <u>(4,106,858)</u> | <u>343,638,541</u> |
| Other capital assets, being depreciated | | | | | |
| Buildings and improvements | 195,630,017 | 92,417 | (102,469) | 1,833,682 | 197,453,647 |
| Infrastructure | 218,339,219 | 76,775 | - | 2,273,176 | 220,689,170 |
| Machinery and equipment | 70,856,753 | 6,150,549 | (1,719,341) | - | 75,287,961 |
| Total other capital assets | <u>484,825,989</u> | <u>6,319,741</u> | <u>(1,821,810)</u> | <u>4,106,858</u> | <u>493,430,778</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (102,945,176) | (5,818,891) | 87,015 | - | (108,677,052) |
| Infrastructure | (97,758,736) | (5,438,245) | - | - | (103,196,981) |
| Machinery and equipment | (52,064,944) | (4,670,559) | 1,632,335 | - | (55,103,168) |
| Total accumulated depreciation | <u>(252,768,856)</u> | <u>(15,927,695)</u> | <u>1,719,350</u> | <u>-</u> | <u>(266,977,201)</u> |
| Total other capital asset, net | <u>232,057,133</u> | <u>(9,607,954)</u> | <u>(102,460)</u> | <u>4,106,858</u> | <u>226,453,577</u> |
| Governmental activities capital assets, net | <u>\$ 539,535,560</u> | <u>\$ 30,674,718</u> | <u>\$ (118,160)</u> | <u>\$ -</u> | <u>\$ 570,092,118</u> |

Summaries of business-type activities capital assets at June 30, 2008, made up of two major enterprise funds, are as follows:

| | <u>July 1, 2007</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2008</u> |
|---|----------------------|-----------------------|--------------------|----------------------|
| Montgomery County Enterprise Fund | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 11,584,468 | \$ - | \$ - | \$ 11,584,468 |
| Construction in progress | 28,525 | 143,639 | - | 172,164 |
| Total capital assets not being depreciated | <u>11,612,993</u> | <u>143,639</u> | <u>-</u> | <u>11,756,632</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 28,156,765 | 134,710 | (1,296,983) | 26,994,492 |
| Machinery and equipment | 1,783,988 | 63,253 | (221,803) | 1,625,438 |
| Total capital assets being depreciated | <u>29,940,753</u> | <u>197,963</u> | <u>(1,518,786)</u> | <u>28,619,930</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (12,422,957) | (1,306,710) | 1,269,775 | (12,459,892) |
| Machinery and equipment | (1,397,406) | (57,027) | 221,803 | (1,232,630) |
| Total accumulated depreciation | <u>(13,820,363)</u> | <u>(1,363,737)</u> | <u>1,491,578</u> | <u>(13,692,522)</u> |
| Total capital assets being depreciated, net | <u>16,120,390</u> | <u>(1,165,774)</u> | <u>(27,208)</u> | <u>14,927,408</u> |
| Capital assets, net | <u>\$ 27,733,383</u> | <u>\$ (1,022,135)</u> | <u>\$ (27,208)</u> | <u>\$ 26,684,040</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 | 72,270,589 | - | - | 72,270,589 |
| Machinery and equipment | 4,815,971 | 162,985 | (195,666) | 4,783,290 |
| Total capital assets being depreciated | <u>77,086,560</u> | <u>162,985</u> | <u>(195,666)</u> | <u>77,053,879</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (21,277,256) | (2,045,680) | - | (23,322,936) |
| Machinery and equipment | (3,283,531) | (220,129) | 195,666 | (3,307,994) |
| Total accumulated depreciation | <u>(24,560,787)</u> | <u>(2,265,809)</u> | <u>195,666</u> | <u>(26,630,930)</u> |
| Total capital assets being depreciated, net | <u>52,525,773</u> | <u>(2,102,824)</u> | <u>-</u> | <u>50,422,949</u> |
| Capital assets, net | <u>\$ 60,304,904</u> | <u>\$ (2,102,824)</u> | <u>\$ -</u> | <u>\$ 58,202,080</u> |

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

| | |
|--|----------------------|
| Governmental activities: | |
| General Government | \$ 313,748 |
| County Planning and Zoning | 660,929 |
| Park Operations and Maintenance | 12,464,847 |
| Recreation Programs | 2,488,171 |
| Total depreciation expense - governmental activities | <u>\$ 15,927,695</u> |
| Total depreciation expense - business-type activities: | |
| Recreational and Cultural Facilities | <u>\$ 3,629,546</u> |

Construction Commitments - The Commission is committed to \$24,157,869 for construction contracts for work to be performed in subsequent years.

(C) Interfund Receivables, Payables, and Transfers

The Commission had one interfund receivable and payable balance at June 30, 2008. The Montgomery County Capital Projects Fund has a receivable balance of \$18,868 from the Montgomery County Capital Equipment Internal Service Fund. The short term borrowing is to remove a cash shortfall in the Internal Service Fund.

The Commission had the following interfund transfers during fiscal year 2008:

| 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 | \$ - | \$ - | \$ - | \$ 799,000 | \$ - | \$ 799,000 |
| General Fund - Park Account | - | 350,000 | 29,462,000 | 17,597,049 | 8,664,100 | 56,073,149 |
| General Fund - Recreation Account | - | - | - | - | 400,000 | 400,000 |
| Special Revenue Fund | - | - | 1,900,000 | - | - | 1,900,000 |
| Debt Service Fund | 1,000,000 | - | - | - | - | 1,000,000 |
| Capital Projects | 3,301,139 | - | - | - | 250,000 | 3,551,139 |
| Total Transfers In | \$ 4,301,139 | \$ 350,000 | \$ 31,362,000 | \$ 18,396,049 | \$ 9,314,100 | \$ 63,723,288 |
| Transfers Out | | | | | | |
| General Fund - Park Account | \$ - | \$ 133,635 | \$ 3,167,504 | \$ 1,000,000 | \$ - | \$ 4,301,139 |
| Debt Service Fund | 17,597,049 | - | - | - | - | 17,597,049 |
| Capital Projects | 29,812,000 | - | - | 1,900,000 | - | 31,712,000 |
| Special Revenue Fund | 799,000 | - | - | - | - | 799,000 |
| Enterprise Fund | 9,064,100 | - | - | - | - | 9,064,100 |
| Internal Service Fund | - | 250,000 | - | - | - | 250,000 |
| Total Transfers Out | \$ 57,272,149 | \$ 383,635 | \$ 3,167,504 | \$ 2,900,000 | \$ - | \$ 63,723,288 |

A majority of the transfers was to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds (\$17,597,049) and current funding for Capital Projects (\$31,712,000).

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 | \$ 619,000 | \$ 8,045,100 | \$ - | \$ 8,664,100 |
| General Fund - Recreation Account | - | 400,000 | - | 400,000 |
| Montgomery County Capital Projects Fund | - | - | 250,000 | 250,000 |
| Total Transfers In | \$ 619,000 | \$ 8,445,100 | \$ 250,000 | \$ 9,314,100 |

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 \$1,545,894 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, 2008 are as follows (\$000's):

| Year Ending June 30 | Operating Leases | | |
|------------------------------|------------------|-------------------|------------------------|
| | Total | Montgomery County | Prince George's County |
| 2009 | \$ 2,108 | \$ 897 | \$ 1,211 |
| 2010 | 1,512 | 843 | 669 |
| 2011 | 1,495 | 851 | 644 |
| 2012 | 998 | 630 | 368 |
| Total minimum lease payments | <u>\$ 6,113</u> | <u>\$ 3,221</u> | <u>\$ 2,892</u> |

In fiscal year 2008, expenditures in the General Fund included \$1,216,713 relating to the rental of office space and \$1,079,666 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, 2008 are as follows (\$000's):

| Year Ending June 30 | Total | Montgomery County | | Prince George's County | |
|---------------------|-----------------|-------------------|---------------|------------------------|---------------|
| | | Governmental | | Governmental | |
| | | Principal | Interest | Principal | Interest |
| 2009 | \$ 1,765 | \$ 1,221 | \$ 99 | \$ 384 | \$ 61 |
| 2010 | 1,772 | 1,270 | 57 | 401 | 44 |
| 2011 | 1,003 | 663 | 26 | 285 | 29 |
| 2012 | 646 | 368 | 5 | 258 | 15 |
| 2013 | 113 | - | - | 110 | 3 |
| Total payments | <u>\$ 5,299</u> | <u>\$ 3,522</u> | <u>\$ 187</u> | <u>\$ 1,438</u> | <u>\$ 152</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 2008, debt service payments approximated 0.29 cents per \$100 of real property and 0.73 cents per \$100 of personal property for Montgomery County and 1.84 cents for real property and 4.58 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for operating and maintaining the park system of the respective counties.

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

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

Montgomery County General Obligation Bonds

| Fiscal Year | Governmental Activities | | | | | |
|----------------|-------------------------|-----------------|------------------|-----------------|---------------|-----------------|
| | Total Park | Total Park | Total Park | Total ALA | Total ALA | Total ALA |
| | Principal | Interest | Payments | Principal | Interest | Payments |
| 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 | 2,310 | 781 | 3,091 | 240 | 71 | 311 |
| 2014 - 2018 | 9,075 | 2,652 | 11,727 | 825 | 234 | 1,059 |
| 2019 - 2023 | 6,170 | 934 | 7,104 | 600 | 110 | 710 |
| 2024 - 2027 | 1,620 | 134 | 1,754 | 240 | 10 | 250 |
| Totals | <u>\$ 29,465</u> | <u>\$ 8,594</u> | <u>\$ 38,059</u> | <u>\$ 3,745</u> | <u>\$ 858</u> | <u>\$ 4,603</u> |

Prince George's County General Obligation Bonds

| Fiscal Year | Governmental Activities | | | | | | Total Commission General Obligation Bonds |
|----------------|-------------------------|------------------|-------------------|---------------|--------------|---------------|--|
| | Total Park | Total Park | Total Park | Total ALA | Total ALA | Total ALA | |
| | Principal | Interest | Payments | Principal | Interest | Payments | |
| 2009 | \$ 10,234 | \$ 3,678 | \$ 13,912 | \$ 300 | \$ 37 | \$ 337 | \$ 18,673 |
| 2010 | 10,270 | 3,304 | 13,574 | 295 | 22 | 317 | 18,293 |
| 2011 | 10,166 | 2,955 | 13,121 | 290 | 8 | 298 | 17,718 |
| 2012 | 9,042 | 2,631 | 11,673 | - | - | - | 15,204 |
| 2013 | 9,290 | 2,313 | 11,603 | - | - | - | 15,005 |
| 2014 - 2018 | 32,708 | 7,041 | 39,749 | - | - | - | 52,535 |
| 2019 - 2023 | 11,005 | 1,925 | 12,930 | - | - | - | 20,744 |
| 2024 - 2027 | 3,020 | 264 | 3,284 | - | - | - | 5,288 |
| Totals | <u>\$ 95,735</u> | <u>\$ 24,111</u> | <u>\$ 119,846</u> | <u>\$ 885</u> | <u>\$ 67</u> | <u>\$ 952</u> | <u>\$ 163,460</u> |

Outstanding General Obligation Bonds - General obligation bonds outstanding at June 30, 2008, 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>FY2009 Serial Payment</u> | <u>Original Issue</u> | <u>Outstanding at June 30, 2008</u> |
|---|--|--------------|----------------------------|------------------------------|-----------------------|-------------------------------------|
| <u>Montgomery County</u> | | | | | | |
| Park Acquisition and Development Bonds | | | | | | |
| Series U-2 | 4.5346 % | 08/01/98 | 08/01/18 | \$ 280 | \$ 7,000 | \$ 4,830 |
| Series Y-2 | 5.0232 | 11/01/00 | 11/01/20 | 230 | 5,700 | 4,390 |
| Series CC-2 (Note 1) | 3.7819 | 12/01/02 | 12/01/22 | 890 | 12,155 | 8,320 |
| Series FF-2 | 3.8457 | 11/15/04 | 12/01/24 | 160 | 4,000 | 3,520 |
| Series HH-2 Current refunding | 3.1807 | 07/15/05 | 07/01/14 | 835 | 5,445 | 3,890 |
| Series II-2 | 3.9651 | 03/15/07 | 04/01/27 | 185 | 4,700 | 4,515 |
| | | | | <u>2,580</u> | <u>39,000</u> | <u>29,465</u> |
| Advance Land Acquisition Bonds | | | | | | |
| Bonds of 1995 Advance Refunding | 4.7707 | 12/01/95 | 07/01/10 | 305 | 3,345 | 895 |
| ALA Refunding Bonds of 2002, Series DD-2 | 3.4748 | 12/01/02 | 12/01/14 | 150 | 1,550 | 1,090 |
| ALA Bonds of 2004 Series | 3.8457 | 11/15/04 | 12/01/24 | 80 | 2,000 | 1,760 |
| | | | | <u>535</u> | <u>6,895</u> | <u>3,745</u> |
| Total Montgomery County General Obligation Bonds | | | | <u>\$ 3,115</u> | <u>\$ 45,895</u> | <u>\$ 33,210</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 | \$ 2,610 |
| Series Z-2 | 4.5481 | 07/15/01 | 05/01/21 | 750 | 18,700 | 14,400 |
| Series BB-2 Advance Refunding | 3.3944 | 12/01/02 | 07/01/14 | 1,640 | 21,110 | 10,950 |
| Series EE-2 (Note 1) | 3.2824 | 03/15/04 | 01/15/24 | 2,855 | 37,525 | 32,785 |
| Series GG-2 Current Refunding | 3.1053 | 07/15/05 | 07/01/12 | 2,410 | 13,685 | 9,145 |
| Series JJ-2 | 4.3180 | 05/15/07 | 05/01/27 | 355 | 8,900 | 8,545 |
| Series KK-2 Current Refunding | 3.2004 | 04/10/08 | 05/01/18 | 1,609 | 17,300 | 17,300 |
| | | | | <u>10,234</u> | <u>124,545</u> | <u>95,735</u> |
| Advance Land Acquisition Bonds | | | | | | |
| Bonds of 1995 Advance Refunding | 4.8991 | 12/01/95 | 07/01/10 | 300 | 3,300 | 885 |
| Total Prince George's County General Obligation Bonds | | | | <u>\$ 10,534</u> | <u>\$ 127,845</u> | <u>\$ 96,620</u> |

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

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 \$5,501,793 at June 30, 2008, are accounted for in the Montgomery County Enterprise Fund. Debt service expenditures for the revenue bonds and notes totaled \$1,353,000 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, 2008, 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 |
| 2009 | \$ 1,107 | \$ 222 | \$ 1,329 |
| 2010 | 1,130 | 177 | 1,307 |
| 2011 | 1,153 | 130 | 1,283 |
| 2012 | 1,176 | 83 | 1,259 |
| 2013 | 842 | 35 | 877 |
| 2014 | 222 | 6 | 228 |
| Total | <u>\$ 5,630</u> | <u>\$ 653</u> | <u>\$ 6,283</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 \$128,251 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2008, consist of the following individual issues (000's):

| Series | Effective Interest Rate at Date of Sale | Dated | Final Maturity Date | FY2009 Serial Payment | Original Issue | Outstanding at June 30, 2008 |
|--|---|----------|---------------------------|-----------------------------|-------------------|------------------------------------|
| <u>Montgomery County</u> | | | | | | |
| Revenue Bonds and Notes | | | | | | |
| Little Bennett Golf Course (net of deferred amount) | 3.3705 % | 12/09/03 | 11/01/12 | \$ 348 | \$ 3,154 | \$ 1,862 |
| Wheaton Ice Rink | 3.3706 | 12/09/03 | 05/01/12 | 315 | 2,799 | 1,324 |
| Cabin John Ice Rink | 5.1600 | 04/24/99 | 11/01/13 | 444 | 6,000 | 2,444 |
| | | | | <u>\$ 1,107</u> | <u>\$ 11,953</u> | <u>\$ 5,630</u> |

New Debt Issue - On April 10, 2008, the Commission issued \$17,300,000 of Prince George's County Park Acquisition and Development General Obligation Refunding Bonds, Series KK-2. The bonds provided the resources to retire on that date the outstanding principle of \$17,300,000 on Prince George's County Park Acquisition and Development General Obligation Project Bonds, Series AA-2, which were auction rate notes. Semiannual payments of interest and annual principal payments are due until May 1, 2018, at a net interest cost of 3.2004%.

Changes in Long-term Liabilities – Changes in long-term liabilities for the year ended June 30, 2008, were as follows:

| Governmental activities: | Beginning | | | Ending | Amount Due |
|--|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| | Balance | Additions | Reductions | Balance | in One Year |
| Montgomery County | | | | | |
| General Obligation Park Bonds Payable | \$ 32,025,000 | \$ - | \$ 2,560,000 | \$ 29,465,000 | \$ 2,580,000 |
| General Obligation ALA Bonds Payable | 4,290,000 | - | 545,000 | 3,745,000 | 535,000 |
| Deferred charges, net of premiums, on General Obligation Bonds | (500,769) | - | (60,828) | (439,941) | - |
| Notes Payable - Governmental | 4,975,496 | - | 1,680,674 | 3,294,822 | 1,164,457 |
| Loan Payable to Montgomery County | 284,000 | - | 56,800 | 227,200 | 56,800 |
| Estimated Liability for Landfill Closure and Postclosure Costs | 13,115 | - | 13,115 | - | - |
| Accrued Compensated Absences | 7,008,848 | 5,269,406 | 4,588,173 | 7,690,081 | 4,588,173 |
| Net Other Post Employment Benefit Obligations | - | 4,216,687 | - | 4,216,687 | - |
| Long-term Liabilities | <u>48,095,690</u> | <u>9,486,093</u> | <u>9,382,934</u> | <u>48,198,849</u> | <u>8,924,430</u> |
| Prince George's County | | | | | |
| General Obligation Park Bonds Payable | 105,400,000 | 17,300,000 | 26,965,000 | 95,735,000 | 10,234,049 |
| General Obligation ALA Bonds Payable | 1,190,000 | - | 305,000 | 885,000 | 300,000 |
| Deferred charges, net of premiums, on General Obligation Bonds | (1,559,494) | - | (198,276) | (1,361,218) | - |
| Notes Payable - Governmental | 1,806,164 | - | 367,794 | 1,438,370 | 384,256 |
| Accrued Compensated Absences | 8,350,807 | 5,849,292 | 4,845,680 | 9,354,419 | 4,845,680 |
| Net Other Post Employment Benefit Obligations | - | 5,160,271 | - | 5,160,271 | - |
| Long-term Liabilities | <u>115,187,477</u> | <u>28,309,563</u> | <u>32,285,198</u> | <u>111,211,842</u> | <u>15,763,985</u> |
| Total Long-term Liabilities | <u>\$ 163,283,167</u> | <u>\$ 37,795,656</u> | <u>\$ 41,668,132</u> | <u>\$ 159,410,691</u> | <u>\$ 24,688,415</u> |
| Business type activities: | | | | | |
| | Beginning | | | Ending | Amount Due |
| | Balance | Additions | Reductions | Balance | in One Year |
| Montgomery County | | | | | |
| Revenue Bonds and Notes Payable | \$ 6,715,659 | \$ - | \$ 1,085,615 | \$ 5,630,044 | \$ 1,107,223 |
| Unamortized Discount on Revenue Bonds and Notes | (160,314) | - | (32,063) | (128,251) | - |
| Notes Payable - Enterprise | 27,221 | - | 27,221 | - | - |
| Accrued Compensated Absences | 306,046 | 35,538 | 83,717 | 257,867 | 83,717 |
| Net Other Post Employment Benefit Obligations | - | 92,317 | - | 92,317 | - |
| Long-term Liabilities | <u>6,888,612</u> | <u>127,855</u> | <u>1,164,490</u> | <u>5,851,977</u> | <u>1,190,940</u> |
| Prince George's County | | | | | |
| Accrued Compensated Absences | 672,551 | 270,511 | 188,908 | 754,154 | 188,908 |
| Net Other Post Employment Benefit Obligations | - | 351,589 | - | 351,589 | - |
| Long-term Liabilities | <u>672,551</u> | <u>622,100</u> | <u>188,908</u> | <u>1,105,743</u> | <u>188,908</u> |
| Total Long-term Liabilities | <u>\$ 7,561,163</u> | <u>\$ 749,955</u> | <u>\$ 1,353,398</u> | <u>\$ 6,957,720</u> | <u>\$ 1,379,848</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 | \$ 9,433,853 | \$ 272,625 | \$ 9,706,478 |
| Due in more than One Year | 7,610,647 | 739,396 | 8,350,043 |
| Bonds and Notes Payable: | | | |
| Due within One Year | 15,254,562 | 1,107,223 | 16,361,785 |
| Due in more than One Year | 117,734,671 | 4,394,570 | 122,129,241 |
| Net Other Post employment Benefit Obligations | | | |
| Due in more than One Year | 9,376,958 | 443,906 | 9,820,864 |
| Total Long-term Liabilities | <u>\$ 159,410,691</u> | <u>\$ 6,957,720</u> | <u>\$ 166,368,411</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 2006, 2007, and 2008. No insurance coverages were reduced in fiscal year 2008.

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), an exclusive provider organization (EPO), a point of service (POS), out-of-area POS (retirees only) and Medicare compliment plan (retirees only), as well as the prescription drug plan. All other group health insurance plans are fully insured including a dental plan and a vision plan with three coverage options. The Commission expenses (net of employee and retiree contributions) were \$23,062,560 for all group health benefits in fiscal year 2008. 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 2008 totaled \$3,103,190. 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):

| | | Risk |
|-----------------------------------|---------------------|---------------------|
| | <u>Medical</u> | <u>Management</u> |
| 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 | <u>(10,918,696)</u> | <u>(2,631,108)</u> |
| Unpaid Claims, June 30, 2007 | 1,588,271 | 9,420,777 |
| Incurred Claims, Fiscal Year 2008 | 15,416,063 | 3,441,882 |
| Claims Paid, Fiscal Year 2008 | <u>(14,862,750)</u> | <u>(3,103,190)</u> |
| Unpaid Claims, June 30, 2008 | <u>\$ 2,141,584</u> | <u>\$ 9,759,469</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 | \$ 2,141,584 | \$ 2,578,618 | \$ 4,720,202 |
| Due in more than One Year | - | 7,180,851 | 7,180,851 |
| Total | <u>\$ 2,141,584</u> | <u>\$ 9,759,469</u> | <u>\$ 11,901,053</u> |

(B) Related Party Transactions

The Commission was involved in the following related party transactions during fiscal year 2008:

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 | \$ 782,800 |
| Zoning enforcement unit | 750,400 |
| Planning and zoning functions | 600,000 |
| Geographic Information System | 340,500 |
| Community College pool operation and maintenance | 200,000 |
| Peoples Zoning Counsel | 140,000 |
| Department of Environmental Resources Water and Sewer Planning | 136,800 |
| Other project charges | 111,600 |
| Total | <u>\$ 3,062,100</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.

Declines in Investment Values - During 2008, financial markets as a whole have incurred significant declines in values. As of October 31, 2008 the investment portfolios of the Employees' Retirement Fund

and the Other Post Employment Benefits Fund have also incurred significant declines in the values reported in the accompanying financial statements. However, because the values of individual investments fluctuate with market conditions, the amount of investment losses that the Plan will recognize in its future financial statements, if any, cannot be determined.

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, 2007 actuarial valuation.

The Entry Age Normal Cost method is used, with level dollar amortization of the unfunded actuarial accrued liabilities as of July 1, 2005 over a closed amortization period ending July 1, 2016. Subsequent changes in unfunded actuarial accrued liabilities are amortized in equal payments over 15 years.

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2007. 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 funded status of the plan as of the most recent actuarial date, July 1, 2007, is as follows (\$000's):

| | | |
|--|----|---------|
| Actuarial Valuation of Plan Assets | \$ | 600,285 |
| Actuarial Accrued Liability | | 615,589 |
| Funded Ratio | | 97.5% |
| Unfunded Actuarial Accrued Liability | | 15,304 |
| Annual Covered Payroll | | 122,825 |
| Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll | | 12.5% |

The net assets available for benefits at June 30, 2008 totaled \$578,163,771.

The Commission's contributions to the System are made in accordance with actuarially determined requirements.

The Commission's annual pension cost (APC) and net pension obligation (NPO) to the System for fiscal years 2006, 2007, and 2008 are presented below (\$000):

| | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-------------------------------|-------------|-------------|-------------|
| Annual Pension Cost (APC) | \$8,337 | \$ 9,825 | \$ 10,561 |
| 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 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, appointed officials and Employees' Retirement System employees who retire under a Commission Retirement Plan or the State of Maryland Retirement Plan at the end of their Commission or System 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 673 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 the low coverage option for all three coverage options 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.

Funding Policy - 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. Until fiscal year 2008 the Commission was not required to make additional contributions unless obligated to do so by resolution, and the Trust account had 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.

In fiscal year 2008 the Commission began phasing in over an 8 year period actuarially based funding of 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".

Annual OPEB Cost and Net OPEB Obligation – The Commission’s annual other postemployment benefit (OPEB) cost (Expense) is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with parameters established in current GASB accounting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Commission’s annual OPEB cost for the year, the amount actually contributed to the plan, and the calculation of the year end net OPEB obligation (dollar amounts in thousands).

| | |
|--|------------------------|
| Annual required contribution (expense) | \$ 19,402 |
| Contribution made | <u>9,581</u> |
| Net OPEB obligation, end of year | <u><u>\$ 9,821</u></u> |

The Commission’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation (NPO) to the System for fiscal year 2008 (The first year of implementation of the accounting standard) is presented below (\$000):

| | |
|------------------------------------|-------------|
| | <u>2008</u> |
| Annual Required Contribution (ARC) | \$ 19,402 |
| Percentage of ARC Contributed | 49% |
| Net Pension Obligation (NPO) | 9,821 |

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, 2007 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, 2007. 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 a “select and ultimate” interest rate starting at 4.25% and grading to 7.5% over a five year period, and thereafter at 7.5% a year compounded annually. The actuarial study was done using this five year phase in at a time when the Commission intended to phase in to full funding over five years. In the subsequent budgetary process, this policy was altered to an eight year phase in. In the process of an annual update, the actuarial report will be restated to reflect the new phase in period, but that information is not available at this time.

Salary Increases - Salary increases of 4.00% a year are projected for calculating the level percentage of pay.

Healthcare Cost Trend Rates – The expected rate of increase for healthcare costs in 2008 was estimated at 10% for prescription drugs and medical costs, and 6.0% for dental and vision. Declining rates of increase were used, with 2019 and later rates at 4.5% for all costs.

The funded status of the plan as of the most recent actuarial date, July 1, 2007, is as follows (\$000's):

| | | |
|--|----|---------|
| Actuarial Valuation of Plan Assets | \$ | 144 |
| Actuarial Accrued Liability | | 232,535 |
| Funded Ratio | | 0.06% |
| Unfunded Actuarial Accrued Liability | | 232,391 |
| Annual Covered Payroll | | 118,486 |
| Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll | | 196.1% |

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, 2008

| | Employees' Retirement Fund | Other Post Employment Benefits Fund | Total Pension Trust Funds |
|---|----------------------------------|--|---------------------------------|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ - | \$ 671,970 | \$ 671,970 |
| Cash | 108,691 | 213,092 | 321,783 |
| Fixed Income Securities | 149,662,828 | - | 149,662,828 |
| International Fixed Income Securities | 40,253,069 | - | 40,253,069 |
| Corporate Stock | 262,160,522 | - | 262,160,522 |
| International Corporate Stock | 87,429,403 | - | 87,429,403 |
| Real Estate | 32,299,756 | - | 32,299,756 |
| Short Term Investments | 4,186,788 | - | 4,186,788 |
| Mutual Funds | - | 2,603,897 | 2,603,897 |
| Collateral for Securities Lending Transactions | 33,983,356 | - | 33,983,356 |
| Investments receivable | 1,583,805 | - | 1,583,805 |
| Accounts Receivable | 1,287,616 | - | 1,287,616 |
| Other | 17,224 | - | 17,224 |
| Total Assets | <u>612,973,058</u> | <u>3,488,959</u> | <u>616,462,017</u> |
| LIABILITIES | | | |
| Accounts Payable | 825,931 | 8,419 | 834,350 |
| Claims Payable | - | 663,591 | 663,591 |
| Obligation for Collateral Received under Securities Lending Transactions | 33,983,356 | - | 33,983,356 |
| Total Liabilities | <u>34,809,287</u> | <u>672,010</u> | <u>35,481,297</u> |
| NET ASSETS | | | |
| Assets Held in Trust for: | | | |
| Pension Benefits | 578,163,771 | - | 578,163,771 |
| Other Postemployment Benefits | - | 2,816,989 | 2,816,989 |
| Total Net Assets | <u>\$ 578,163,771</u> | <u>\$ 2,816,989</u> | <u>\$ 580,980,760</u> |

Combining Schedules of Changes in Net Assets
Pension Trust Funds
For the Year Ended June 30, 2008

| | Employees' Retirement Fund | Other Post Employment Benefits Fund | Totals |
|--|----------------------------------|--|-----------------------|
| ADDITIONS: | | | |
| Contributions: | | | |
| Employer | \$ 10,561,434 | \$ 7,982,455 | \$ 18,543,889 |
| Plan Members | 4,521,535 | - | 4,521,535 |
| Plan Members for Current Benefits | - | 904,938 | 904,938 |
| Total Contributions | <u>15,082,969</u> | <u>8,887,393</u> | <u>23,970,362</u> |
| Federal Grants _ Medicare | - | 298,681 | 298,681 |
| Investment Earnings: | | | |
| Interest | 7,590,941 | 23,541 | 7,614,482 |
| Dividends | 977,430 | 63,568 | 1,040,998 |
| Net increase (decrease) in the Fair Value of Investments | <u>(62,105,788)</u> | <u>(91,264)</u> | <u>(62,197,052)</u> |
| Total Investment Earnings (loss) | <u>(53,537,417)</u> | <u>(4,155)</u> | <u>(53,541,572)</u> |
| Less Investment Advisory and Management Fees | <u>(1,977,012)</u> | <u>(13,050)</u> | <u>(1,990,062)</u> |
| Net Income (loss) from Investing Activities | <u>(55,514,429)</u> | <u>(17,205)</u> | <u>(55,531,634)</u> |
| Securities Lending Activity | | | |
| Securities Lending Income | 2,167,456 | - | 2,167,456 |
| Securities Lending Fees | <u>(1,962,564)</u> | <u>-</u> | <u>(1,962,564)</u> |
| Net Income from Securities Lending Activity | <u>204,892</u> | <u>-</u> | <u>204,892</u> |
| Total Net Investment Income | <u>(55,309,537)</u> | <u>(17,205)</u> | <u>(55,326,742)</u> |
| Total Additions | <u>(40,226,568)</u> | <u>9,168,869</u> | <u>(31,057,699)</u> |
| DEDUCTIONS: | | | |
| Benefits | 23,635,793 | 6,496,074 | 30,131,867 |
| Refunds of Contributions | 382,455 | - | 382,455 |
| Administrative expenses | 1,250,164 | - | 1,250,164 |
| Total Deductions | <u>25,268,412</u> | <u>6,496,074</u> | <u>31,764,486</u> |
| Change in Net Assets | <u>(65,494,980)</u> | <u>2,672,795</u> | <u>(62,822,185)</u> |
| Net Assets - Beginning | 643,658,751 | 144,194 | 643,802,945 |
| Net Assets - Ending | <u>\$ 578,163,771</u> | <u>\$ 2,816,989</u> | <u>\$ 580,980,760</u> |

(6) – COUNTY FINANCIAL DATA

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

MONTGOMERY COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2008

| | General Fund Accounts | | | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|---------------|---------------|---------------------|--------------------------------|--------------------------------|
| | Administration | Park | Total | | | |
| ASSETS | | | | | | |
| Equity in Pooled Cash and Investments | \$ 6,346,943 | \$ 15,356,984 | \$ 21,703,927 | \$ 2,335,105 | \$ 1,674,383 | \$ 25,713,415 |
| Receivables - Taxes (net of allowance for uncollectibles) | 269,887 | 776,709 | 1,046,596 | - | 7,230 | 1,053,826 |
| Receivables - Other | 10,427 | 17,733 | 28,160 | - | 13,737 | 41,897 |
| Due from Other Funds | - | - | - | 18,868 | - | 18,868 |
| Due from County Government | - | 31,115 | 31,115 | 2,395,998 | 281,780 | 2,708,893 |
| Due from Other Governments | - | 88,352 | 88,352 | 1,933,040 | 24,000 | 2,045,392 |
| Restricted Cash - Unspent Debt Proceeds | - | - | - | 1,487,089 | - | 1,487,089 |
| Other | 23,535 | - | 23,535 | - | - | 23,535 |
| Total Assets | \$ 6,650,792 | \$ 16,270,893 | \$ 22,921,685 | \$ 8,170,100 | \$ 2,001,130 | \$ 33,092,915 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 662,416 | \$ 934,684 | \$ 1,597,100 | \$ 1,109,857 | \$ 19,197 | \$ 2,726,154 |
| Accrued Liabilities | 884,927 | 2,224,857 | 3,109,784 | - | 344 | 3,110,128 |
| Retainage Payable | - | - | - | 622,444 | - | 622,444 |
| Due to County Government | 60 | - | 60 | - | 35 | 95 |
| Deposits and Deferred Revenue | 295,705 | 627,511 | 923,216 | 875,000 | 250,505 | 2,048,721 |
| Total Liabilities | 1,843,108 | 3,787,052 | 5,630,160 | 2,607,301 | 270,081 | 8,507,542 |
| Fund Balances: | | | | | | |
| Reserved for Encumbrances | 2,658,141 | 1,781,261 | 4,439,402 | 10,486,991 | 441,216 | 15,367,609 |
| Reserved for Debt Service | - | - | - | - | 7,230 | 7,230 |
| Unreserved, Designated for Contingencies | 823,900 | 2,386,000 | 3,209,900 | - | - | 3,209,900 |
| Unreserved, Designated for Subsequent Years | 239,400 | 4,790,600 | 5,030,000 | - | - | 5,030,000 |
| Unreserved, Undesignated, Reported in: | | | | | | |
| General Fund | 1,086,243 | 3,525,980 | 4,612,223 | - | - | 4,612,223 |
| Special Revenue Fund | - | - | - | - | 1,282,603 | 1,282,603 |
| Capital Projects | - | - | - | (4,924,192) | - | (4,924,192) |
| Total Fund Balances | 4,807,684 | 12,483,841 | 17,291,525 | 5,562,799 | 1,731,049 | 24,585,373 |
| Total Liabilities and Fund Balances | \$ 6,650,792 | \$ 16,270,893 | \$ 22,921,685 | \$ 8,170,100 | \$ 2,001,130 | \$ 33,092,915 |

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2008

| | General Fund Accounts | | | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|----------------------|----------------------|---------------------|--------------------------------|--------------------------------|
| | Administration | Park | Total | | | |
| REVENUES | | | | | | |
| Property Taxes | \$ 25,057,657 | \$ 76,339,969 | \$ 101,397,626 | \$ - | \$ 1,543,383 | \$ 102,941,009 |
| Intergovernmental: | | | | | | |
| Federal | - | 38,731 | 38,731 | - | - | 38,731 |
| State | - | 38,585 | 38,585 | 6,790,237 | - | 6,828,822 |
| County | 458,385 | 510,650 | 969,035 | 10,781,560 | 425,603 | 12,176,198 |
| Local | - | 31,840 | 31,840 | - | 44,887 | 76,727 |
| Charges for Services | 367,161 | 940,228 | 1,307,389 | - | 1,847,453 | 3,154,842 |
| Rentals and Concessions | - | 1,666,627 | 1,666,627 | - | 34,451 | 1,701,078 |
| Interest | 373,624 | 830,609 | 1,204,233 | 133,635 | 82,088 | 1,419,956 |
| Sale of Land | - | - | - | 27,412 | - | 27,412 |
| Contributions | - | - | - | 90,769 | 288,694 | 379,463 |
| Miscellaneous | 6,471 | 129,077 | 135,548 | - | 39,484 | 175,032 |
| Total Revenues | <u>26,263,298</u> | <u>80,526,316</u> | <u>106,789,614</u> | <u>17,823,613</u> | <u>4,306,043</u> | <u>128,919,270</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 7,961,774 | - | 7,961,774 | - | - | 7,961,774 |
| Planning and Zoning | 17,952,066 | - | 17,952,066 | - | 3,756,279 | 21,708,345 |
| Park Operations and Maintenance | - | 72,880,162 | 72,880,162 | - | 336,675 | 73,216,837 |
| Contributions | - | - | - | - | 883,443 | 883,443 |
| Debt Service: | | | | | | |
| Principal | 28,400 | 28,400 | 56,800 | - | 3,105,000 | 3,161,800 |
| Interest | - | - | - | - | 1,417,554 | 1,417,554 |
| Other Debt Service Costs | - | - | - | - | 4,499 | 4,499 |
| Capital Outlay: | | | | | | |
| Park Acquisition | - | - | - | 5,450,472 | - | 5,450,472 |
| Park Development | - | - | - | 13,995,177 | - | 13,995,177 |
| Total Expenditures | <u>25,942,240</u> | <u>72,908,562</u> | <u>98,850,802</u> | <u>19,445,649</u> | <u>9,503,450</u> | <u>127,799,901</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>321,058</u> | <u>7,617,754</u> | <u>7,938,812</u> | <u>(1,622,036)</u> | <u>(5,197,407)</u> | <u>1,119,369</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | 133,635 | 133,635 | 350,000 | 4,566,466 | 5,050,101 |
| Transfer Out | (749,000) | (4,786,466) | (5,535,466) | (383,635) | - | (5,919,101) |
| Total Other Financing Sources (Uses) | <u>(749,000)</u> | <u>(4,652,831)</u> | <u>(5,401,831)</u> | <u>(33,635)</u> | <u>4,566,466</u> | <u>(869,000)</u> |
| Net Change in Fund Balances | (427,942) | 2,964,923 | 2,536,981 | (1,655,671) | (630,941) | 250,369 |
| Fund Balances - Beginning | <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> |
| Fund Balances - Ending | <u>\$ 4,807,684</u> | <u>\$ 12,483,841</u> | <u>\$ 17,291,525</u> | <u>\$ 5,562,799</u> | <u>\$ 1,731,049</u> | <u>\$ 24,585,373</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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------------|----------------|---------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$ 24,759,400 | \$ 24,759,400 | \$ 25,057,657 | \$ 298,257 |
| Intergovernmental - | | | | |
| State | 150,000 | 150,000 | - | (150,000) |
| County | - | 250,000 | 458,385 | 208,385 |
| Charges for Services | 487,500 | 487,500 | 367,161 | (120,339) |
| Interest | 380,000 | 380,000 | 373,624 | (6,376) |
| Miscellaneous | 142,900 | 142,900 | 6,471 | (136,429) |
| Total Revenues | 25,919,800 | 26,169,800 | 26,263,298 | 93,498 |
| Expenditures/Encumbrances: | | | | |
| Commissioners' Office | 1,563,400 | 1,563,400 | 1,482,063 | 81,337 |
| Central Administrative Services - | | | | |
| Department of Human Resources and Management | 2,409,500 | 2,409,500 | 2,407,273 | 2,227 |
| Department of Finance | 2,955,000 | 2,955,000 | 2,786,107 | 168,893 |
| Legal Department | 1,061,200 | 1,061,200 | 1,060,724 | 476 |
| Support Services | 503,500 | 503,500 | 454,287 | 49,213 |
| Merit System Board | 49,000 | 49,000 | 38,357 | 10,643 |
| Total Central Administrative Services | 6,978,200 | 6,978,200 | 6,746,748 | 231,452 |
| Planning Department - | | | | |
| Park and Planning Director's Office | 510,150 | 510,100 | 500,174 | 9,926 |
| Management Services | 685,890 | 685,900 | 717,436 | (31,536) |
| Strategic Planning | 514,200 | 514,200 | 436,566 | 77,634 |
| Community-Based Planning | 3,971,400 | 4,021,400 | 4,081,032 | (59,632) |
| County-wide Planning | 4,177,600 | 4,377,600 | 4,365,508 | 12,092 |
| Development Review | 1,513,460 | 1,513,500 | 923,404 | 590,096 |
| Research and Technology | 4,485,000 | 4,485,000 | 4,826,210 | (341,210) |
| Support Services | 2,149,400 | 2,149,400 | 2,196,426 | (47,026) |
| Grants | 150,000 | 150,000 | - | 150,000 |
| Total Planning Department | 18,157,100 | 18,407,100 | 18,046,756 | 360,344 |
| Non-Departmental | - | - | (40,773) | 40,773 |
| Total Expenditures/Encumbrances | 26,698,700 | 26,948,700 | 26,234,794 | 713,906 |
| Excess of Revenues over (under) Expenditures/Encumbrances | (778,900) | (778,900) | 28,504 | 807,404 |
| Other Financing Sources (Uses): | | | | |
| Transfers In (Out) - | | | | |
| Special Revenue Fund - Dev. Review | - | (749,000) | (749,000) | - |
| Total Other Financing Sources (Uses) | - | (749,000) | (749,000) | - |
| Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | \$ (778,900) | \$ (1,527,900) | (720,496) | \$ 807,404 |
| Fund Balance - Budget Basis, Beginning | | | 2,870,039 | |
| Fund Balance - Budget Basis, Ending | | | \$ 2,149,543 | |

**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, 2008**

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|----------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property Taxes | \$ 75,628,900 | \$ 75,628,900 | \$ 76,339,969 | \$ 711,069 |
| Intergovernmental - | | | | |
| Federal | - | 38,731 | 38,731 | - |
| State | 425,000 | 353,429 | 38,585 | (314,844) |
| Other | - | 31,840 | 31,840 | - |
| County | - | 473,000 | 510,650 | 37,650 |
| Charges for Services | 927,900 | 927,900 | 940,228 | 12,328 |
| Rentals and Concessions | 1,711,600 | 1,711,600 | 1,666,627 | (44,973) |
| Interest | 770,000 | 770,000 | 830,609 | 60,609 |
| Miscellaneous | 78,400 | 79,400 | 129,077 | 49,677 |
| Total Revenues | <u>79,541,800</u> | <u>80,014,800</u> | <u>80,526,316</u> | <u>511,516</u> |
| Expenditures/Encumbrances: | | | | |
| Director of Montgomery Parks | 2,800,900 | 2,800,900 | 2,548,698 | 252,202 |
| Management Services | 834,700 | 834,700 | 573,009 | 261,691 |
| Facilities Management | 1,148,200 | 1,515,200 | 1,310,636 | 204,564 |
| County-wide Planning | 3,146,500 | 3,199,500 | 2,955,851 | 243,649 |
| Research and Technology | 1,898,900 | 1,898,900 | 1,795,701 | 103,199 |
| Park Development | 3,149,600 | 3,202,600 | 3,140,380 | 62,220 |
| Park Police | 11,251,200 | 11,251,200 | 11,391,458 | (140,258) |
| Natural Resources | 5,672,200 | 5,672,200 | 5,332,827 | 339,373 |
| Central Maintenance | 10,306,000 | 10,306,000 | 10,226,825 | 79,175 |
| Northern Region | 8,334,400 | 8,334,400 | 8,607,708 | (273,308) |
| Southern Region | 12,280,300 | 12,280,300 | 12,425,632 | (145,332) |
| Support Services | 11,062,800 | 11,264,800 | 10,910,467 | 354,333 |
| Grants | 425,000 | 425,000 | 107,156 | 317,844 |
| Property Management | 1,072,600 | 1,072,600 | 1,178,399 | (105,799) |
| Non-Departmental | - | - | (92,978) | 92,978 |
| Total Expenditures/Encumbrances | <u>73,383,300</u> | <u>74,058,300</u> | <u>72,411,769</u> | <u>1,646,531</u> |
| Excess of Revenues over (under) Expenditures/Encumbrances | <u>6,158,500</u> | <u>5,956,500</u> | <u>8,114,547</u> | <u>2,158,047</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In/Out- | | | | |
| Capital Projects Funds | 200,000 | 200,000 | 133,635 | (66,365) |
| Debt Service Fund | (3,960,000) | (3,960,000) | (3,817,466) | 142,534 |
| Capital Projects Funds - Development | (350,000) | (350,000) | (350,000) | - |
| Special Revenue | (10,000) | (10,000) | - | 10,000 |
| Enterprise Fund | (619,000) | (619,000) | (619,000) | - |
| Total Other Financing Sources (Uses) | <u>(4,739,000)</u> | <u>(4,739,000)</u> | <u>(4,652,831)</u> | <u>86,169</u> |
| Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | <u>\$ 1,419,500</u> | <u>\$ 1,217,500</u> | <u>3,461,716</u> | <u>\$ 2,244,216</u> |
| Fund Balance - Budget Basis, Beginning | | | 7,240,864 | |
| Fund Balance - Budget Basis, Ending | | | <u>\$ 10,702,580</u> | |

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2008

| | General Fund Accounts | | | | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|---------------|---------------|----------------|------------------|--------------------------|--------------------------|
| | Administration | Park | Recreation | Total | | | |
| ASSETS | | | | | | | |
| Equity in Pooled Cash and Investments | \$ 30,810,088 | \$ 72,605,425 | \$ 44,584,777 | \$ 148,000,290 | \$ 75,575,332 | \$ 6,634,612 | \$ 230,210,234 |
| Receivables - Taxes (net of allowance for uncollectibles) | 361,071 | 1,144,946 | 866,485 | 2,372,502 | - | 4,377 | 2,376,879 |
| Receivables - Other | 4,389 | 7,060 | 4,776 | 16,225 | - | - | 16,225 |
| Due from County Government | - | - | - | - | - | 60,809 | 60,809 |
| Due from Other Governments | 106,090 | 15,684 | 728 | 122,502 | 3,234,709 | - | 3,357,211 |
| Restricted Cash - Unspent Debt Proceeds | - | - | - | - | 14,653,514 | - | 14,653,514 |
| Other | 12,806 | 7,674 | - | 20,480 | - | - | 20,480 |
| Total Assets | \$ 31,294,444 | \$ 73,780,789 | \$ 45,456,766 | \$ 150,531,999 | \$ 93,463,555 | \$ 6,699,798 | \$ 250,695,352 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | \$ 3,182,824 | \$ 1,769,985 | \$ 1,826,461 | \$ 6,779,270 | \$ 4,803,097 | \$ 210,972 | \$ 11,793,339 |
| Accrued Liabilities | 594,345 | 2,260,160 | 2,433,265 | 5,287,770 | - | 61,401 | 5,349,171 |
| Retainage Payable | - | - | - | - | 658,156 | - | 658,156 |
| Deposits and Deferred Revenue | 263,942 | 1,094,869 | 3,702,552 | 5,061,363 | - | 309,811 | 5,371,174 |
| Total Liabilities | 4,041,111 | 5,125,014 | 7,962,278 | 17,128,403 | 5,461,253 | 582,184 | 23,171,840 |
| Fund Balances: | | | | | | | |
| Reserved for Encumbrances | 8,594,768 | 4,577,771 | 4,006,784 | 17,179,323 | 13,670,878 | 403,054 | 31,253,255 |
| Reserved for Debt Service | - | - | - | - | - | 4,377 | 4,377 |
| Unreserved, Designated for Contingencies | 2,829,900 | 5,643,200 | 3,679,700 | 12,152,800 | - | - | 12,152,800 |
| Unreserved, Designated for Subsequent Years | 14,336,600 | 18,929,100 | 6,056,000 | 39,321,700 | - | - | 39,321,700 |
| Unreserved, Designated for Future Facilities | - | 2,550,000 | 7,315,000 | 9,865,000 | - | - | 9,865,000 |
| Unreserved, Undesignated, Reported in: | | | | | | | |
| General Fund | 1,492,065 | 36,955,704 | 16,437,004 | 54,884,773 | - | - | 54,884,773 |
| Special Revenue Fund | - | - | - | - | - | 5,710,183 | 5,710,183 |
| Capital Projects | - | - | - | - | 74,331,424 | - | 74,331,424 |
| Total Fund Balances | 27,253,333 | 68,655,775 | 37,494,488 | 133,403,596 | 88,002,302 | 6,117,614 | 227,523,512 |
| Total Liabilities and Fund Balances | \$ 31,294,444 | \$ 73,780,789 | \$ 45,456,766 | \$ 150,531,999 | \$ 93,463,555 | \$ 6,699,798 | \$ 250,695,352 |

PRINCE GEORGE'S COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2008

| | General Fund Accounts | | | | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------|----------------------|-----------------------|----------------------|--------------------------|--------------------------|
| | Administration | Park | Recreation | Total | | | |
| REVENUES | | | | | | | |
| Property Taxes | \$ 35,899,461 | \$ 126,882,966 | \$ 46,878,452 | \$ 209,660,879 | \$ - | \$ 1,026,533 | \$ 210,687,412 |
| Intergovernmental: | | | | | | | |
| Federal | - | 28,901 | 1,750 | 30,651 | 232,261 | - | 262,912 |
| State | 2,500 | 48,247 | 320,596 | 371,343 | 18,599,815 | - | 18,971,158 |
| County | 163,105 | 1,795 | - | 164,900 | - | 72,356 | 237,256 |
| Local | - | 13,996 | 4,000 | 17,996 | - | - | 17,996 |
| Charges for Services | 1,378,305 | 292,053 | 5,939,172 | 7,609,530 | - | 693,210 | 8,302,740 |
| Rentals and Concessions | - | 1,988,355 | 689,511 | 2,677,866 | - | 4,598,265 | 7,276,131 |
| Interest | 1,321,934 | 3,046,027 | 1,663,996 | 6,031,957 | 3,167,504 | 376,724 | 9,576,185 |
| Sale of Land | - | - | - | - | 11,000 | - | 11,000 |
| Contributions | - | - | - | - | 352,000 | 439,021 | 791,021 |
| Miscellaneous | 17,528 | 213,826 | 74,417 | 305,771 | 7,209 | 52,187 | 365,167 |
| Total Revenues | <u>38,782,833</u> | <u>132,516,166</u> | <u>55,571,894</u> | <u>226,870,893</u> | <u>22,369,789</u> | <u>7,258,296</u> | <u>256,498,978</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 8,848,053 | - | - | 8,848,053 | - | - | 8,848,053 |
| Planning and Zoning | 26,281,941 | - | - | 26,281,941 | - | 2,850 | 26,284,791 |
| Park Operations and Maintenance | - | 74,718,254 | - | 74,718,254 | - | 178,652 | 74,896,906 |
| Recreation | - | - | 44,448,572 | 44,448,572 | - | 5,912,992 | 50,361,564 |
| Contributions | - | - | - | - | - | 662,451 | 662,451 |
| Debt Service: | | | | | | | |
| Principal | - | - | - | - | - | 9,970,000 | 9,970,000 |
| Interest | - | - | - | - | - | 4,087,336 | 4,087,336 |
| Other Debt Service Costs | - | - | - | - | - | 83,438 | 83,438 |
| Capital Outlay: | | | | | | | |
| Park Acquisition | - | - | - | - | 4,584,893 | - | 4,584,893 |
| Park Development | - | - | - | - | 16,837,598 | - | 16,837,598 |
| Total Expenditures | <u>35,129,994</u> | <u>74,718,254</u> | <u>44,448,572</u> | <u>154,296,820</u> | <u>21,422,491</u> | <u>20,897,719</u> | <u>196,617,030</u> |
| Excess (deficiency) of Revenues over Expenditures | <u>3,652,839</u> | <u>57,797,912</u> | <u>11,123,322</u> | <u>72,574,073</u> | <u>947,298</u> | <u>(13,639,423)</u> | <u>59,881,948</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Refunding Bonds Issued | - | - | - | - | - | 17,300,000 | 17,300,000 |
| Principal Retirement of Refunded Bonds | - | - | - | - | - | (17,300,000) | (17,300,000) |
| Transfers In | - | 4,167,504 | - | 4,167,504 | 31,362,000 | 13,829,583 | 49,359,087 |
| Transfer Out | (50,000) | (51,286,683) | (400,000) | (51,736,683) | (3,167,504) | (2,900,000) | (57,804,187) |
| Total Other Financing Sources (Uses) | <u>(50,000)</u> | <u>(47,119,179)</u> | <u>(400,000)</u> | <u>(47,569,179)</u> | <u>28,194,496</u> | <u>10,929,583</u> | <u>(8,445,100)</u> |
| Net Change in Fund Balances | 3,602,839 | 10,678,733 | 10,723,322 | 25,004,894 | 29,141,794 | (2,709,840) | 51,436,848 |
| Fund Balances - Beginning | 23,650,494 | 57,977,042 | 26,771,166 | 108,398,702 | 58,860,508 | 8,827,454 | 176,086,664 |
| Fund Balances - Ending | <u>\$ 27,253,333</u> | <u>\$ 68,655,775</u> | <u>\$ 37,494,488</u> | <u>\$ 133,403,596</u> | <u>\$ 88,002,302</u> | <u>\$ 6,117,614</u> | <u>\$ 227,523,512</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, 2008**

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$ 31,833,000 | \$ 31,833,000 | \$ 35,899,461 | \$ 4,066,461 |
| Intergovernmental - | | | | |
| State | - | 2,500 | 2,500 | - |
| County | 188,000 | 162,305 | 163,105 | 800 |
| Charges for Services | 2,225,000 | 2,225,000 | 1,378,305 | (846,695) |
| Interest | 920,000 | 920,000 | 1,321,934 | 401,934 |
| Miscellaneous | - | - | 17,528 | 17,528 |
| Total Revenues | <u>35,166,000</u> | <u>35,142,805</u> | <u>38,782,833</u> | <u>3,640,028</u> |
| Expenditures/Encumbrances: | | | | |
| Commissioners' Office | 2,380,500 | 2,383,000 | 2,367,689 | 15,311 |
| Central Administrative Services - | | | | |
| Department of Human Resources and Management | 2,409,500 | 2,409,500 | 2,407,273 | 2,227 |
| Department of Finance | 2,955,000 | 2,955,000 | 2,786,107 | 168,893 |
| Legal Department | 1,061,200 | 1,061,200 | 1,060,724 | 476 |
| Support Services | 503,500 | 503,500 | 454,287 | 49,213 |
| Merit System Board | 49,000 | 49,000 | 38,357 | 10,643 |
| Total Central Administrative Services | <u>6,978,200</u> | <u>6,978,200</u> | <u>6,746,748</u> | <u>231,452</u> |
| Planning Department - | | | | |
| Director's Office | 1,789,500 | 1,789,500 | 1,964,333 | (174,833) |
| Development Review | 5,342,700 | 5,342,700 | 5,139,171 | 203,529 |
| Community Planning North | 3,439,200 | 3,439,200 | 3,631,282 | (192,082) |
| Community Planning South | 3,361,100 | 3,361,100 | 2,720,718 | 640,382 |
| Information Management | 3,274,400 | 3,274,400 | 3,578,643 | (304,243) |
| Countywide Planning | 6,235,500 | 6,235,500 | 4,605,448 | 1,630,052 |
| Information Center | 4,066,400 | 4,066,400 | 3,334,087 | 732,313 |
| Support Services | 1,649,900 | 1,649,900 | 1,813,878 | (163,978) |
| Grants | 121,000 | 95,305 | 95,305 | - |
| Total Planning Department | <u>29,279,700</u> | <u>29,254,005</u> | <u>26,882,865</u> | <u>2,371,140</u> |
| Non-Departmental | - | - | (34,237) | 34,237 |
| Total Expenditures/Encumbrances | <u>38,638,400</u> | <u>38,615,205</u> | <u>35,963,065</u> | <u>2,652,140</u> |
| Excess (Deficiency) of Revenues over Expenditures/Encumbrances | <u>(3,472,400)</u> | <u>(3,472,400)</u> | <u>2,819,768</u> | <u>6,292,168</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>\$ (3,522,400)</u> | <u>\$ (3,522,400)</u> | <u>2,769,768</u> | <u>\$ 6,292,168</u> |
| Fund Balance - Budget Basis, Beginning | | | <u>15,888,797</u> | |
| Fund Balance - Budget Basis, Ending | | | <u>\$ 18,658,565</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, 2008**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|----------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property Taxes | \$ 112,465,000 | \$ 112,465,000 | \$ 126,882,966 | \$ 14,417,966 |
| Intergovernmental - | | | | |
| Federal | - | 28,901 | 28,901 | - |
| State | - | 48,247 | 48,247 | - |
| Local | - | 1,795 | 1,795 | - |
| County | - | 3,996 | 13,996 | 10,000 |
| Charges for Services | 322,100 | 322,100 | 292,053 | (30,047) |
| Rentals and Concessions | 1,988,200 | 1,988,200 | 1,988,355 | 155 |
| Interest | 2,100,000 | 2,100,000 | 3,046,027 | 946,027 |
| Miscellaneous | 295,800 | 295,800 | 213,826 | (81,974) |
| Total Revenues | <u>117,171,100</u> | <u>117,254,039</u> | <u>132,516,166</u> | <u>15,262,127</u> |
| Expenditures/Encumbrances: | | | | |
| Director's Office | 2,732,100 | 2,732,100 | 2,430,479 | 301,621 |
| Park Police | 13,019,300 | 13,019,300 | 12,945,528 | 73,772 |
| Support Services | 11,164,400 | 11,164,400 | 10,829,333 | 335,067 |
| Park Planning and Development | 4,670,800 | 4,670,800 | 4,526,782 | 144,018 |
| Information Technology and Communication | 1,647,400 | 1,647,400 | 1,532,275 | 115,125 |
| Facility Operations - | | | | |
| Administration | 458,000 | 458,000 | 352,752 | 105,248 |
| Maintenance and Development | 21,319,300 | 21,319,300 | 21,561,646 | (242,346) |
| Natural and Historical Resources | 2,330,000 | 2,330,000 | 2,202,590 | 127,410 |
| Arts and Cultural Heritage | 1,493,700 | 1,493,700 | 1,517,567 | (23,867) |
| Park Permits | 322,300 | 322,300 | 285,627 | 36,673 |
| Total Facility Operations | <u>25,923,300</u> | <u>25,923,300</u> | <u>25,920,182</u> | <u>3,118</u> |
| Area Operations - | | | | |
| Northern Area | 5,532,500 | 5,532,500 | 5,699,374 | (166,874) |
| Central Area | 5,074,900 | 5,074,900 | 5,195,324 | (120,424) |
| Southern Area | 4,772,700 | 4,772,700 | 4,743,090 | 29,610 |
| Total Area Operations | <u>15,380,100</u> | <u>15,380,100</u> | <u>15,637,788</u> | <u>(257,688)</u> |
| Grants | - | 82,939 | 82,939 | - |
| Non-Departmental | 1,752,100 | 1,752,100 | 1,626,991 | 125,109 |
| Total Expenditures/Encumbrances | <u>76,289,500</u> | <u>76,372,439</u> | <u>75,532,297</u> | <u>840,142</u> |
| Excess of Revenues over Expenditures/Encumbrances | <u>40,881,600</u> | <u>40,881,600</u> | <u>56,983,869</u> | <u>16,102,269</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In (Out) - | | | | |
| Capital Projects Funds - Interest | 1,300,000 | 1,300,000 | 3,167,504 | 1,867,504 |
| Debt Service | - | - | 1,000,000 | 1,000,000 |
| Debt Service - Park Fund | (14,329,600) | (14,329,600) | (13,779,583) | 550,017 |
| Enterprise Fund | (8,045,100) | (8,045,100) | (8,045,100) | - |
| Capital Projects Funds - Development | (29,462,000) | (29,462,000) | (29,462,000) | - |
| Total Other Financing Sources (Uses) | <u>(50,536,700)</u> | <u>(50,536,700)</u> | <u>(47,119,179)</u> | <u>3,417,521</u> |
| Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | <u>\$ (9,655,100)</u> | <u>\$ (9,655,100)</u> | <u>9,864,690</u> | <u>\$ 19,519,790</u> |
| Fund Balance - Budget Basis, Beginning | | | <u>54,213,314</u> | |
| Fund Balance - Budget Basis, Ending | | | <u>\$ 64,078,004</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, 2008**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|----------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property Taxes | \$ 41,598,000 | \$ 41,598,000 | \$ 46,878,452 | \$ 5,280,452 |
| Intergovernmental - Federal | - | 1,750 | 1,750 | - |
| State | - | 320,596 | 320,596 | - |
| Other Local Munis/Gov | - | 4,000 | 4,000 | - |
| Charges for Services | 6,130,000 | 6,130,000 | 5,939,172 | (190,828) |
| Rentals and Concessions | 618,400 | 618,400 | 689,511 | 71,111 |
| Interest | 850,000 | 850,000 | 1,663,996 | 813,996 |
| Miscellaneous | 71,100 | 71,100 | 74,417 | 3,317 |
| Total Revenues | <u>49,267,500</u> | <u>49,593,846</u> | <u>55,571,894</u> | <u>5,978,048</u> |
| Expenditures/Encumbrances: | | | | |
| Director's Office | 611,000 | 611,000 | 638,798 | (27,798) |
| Deputy Director | - | 65,000 | 67,896 | (2,896) |
| Support Services | 6,436,100 | 6,116,100 | 6,261,673 | (145,573) |
| Information Technology Communications | 925,000 | 925,000 | 1,010,862 | (85,862) |
| Total Director's Office | <u>7,972,100</u> | <u>7,717,100</u> | <u>7,979,229</u> | <u>(262,129)</u> |
| Facility Operations: | | | | |
| Sports/Athletic/Outreach Program | 4,316,100 | 4,316,100 | 4,315,606 | 494 |
| Natural and Historical Resources | 3,911,300 | 3,911,300 | 3,644,905 | 266,395 |
| Arts and Cultural Heritage | 3,347,200 | 3,347,200 | 3,351,755 | (4,555) |
| Grants | - | 326,346 | 325,592 | 754 |
| Total Facility Operations | <u>11,574,600</u> | <u>11,900,946</u> | <u>11,637,858</u> | <u>263,088</u> |
| Area Operations: | | | | |
| Deputy Director | 398,900 | 398,900 | 402,883 | (3,983) |
| Northern Area | 7,160,800 | 7,160,800 | 7,585,609 | (424,809) |
| Central Area | 6,440,200 | 6,440,200 | 6,450,362 | (10,162) |
| Southern Area | 6,795,800 | 6,795,800 | 5,514,278 | 1,281,522 |
| Child Care and Special Projects | 4,372,000 | 4,372,000 | 4,394,517 | (22,517) |
| Total Area Operations | <u>25,167,700</u> | <u>25,167,700</u> | <u>24,347,649</u> | <u>820,051</u> |
| Non-Departmental | 1,890,400 | 2,145,400 | 1,594,974 | 550,426 |
| Total Operating Expenditures/Encumbrances | <u>46,604,800</u> | <u>46,931,146</u> | <u>45,559,710</u> | <u>1,371,436</u> |
| Excess of Revenues over (under) Expenditures/Encumbrances | <u>2,662,700</u> | <u>2,662,700</u> | <u>10,012,184</u> | <u>7,349,484</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>\$ 2,262,700</u> | <u>\$ 2,262,700</u> | <u>9,612,184</u> | <u>\$ 7,349,484</u> |
| Fund Balance - Budget Basis, Beginning | | | 23,875,520 | |
| Fund Balance - Budget Basis, Ending | | | <u>\$ 33,487,704</u> | |

Required Supplementary Information for Defined Benefit Pension Plan
(Unaudited)

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

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

SCHEDULE OF FUNDING PROGRESS (000'S)

| | <u>July 1, 2005</u> | <u>July 1, 2006</u> | <u>July 1, 2007</u> |
|---|---------------------|---------------------|---------------------|
| Actuarial Valuation of Plan Assets | \$ 521,369 | \$ 552,432 | \$ 600,285 |
| Actuarial Accrued Liability | 507,393 | 544,748 | 615,589 |
| Funded Ratio | 102.8% | 101.4% | 97.5% |
| Actuarial Value of Assets in Excess of (Less than) Actuarial Accrued Liability | 13,976 | 7,684 | (15,304) |
| Annual Covered Payroll | 106,058 | 109,579 | 122,825 |
| Actuarial Value of Assets in Excess of (Less than) Actuarial Accrued Liability as a Percentage of Covered Payroll | 13.2% | 7.0% | -12.5% |

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.

Required Supplementary Information for Other Postemployment Benefits
(Unaudited)

Schedule of Funding Progress for Other Postemployment Benefits Plan (the Plan) - 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.

The Commission adopted the accounting requirements of GASB Statement No. 45 prospectively in fiscal year 2008, and began a formal program of funding these benefits in that fiscal year. Therefore the full three years of information required is not available, and the impact of that funding is not reflected in the actuarial information presented below. However, information from two actuarial valuations is available, summarized as follows:

SCHEDULE OF FUNDING PROGRESS (000'S)

| | <u>July 1, 2006</u> | <u>July 1, 2007</u> |
|---|---------------------|---------------------|
| Actuarial Valuation of Plan Assets | \$ 132 | \$ 144 |
| Actuarial Accrued Liability | 208,005 | 232,535 |
| Funded Ratio | 0.06% | 0.06% |
| Unfunded Actuarial Accrued Liability | 207,873 | 232,391 |
| Annual Covered Payroll | 109,579 | 122,825 |
| Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll | 189.7% | 189.2% |

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

◆ PART IIB ◆

FINANCIAL SECTION

Combining Statements and Schedules



The lake at Louise F. Cosca Regional Park in Clinton provides opportunities for water sports and an oasis of calm and relaxation.

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, 2008

| | MONTGOMERY COUNTY | | | | | | PRINCE GEORGES COUNTY | | | | | |
|---------------------------------------|-----------------------|------------|--------------|---------------------------------------|-------------------|--------------|-----------------------|-------------------|--------------|---------------------------------------|-------------------|--------------|
| | Special Revenue Funds | | | Advance Land Acquisition Debt Service | | | Special Revenue Funds | | | Advance Land Acquisition Debt Service | | |
| | Planning | Parks | Total | Planning | Park Debt Service | Total | Planning | Park Debt Service | Total | Planning | Park Debt Service | Total |
| ASSETS | | | | | | | | | | | | |
| Equity in Pooled Cash and Investments | \$ 1,332,679 | \$ 341,704 | \$ 1,674,383 | \$ 86,632 | \$ 6,547,980 | \$ 6,634,612 | \$ - | \$ - | \$ 6,634,612 | \$ - | \$ - | \$ 6,634,612 |
| Taxes Receivable | - | - | 7,230 | - | - | - | - | - | 4,377 | - | - | 4,377 |
| Accounts Receivable | - | 13,737 | 13,737 | - | - | - | - | - | - | - | - | 11,607 |
| Due from County Government | 281,780 | - | 281,780 | - | 60,809 | 60,809 | - | - | - | - | - | 13,737 |
| Due from Other Government | 24,000 | - | 24,000 | - | - | - | - | - | - | - | - | 342,569 |
| Total Assets | \$ 1,638,459 | \$ 355,441 | \$ 1,993,900 | \$ 86,632 | \$ 6,608,789 | \$ 6,695,421 | \$ - | \$ - | \$ 6,699,798 | \$ - | \$ - | \$ 8,308,995 |
| LIABILITIES | | | | | | | | | | | | |
| Accounts Payable | \$ 3,138 | \$ 16,059 | \$ 19,197 | \$ - | \$ 210,972 | \$ 210,972 | \$ - | \$ - | \$ 210,972 | \$ - | \$ - | \$ 230,169 |
| Accrued Liabilities | 162 | 182 | 344 | - | 61,401 | 61,401 | - | - | 61,401 | - | - | 61,745 |
| Due to County Government | 35 | - | 35 | - | - | - | - | - | - | - | - | 35 |
| Deposits and Deferred Revenue | 243,208 | 7,297 | 250,505 | - | 309,811 | 309,811 | - | - | 309,811 | - | - | 560,316 |
| Total Liabilities | 246,543 | 23,538 | 270,081 | - | 582,184 | 582,184 | - | - | 582,184 | - | - | 852,265 |
| FUND BALANCES | | | | | | | | | | | | |
| Reserved for Encumbrances | 356,083 | 85,133 | 441,216 | - | 403,054 | 403,054 | - | - | 403,054 | - | - | 844,270 |
| Reserved for Debt Service | - | - | - | - | - | - | - | - | - | - | - | 11,607 |
| Unreserved, Undesignated | 1,035,833 | 246,770 | 1,282,603 | 86,632 | 5,623,551 | 5,710,183 | - | - | 5,710,183 | - | - | 6,992,786 |
| Total Fund Balances | 1,391,916 | 331,903 | 1,723,819 | 86,632 | 6,026,605 | 6,113,237 | - | - | 6,117,614 | - | - | 7,848,663 |
| Total Liabilities and Fund Balances | \$ 1,638,459 | \$ 355,441 | \$ 1,993,900 | \$ 86,632 | \$ 6,608,789 | \$ 6,695,421 | \$ - | \$ - | \$ 6,699,798 | \$ - | \$ - | \$ 8,700,928 |

Schedule 2

THE MARYLAND-NATIONAL PARK AND PLANNING COMMISSION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

| | MONTGOMERY COUNTY | | | | | | PRINCE GEORGE'S COUNTY | | | | | | Total Nonmajor Governmental Funds |
|---|-----------------------|----------|-----------------------------|--------------------------------|-----------------|-------------|------------------------|----------------------------|-----------------------------|--------------------------------|-----------------|--------------|--|
| | Special Revenue Funds | | | Advance Land Acquisition | | | Special Revenue Funds | | | Advance Land Acquisition | | | |
| | Planning | Parks | Total Special Revenue | Park Debt Service | Debt Service | Total | Planning | Parks and Recreation | Total Special Revenue | Park Debt Service | Debt Service | Total | |
| REVENUES: | | | | | | | | | | | | | |
| Property Taxes | | | \$ - | | | \$ - | | | | | | | |
| Intergovernmental - County | 275,780 | 149,823 | 425,603 | | | 1,543,383 | | | | | | | |
| Intergovernmental - Other | 30,750 | 14,137 | 44,887 | | | 425,603 | | | | | | | |
| Charges for Services | 1,822,049 | 25,404 | 1,847,453 | | | 1,847,453 | | | | | | | |
| Recreation Activities | | 34,451 | 34,451 | | | 34,451 | | | | | | | |
| Interest | 67,748 | 14,340 | 82,088 | | | 82,088 | | | | | | | |
| Contributions | 194,363 | 42,309 | 236,672 | | | 236,672 | | | | | | | |
| Miscellaneous | 21,280 | 18,204 | 39,484 | | | 39,484 | | | | | | | |
| Total Revenues | 2,411,970 | 298,668 | 2,710,638 | | | 4,306,043 | | | | | | | |
| EXPENDITURES: | | | | | | | | | | | | | |
| Principal Retirements | | | | | | | | | | | | | |
| Interest | | | | 2,560,000 | | 545,000 | | | | | | | |
| Other Debt Service Costs | | | | 1,254,716 | | 1,628,338 | | | | | | | |
| Contributions | | | | 2,750 | | 1,749 | | | | | | | |
| Planning and Zoning | 3,756,279 | | 3,756,279 | | | 883,443 | | | | | | | |
| Park Operations and Maintenance | | | | | | 3,756,279 | | | | | | | |
| Recreation | | | | | | 336,675 | | | | | | | |
| Total Expenditures | 3,756,279 | | 4,092,954 | | | 1,593,030 | | | | | | | |
| Excess (deficiency) of revenues over expenditures | (1,344,309) | (38,007) | (1,382,316) | (3,817,466) | 2,375 | (5,197,407) | (113) | 137,382 | 137,269 | (13,779,583) | 2,891 | (13,639,423) | (18,836,830) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | | | |
| Refunding Bonds Issued | | | | | | | | | | | | | |
| Principal Retirement of Refunded Bonds | | | | | | | | | | | | | |
| Transfers In | 749,000 | | 749,000 | 3,817,466 | | 4,566,466 | 50,000 | | | | | | |
| Transfers Out | | | | | | | | | | | | | |
| Total Other Financing Sources (Uses) | 749,000 | | 749,000 | 3,817,466 | | 4,566,466 | 50,000 | | | | | | |
| Net change in fund balances | (595,309) | (38,007) | (633,316) | | 2,375 | (630,941) | 49,887 | (1,762,618) | (1,712,731) | (1,000,000) | 2,891 | (2,709,840) | (3,340,781) |
| Fund Balances - beginning | 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 |
| Fund Balances - ending | 1,391,916 | 331,903 | 1,723,819 | | 7,230 | 1,731,049 | 86,632 | 6,026,605 | 6,113,237 | - | 4,377 | 6,117,614 | 7,848,663 |

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, 2008

| | Montgomery County | | | | Prince George's County | | | |
|---|---------------------|--------------------|---------------------|------------------------------------|------------------------|-----------------------|---------------------|------------------------------------|
| | Budgeted Amounts | | Actual | Variance Positive (Negative) | Budgeted Amounts | | Actual | Variance Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Intergovernmental | \$ 336,800 | \$ 336,800 | \$ 470,490 | \$ 133,690 | \$ 350,000 | \$ 72,356 | \$ (277,644) | |
| Charges for Services | 3,461,800 | 3,461,800 | 1,847,453 | (1,614,347) | 840,700 | 693,210 | (147,490) | |
| Recreation Activities | - | - | 34,451 | 34,451 | 5,351,500 | 4,598,265 | (753,235) | |
| Interest | 200 | 200 | 82,088 | 81,888 | 237,000 | 376,724 | 139,724 | |
| Contributions | - | - | 236,672 | 236,672 | 553,300 | 439,021 | (114,279) | |
| Miscellaneous | 282,000 | 282,000 | 39,484 | (242,516) | 72,300 | 52,187 | (20,113) | |
| Total Revenues | 4,080,800 | 4,080,800 | 2,710,638 | (1,370,162) | 7,404,800 | 6,231,763 | (1,173,037) | |
| Expenditures/Encumbrances: | | | | | | | | |
| Current - | | | | | | | | |
| County Planning and Zoning | 4,501,100 | 4,501,100 | 3,641,603 | 859,497 | - | - | - | |
| Park Operations and Maintenance | 379,400 | 379,400 | 297,912 | 81,488 | 717,500 | 217,137 | 500,363 | |
| Recreation | - | - | - | - | 6,044,600 | 6,113,872 | (69,272) | |
| Total Expenditures/Encumbrances | 4,880,500 | 4,880,500 | 3,939,515 | 940,985 | 6,762,100 | 6,331,009 | 431,091 | |
| Excess (Deficiency) of Revenues over Expenditures/Encumbrances | (799,700) | (799,700) | (1,228,877) | (429,177) | 642,700 | (99,246) | (741,946) | |
| Other Financing Sources (Uses): | | | | | | | | |
| Operating Transfers In | 10,000 | 759,000 | 749,000 | (10,000) | 50,000 | 50,000 | - | |
| Transfers Out | - | - | - | - | (1,950,000) | (1,900,000) | 50,000 | |
| Total Other Financing (Uses) | 10,000 | 759,000 | 749,000 | (10,000) | (1,900,000) | (1,850,000) | 50,000 | |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Sources (Uses) - Budget Basis | \$ (789,700) | \$ (40,700) | (479,877) | (439,177) | \$ (1,257,300) | \$ (1,949,246) | \$ (691,946) | |
| Fund Balances - Budget Basis, July 1 | | | 1,762,480 | | | 7,659,429 | | |
| Fund Balances - Budget Basis, June 30 | | | \$ 1,282,603 | | | \$ 5,710,183 | | |

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



Front entrance to Wheaton Ice Arena, home to the nationally recognized Wheaton Ice Skating Academy.

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, 2008 and 2007

| | Recreational and Cultural Facilities | | | | | |
|---|--------------------------------------|------------------|------------------------|------------------|------------------|------------------|
| | Montgomery County | | Prince George's County | | Totals | |
| | June 30, 2008 | June 30, 2007 | June 30, 2008 | June 30, 2007 | June 30, 2008 | June 30, 2007 |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Equity in Pooled Cash and Investments | \$ 1,581,618 | \$ 2,005,825 | \$ 2,933,116 | \$ 2,791,555 | \$ 4,514,734 | \$ 4,797,380 |
| Accounts Receivable | 6,928 | 6,971 | 84,550 | 37,344 | 91,478 | 44,315 |
| Due from County Government | 180,000 | - | - | - | 180,000 | - |
| Due from Other Government | 102,906 | 14,957 | - | 146,596 | 102,906 | 161,553 |
| Inventories | 186,240 | 187,510 | 828,210 | 657,567 | 1,014,450 | 845,077 |
| Total Current Assets | 2,057,692 | 2,215,263 | 3,845,876 | 3,633,062 | 5,903,568 | 5,848,325 |
| Noncurrent Assets: | | | | | | |
| Due from County Government | 540,000 | 900,000 | - | - | 540,000 | 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 | 26,994,492 | 28,156,765 | 72,270,589 | 72,270,589 | 99,265,081 | 100,427,354 |
| Machinery and Equipment | 1,625,438 | 1,783,988 | 4,783,290 | 4,815,971 | 6,408,728 | 6,599,959 |
| Construction in Progress | 172,164 | 28,525 | - | - | 172,164 | 28,525 |
| | 40,376,562 | 41,553,746 | 84,833,010 | 84,865,691 | 125,209,572 | 126,419,437 |
| Less - Accumulated Depreciation | (13,692,522) | (13,820,363) | (26,630,930) | (24,560,787) | (40,323,452) | (38,381,150) |
| Total Capital Assets (net of depreciation) | 26,684,040 | 27,733,383 | 58,202,080 | 60,304,904 | 84,886,120 | 88,038,287 |
| Total Noncurrent Assets | 27,224,040 | 28,633,383 | 58,202,080 | 60,304,904 | 85,426,120 | 88,938,287 |
| Total Assets | 29,281,732 | 30,848,646 | 62,047,956 | 63,937,966 | 91,329,688 | 94,786,612 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | 336,271 | 128,343 | 604,589 | 357,344 | 940,860 | 485,687 |
| Accrued Salaries and Benefits | 47,966 | 167,469 | 175,780 | 273,881 | 223,746 | 441,350 |
| Compensated Absences | 83,717 | 96,151 | 188,908 | 180,052 | 272,625 | 276,203 |
| Interest Payable | 38,915 | 46,504 | - | - | 38,915 | 46,504 |
| Revenue Collected in Advance | 905,214 | 654,895 | 115,199 | 259,838 | 1,020,413 | 914,733 |
| Current Portion of Revenue Bonds Payable | 662,779 | 641,172 | - | - | 662,779 | 641,172 |
| Current Portion of Revenue Notes Payable | 444,444 | 444,444 | - | - | 444,444 | 444,444 |
| Current Portion of Notes Payable | - | 27,221 | - | - | - | 27,221 |
| Total Current Liabilities | 2,519,306 | 2,206,199 | 1,084,476 | 1,071,115 | 3,603,782 | 3,277,314 |
| Noncurrent Liabilities: | | | | | | |
| Revenue Bonds Payable | 2,394,566 | 3,025,281 | - | - | 2,394,566 | 3,025,281 |
| Revenue Notes Payable | 2,000,004 | 2,444,448 | - | - | 2,000,004 | 2,444,448 |
| Compensated Absences | 174,150 | 209,895 | 565,246 | 492,499 | 739,396 | 702,394 |
| Net Other Post Employment Benefit Obligations | 92,317 | - | 351,589 | - | 443,906 | - |
| Total Noncurrent Liabilities | 4,661,037 | 5,679,624 | 916,835 | 492,499 | 5,577,872 | 6,172,123 |
| Total Liabilities | 7,180,343 | 7,885,823 | 2,001,311 | 1,563,614 | 9,181,654 | 9,449,437 |
| NET ASSETS | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 21,182,247 | 21,150,817 | 58,202,080 | 60,304,904 | 79,384,327 | 81,455,721 |
| Unrestricted | 919,142 | 1,812,006 | 1,844,565 | 2,069,448 | 2,763,707 | 3,881,454 |
| Total Net Assets | \$ 22,101,389 | \$ 22,962,823 | \$ 60,046,645 | \$ 62,374,352 | \$ 82,148,034 | \$ 85,337,175 |

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, 2008 and 2007

| | Recreational and Cultural Facilities | | | | | |
|---|--------------------------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| | Montgomery County | | Prince George's County | | Totals | |
| | Year Ended June 30, | | Year Ended June 30, | | Year Ended June 30, | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Operating Revenues: | | | | | | |
| Intergovernmental | \$ 102,906 | \$ - | \$ 48,730 | \$ 146,596 | \$ 151,636 | \$ 146,596 |
| Sales | 631,448 | 665,478 | 2,553,637 | 2,491,999 | 3,185,085 | 3,157,477 |
| Charges for Services | 4,786,150 | 6,166,399 | 4,645,836 | 4,526,163 | 9,431,986 | 10,692,562 |
| Rentals and Concessions | 2,326,898 | 2,462,051 | 2,983,022 | 2,973,918 | 5,309,920 | 5,435,969 |
| Total Operating Revenues | <u>7,847,402</u> | <u>9,293,928</u> | <u>10,231,225</u> | <u>10,138,676</u> | <u>18,078,627</u> | <u>19,432,604</u> |
| Operating Expenses: | | | | | | |
| Cost of Goods Sold | 323,603 | 357,948 | 1,737,089 | 1,595,116 | 2,060,692 | 1,953,064 |
| Personal Services | 2,854,190 | 2,791,427 | 10,692,610 | 9,275,905 | 13,546,800 | 12,067,332 |
| Supplies and Materials | 503,608 | 440,040 | 1,636,301 | 1,613,582 | 2,139,909 | 2,053,622 |
| Communications | 43,276 | 27,099 | 345,435 | 292,902 | 388,711 | 320,001 |
| Utilities | 1,171,194 | 1,263,607 | 1,780,917 | 1,759,906 | 2,952,111 | 3,023,513 |
| Maintenance | 517,290 | 258,830 | 1,059,898 | 863,532 | 1,577,188 | 1,122,362 |
| Contractual Services | 660,097 | 1,140,276 | 707,985 | 582,608 | 1,368,082 | 1,722,884 |
| Other Services and Charges | 352,783 | 211,319 | 649,789 | 587,537 | 1,002,572 | 798,856 |
| Administrative Services | 1,320,493 | 1,434,788 | 321,900 | 300,800 | 1,642,393 | 1,735,588 |
| Depreciation | 1,363,737 | 1,382,939 | 2,265,809 | 2,336,410 | 3,629,546 | 3,719,349 |
| Total Operating Expenses | <u>9,110,271</u> | <u>9,308,273</u> | <u>21,197,733</u> | <u>19,208,298</u> | <u>30,308,004</u> | <u>28,516,571</u> |
| Operating Income (Loss) | <u>(1,262,869)</u> | <u>(14,345)</u> | <u>(10,966,508)</u> | <u>(9,069,622)</u> | <u>(12,229,377)</u> | <u>(9,083,967)</u> |
| Nonoperating Revenues (Expenses): | | | | | | |
| Investment Earnings | 101,154 | 109,957 | 193,701 | 209,476 | 294,855 | 319,433 |
| Interest Expense, net of Amortization | (291,511) | (336,317) | - | - | (291,511) | (336,317) |
| Loss on Disposal of Asset | (27,208) | (8,461) | - | - | (27,208) | (8,461) |
| Total Nonoperating Revenue (Expense) | <u>(217,565)</u> | <u>(234,821)</u> | <u>193,701</u> | <u>209,476</u> | <u>(23,864)</u> | <u>(25,345)</u> |
| Loss before Transfers | <u>(1,480,434)</u> | <u>(249,166)</u> | <u>(10,772,807)</u> | <u>(8,860,146)</u> | <u>(12,253,241)</u> | <u>(9,109,312)</u> |
| Contribution from General Government Assets | - | - | - | 272,772 | - | 272,772 |
| Transfers In | 619,000 | 405,000 | 8,445,100 | 7,349,100 | 9,064,100 | 7,754,100 |
| Total Contributions and Transfers | <u>619,000</u> | <u>405,000</u> | <u>8,445,100</u> | <u>7,621,872</u> | <u>9,064,100</u> | <u>8,026,872</u> |
| Change in Net Assets | <u>(861,434)</u> | <u>155,834</u> | <u>(2,327,707)</u> | <u>(1,238,274)</u> | <u>(3,189,141)</u> | <u>(1,082,440)</u> |
| Total Net Assets - Beginning | <u>22,962,823</u> | <u>22,806,989</u> | <u>62,374,352</u> | <u>63,612,626</u> | <u>85,337,175</u> | <u>86,419,615</u> |
| Total Net Assets - Ending | <u>\$ 22,101,389</u> | <u>\$ 22,962,823</u> | <u>\$ 60,046,645</u> | <u>\$ 62,374,352</u> | <u>\$ 82,148,034</u> | <u>\$ 85,337,175</u> |

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 6

**Schedule of Cash Flows - Enterprise Funds
For the Years Ended June 30, 2008 and 2007**

Recreational and Cultural Facilities

| | <u>Montgomery County</u> | | <u>Prince George's County</u> | | <u>Year Ended June 30,</u> | |
|---|----------------------------|---------------------|-------------------------------|-----------------------|----------------------------|-----------------------|
| | <u>Year Ended June 30,</u> | | <u>Year Ended June 30,</u> | | <u>Year Ended June 30,</u> | |
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Cash Flows from Operating Activities: | | | | | | |
| Receipts from Customers and Users | \$ 8,009,815 | \$ 9,232,970 | \$ 10,185,976 | \$ 10,052,112 | \$ 18,195,791 | \$ 19,285,082 |
| Payments to Suppliers | (2,889,872) | (3,142,583) | (7,840,812) | (7,201,201) | (10,730,684) | (10,343,784) |
| Payments to Employees | (2,920,126) | (2,837,668) | (10,357,519) | (9,195,561) | (13,277,645) | (12,033,229) |
| Payments for Interfund Services Used | (489,800) | (549,800) | - | - | (489,800) | (549,800) |
| Payments for Administrative Charges | (1,320,493) | (1,434,788) | (321,900) | (300,800) | (1,642,393) | (1,735,588) |
| Net Cash Provided (Used) by Operating Activities | <u>389,524</u> | <u>1,268,131</u> | <u>(8,334,255)</u> | <u>(6,645,450)</u> | <u>(7,944,731)</u> | <u>(5,377,319)</u> |
| Cash Flows from Noncapital Financing Activities: | | | | | | |
| Transfers In from Other Funds | <u>619,000</u> | <u>405,000</u> | <u>8,445,100</u> | <u>7,349,100</u> | <u>9,064,100</u> | <u>7,754,100</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>619,000</u> | <u>405,000</u> | <u>8,445,100</u> | <u>7,349,100</u> | <u>9,064,100</u> | <u>7,754,100</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | | |
| Acquisition and Construction of Capital Assets | (341,601) | (99,468) | (162,985) | (273,544) | (504,586) | (373,012) |
| Principal Paid on Bonds and Notes Payable | (1,112,836) | (1,091,678) | - | - | (1,112,836) | (1,091,678) |
| Interest Paid | (259,448) | (304,254) | - | - | (259,448) | (304,254) |
| Payment Received on Long Term Note | <u>180,000</u> | <u>180,000</u> | <u>-</u> | <u>-</u> | <u>180,000</u> | <u>180,000</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(1,533,885)</u> | <u>(1,315,400)</u> | <u>(162,985)</u> | <u>(273,544)</u> | <u>(1,696,870)</u> | <u>(1,588,944)</u> |
| Cash Flows from Investing Activities: | | | | | | |
| Interest on Investments | <u>101,154</u> | <u>109,957</u> | <u>193,701</u> | <u>209,476</u> | <u>294,855</u> | <u>319,433</u> |
| Net Cash Provided (Used) by Investing Activities | <u>101,154</u> | <u>109,957</u> | <u>193,701</u> | <u>209,476</u> | <u>294,855</u> | <u>319,433</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (424,207) | 467,688 | 141,561 | 639,582 | (282,646) | 1,107,270 |
| Cash, Cash Equivalents and Restricted Cash, July 1 | <u>2,005,825</u> | <u>1,538,137</u> | <u>2,791,555</u> | <u>2,151,973</u> | <u>4,797,380</u> | <u>3,690,110</u> |
| Cash, Cash Equivalents and Restricted Cash, June 30 | <u>\$ 1,581,618</u> | <u>\$ 2,005,825</u> | <u>\$ 2,933,116</u> | <u>\$ 2,791,555</u> | <u>\$ 4,514,734</u> | <u>\$ 4,797,380</u> |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Operating Income (Loss) | \$ (1,262,869) | \$ (14,345) | \$ (10,966,508) | \$ (9,069,622) | (12,229,377) | \$ (9,083,967) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Depreciation | 1,363,737 | 1,382,939 | 2,265,809 | 2,336,410 | 3,629,546 | 3,719,349 |
| Effect of Changes in Assets and Liabilities in: | | | | | | |
| Accounts Receivable | 43 | (183) | (47,206) | 93,471 | (47,163) | 93,288 |
| Due from Other Government | (87,949) | (14,957) | 146,596 | (146,596) | 58,647 | (161,553) |
| Inventories, at Cost | 1,270 | 12,525 | (170,643) | 32,051 | (169,373) | 44,576 |
| Accounts Payable | 207,927 | 1,685 | 247,245 | 94,157 | 455,172 | 95,842 |
| Accrued Salaries and Benefits | (119,503) | 1,185 | (98,101) | (531) | (217,604) | 654 |
| Compensated Absences | (48,179) | (47,426) | 81,603 | 49,762 | 33,424 | 2,336 |
| Interest Payable | (7,589) | (7,474) | - | - | (7,589) | (7,474) |
| Due to Other Governments | - | - | - | (1,113) | - | (1,113) |
| Net Other Post Employment Obligations | 92,317 | - | 351,589 | - | 443,906 | - |
| Revenue Collected in Advance | <u>250,319</u> | <u>(45,818)</u> | <u>(144,639)</u> | <u>(33,439)</u> | <u>105,680</u> | <u>(79,257)</u> |
| Total Adjustments | <u>1,652,393</u> | <u>1,282,476</u> | <u>2,632,253</u> | <u>2,424,172</u> | <u>4,284,646</u> | <u>3,706,648</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 389,524</u> | <u>\$ 1,268,131</u> | <u>\$ (8,334,255)</u> | <u>\$ (6,645,450)</u> | <u>\$ (7,944,731)</u> | <u>\$ (5,377,319)</u> |

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.



Future champions hone their skills at a Oakcrest Community Park School Center's chess camp.

INTERNAL SERVICE FUNDS

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

Capital Equipment Funds

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

Executive Office Building Fund

The Prince George's County Executive Office Building 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 Fund

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.

Commission Wide Initiative Funds

The Commission Wide Initiatives Funds are used to account for the acquisition of equipment through the use of tax-exempt financing for certain projects which benefit the entire Commission.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
Internal Service Funds
Combining Statement of Net Assets
June 30, 2008

Schedule 7

| | MONTGOMERY COUNTY | | | | | PRINCE GEORGES COUNTY | | | | | TOTALS | | |
|--|-------------------|-------------------|-----------------|-------------------|--------------------|-----------------------|-----------------|-----------------------------|---------------|---------------|--------|--|--|
| | Capital Equipment | Employee Benefits | Risk Management | Capital Equipment | Executive Building | Employee Benefits | Risk Management | Commission Wide Initiatives | June 30, 2008 | June 30, 2007 | | | |
| ASSETS | | | | | | | | | | | | | |
| Current Assets: | | | | | | | | | | | | | |
| Equity in Pooled Cash and Investments | | | | | | | | | | | | | |
| Restricted Cash, Cash Equivalents and Investments: | | | | | | | | | | | | | |
| Equipment Financing | | | | | | | | | | | | | |
| Proceeds | | | | | | | | | | | | | |
| Accounts Receivable | 3,100,745 | - | - | 399,772 | - | - | - | 23,664 | 3,524,181 | 3,377,801 | | | |
| Due from County Government | - | 6,460 | 1,500 | - | - | 6,460 | 1,250 | - | 15,670 | 250 | | | |
| Deposits and Other | - | - | 58,983 | - | - | - | 58,983 | - | 117,966 | 243,853 | | | |
| Total Current Assets | 3,100,745 | 16,185,047 | 8,438,887 | 478,082 | 628,205 | 16,188,829 | 12,312,892 | 2,504,491 | 59,837,178 | 53,279,842 | | | |
| Noncurrent Assets: | | | | | | | | | | | | | |
| Capital Assets: | | | | | | | | | | | | | |
| Land | - | - | - | - | 748,497 | - | - | - | 748,497 | 748,497 | | | |
| Buildings and Improvements | - | - | - | - | 2,649,865 | - | - | - | 2,649,865 | 2,752,334 | | | |
| Machinery and Equipment | 23,153,929 | - | 199,120 | 698,598 | 5,514 | - | 356,341 | 733,358 | 25,146,860 | 24,019,707 | | | |
| Construction in Progress | 1,066,761 | - | - | - | - | - | - | - | 1,066,761 | - | | | |
| Less-Accumulated Depreciation | (18,010,337) | - | (163,285) | (195,042) | (1,537,478) | - | (319,408) | (269,022) | (20,494,572) | (19,285,302) | | | |
| Total Capital Assets (net of accumulated depreciation) | 6,200,353 | 35,835 | 3,000,000 | 503,556 | 1,866,398 | - | 36,933 | 464,336 | 9,107,411 | 8,235,236 | | | |
| Total Assets | 9,301,098 | 16,185,047 | 8,474,722 | 981,638 | 2,494,603 | 16,188,829 | 12,349,825 | 2,968,827 | 68,944,589 | 61,515,078 | | | |
| LIABILITIES | | | | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | | | | |
| Accounts Payable | 195,102 | 60,786 | 27,098 | - | 7,452 | 14,304 | 23,011 | - | 327,753 | 269,484 | | | |
| Current Portion of Claims Payable | - | 1,070,793 | 1,082,029 | - | - | 1,070,791 | 1,486,589 | - | 4,720,202 | 3,943,473 | | | |
| Accrued Salaries and Benefits | - | 83,467 | 4,510 | - | 1,015 | 84,093 | 4,874 | - | 177,959 | 442,618 | | | |
| Current Portion of Notes Payable | 1,123,914 | - | - | 143,442 | 180,000 | - | 19,973 | 101,357 | 1,546,713 | 2,050,223 | | | |
| Current Portion of Compensated Absences | - | 4,568,200 | 19,973 | - | 2,807 | 4,822,900 | 221,505 | - | 9,433,853 | 9,308,507 | | | |
| Due to County Government | - | - | 221,505 | - | - | - | - | 1,607 | 443,010 | 243,776 | | | |
| Interest Payable | 27,266 | - | - | 3,560 | 23,673 | - | - | - | 56,106 | 74,960 | | | |
| Revenue Collected in Advance | 18,868 | 50,000 | - | - | - | 50,000 | - | - | 100,000 | - | | | |
| Due to Other Funds | - | - | - | - | - | - | - | - | - | - | | | |
| Total Current Liabilities | 1,365,150 | 5,833,246 | 1,365,115 | 147,002 | 214,947 | 6,042,088 | 1,755,952 | 102,964 | 16,826,464 | 16,333,041 | | | |
| Noncurrent Liabilities: | | | | | | | | | | | | | |
| Claims Payable - Net of Current Portion | - | - | 2,998,588 | - | - | - | 4,182,263 | - | 7,180,851 | 7,065,575 | | | |
| Notes Payable - Net of Current Portion | 2,085,665 | - | 8,308 | 272,064 | 715,000 | 4,486,700 | 8,308 | 111,751 | 3,184,480 | 4,731,437 | | | |
| Compensated Absences - Net of Current Portion | - | 3,093,600 | 23,368 | - | 13,731 | - | 23,367 | - | 7,610,647 | 6,051,148 | | | |
| Net Other Post Employment Benefit Obligations | 2,085,665 | 3,093,600 | 3,030,264 | 272,064 | 730,495 | 4,486,700 | 4,213,938 | 111,751 | 48,499 | - | | | |
| Total Noncurrent Liabilities | 3,450,815 | 8,926,846 | 4,395,379 | 419,066 | 945,442 | 10,528,788 | 5,969,890 | 214,715 | 18,024,477 | 17,846,160 | | | |
| Total Liabilities | | | | | | | | | 34,850,941 | 34,181,201 | | | |
| NET ASSETS | | | | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 6,091,519 | - | 35,835 | 487,822 | 971,398 | - | 36,933 | 274,882 | 7,898,399 | 4,831,377 | | | |
| Unrestricted | (241,236) | 7,258,201 | 4,043,508 | 74,750 | 577,763 | 5,660,041 | 6,343,002 | 2,479,220 | 26,195,249 | 22,502,500 | | | |
| Total Net Assets | 5,850,283 | 7,258,201 | 4,079,343 | 562,572 | 1,549,161 | 5,660,041 | 6,379,935 | 2,754,112 | 34,093,648 | 27,333,877 | | | |

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, 2008

| | 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, 2008 | June 30, 2007 | | |
| Operating Revenues: | | | | | | | | | | | | |
| Charges for Services | \$ 2,150,930 | \$ 18,973,992 | \$ 2,929,000 | \$ 200,000 | \$ 721,126 | \$ 20,066,687 | \$ 3,313,000 | \$ 1,091,222 | \$ 49,445,957 | \$ 43,196,456 | | |
| Claim Recoveries | - | - | 354,851 | - | - | - | 412,575 | - | 767,426 | 691,731 | | |
| Total Operating Revenues | 2,150,930 | 18,973,992 | 3,283,851 | 200,000 | 721,126 | 20,066,687 | 3,725,575 | 1,091,222 | 50,213,383 | 43,888,187 | | |
| Operating Expenses: | | | | | | | | | | | | |
| Personal Services | - | 6,938,867 | 448,097 | - | 107,719 | 8,258,308 | 448,097 | - | 16,201,088 | 15,070,972 | | |
| Supplies and Materials | 30,990 | - | 51,477 | - | 6,061 | - | 51,477 | - | 140,005 | 130,548 | | |
| Contractual Services - | | | | | | | | | | | | |
| Montgomery County Self | - | 54,534 | 412,685 | - | - | 54,535 | 541,007 | - | 1,062,761 | 1,007,493 | | |
| Other Contractual Services | - | 8,035,022 | 1,179,999 | - | - | 8,035,022 | 2,261,883 | - | 19,511,926 | 16,302,139 | | |
| Claims Incurred | - | 2,876,482 | 89,442 | - | - | 2,876,482 | 149,511 | - | 5,991,917 | 8,615,221 | | |
| Insurance | - | 51,486 | 245,687 | 3,400 | 480,659 | 51,485 | 250,778 | 159,659 | 1,279,458 | 944,505 | | |
| Other Services and Charges | 36,304 | - | 22,819 | 80,918 | 111,115 | - | 49,705 | 72,675 | 1,818,219 | 1,887,686 | | |
| Depreciation | 1,480,987 | - | 22,819 | 80,918 | 111,115 | - | 49,705 | 72,675 | 1,818,219 | 1,887,686 | | |
| Total Operating Expenses | 1,548,281 | 17,956,391 | 2,450,206 | 84,318 | 705,554 | 19,275,832 | 3,752,458 | 232,334 | 46,005,374 | 43,958,564 | | |
| Operating Income (Loss) | 602,649 | 1,017,601 | 833,645 | 115,682 | 15,572 | 790,855 | (26,883) | 858,888 | 4,208,009 | (70,377) | | |
| Nonoperating Revenues (Expenses): | | | | | | | | | | | | |
| Interest Income | 175,174 | 668,582 | 389,875 | 2,786 | 34,549 | 675,770 | 571,612 | 86,748 | 2,605,096 | 2,779,054 | | |
| Interest Expense | (127,751) | - | - | (15,982) | (49,594) | - | - | (7,538) | (200,865) | (210,909) | | |
| Loss on Disposal of Asset | (102,469) | - | - | - | - | - | - | - | (102,469) | - | | |
| Total Nonoperating Revenues (Expenses) | (55,046) | 668,582 | 389,875 | (13,196) | (15,045) | 675,770 | 571,612 | 79,210 | 2,301,762 | 2,568,145 | | |
| Income (Loss) Before Contributions and Transfers | 547,603 | 1,686,183 | 1,223,520 | 102,486 | 527 | 1,466,625 | 544,729 | 938,098 | 6,509,771 | 2,497,768 | | |
| Contributions and Transfers In (Out): | | | | | | | | | | | | |
| Transfers In | 250,000 | - | - | - | - | - | - | - | 250,000 | 250,000 | | |
| Transfers (Out) | - | - | - | - | - | - | - | - | - | (250,000) | | |
| Net Operating Transfers | 250,000 | - | - | - | - | - | - | - | 250,000 | - | | |
| Change in Net Assets | 797,603 | 1,686,183 | 1,223,520 | 102,486 | 527 | 1,466,625 | 544,729 | 938,098 | 6,759,771 | 2,497,768 | | |
| Total Net Assets, July 1 | 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 | | |
| Total Net Assets, June 30 | 5,850,283 | 7,258,201 | 4,079,343 | 562,572 | 1,549,161 | 5,660,041 | 6,379,935 | 2,754,112 | 34,093,648 | 27,333,877 | | |

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Schedule 9

Combining Statement of Cash Flows - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2008

| | MONTGOMERY COUNTY | | | | | PRINCE GEORGE'S COUNTY | | | | | TOTAL | |
|---|---------------------|----------------------|---------------------|-------------------|--------------------|------------------------|----------------------|-----------------------------|----------------------|--|-------|--|
| | Capital Equipment | Employee Benefits | Risk Management | Capital Equipment | Executive Building | Employee Benefits | Risk Management | Commission Wide Initiatives | | | | |
| Cash Flows from Operating Activities: | | | | | | | | | | | | |
| Receipts from Customers and Users | \$ 2,150,930 | \$ 18,941,449 | \$ 3,345,544 | \$ 200,000 | \$ 721,126 | \$ 20,034,143 | \$ 3,787,269 | \$ 1,091,222 | \$ 50,271,683 | | | |
| Payments to Suppliers | 105,663 | (10,646,842) | (1,926,410) | (1,154) | (487,578) | (10,693,324) | (2,474,070) | (160,395) | (26,284,110) | | | |
| Payments to Employees | - | (6,356,809) | (457,678) | - | (108,324) | (7,403,616) | (452,712) | - | (14,779,139) | | | |
| Payments for Interfund Services Used | (34,300) | (47,700) | (135,700) | (3,400) | (1,200) | (47,700) | (135,700) | - | (405,700) | | | |
| Net Cash Provided by Operating Activities | 2,222,293 | 1,890,098 | 825,756 | 195,446 | 124,024 | 1,889,503 | 724,787 | 930,827 | 8,802,734 | | | |
| Cash Flows from Noncapital Financing Activities: | | | | | | | | | | | | |
| Transfers in From Other Funds | 250,000 | - | - | - | - | - | - | - | 250,000 | | | |
| Net Cash Provided (Used) by Noncapital Financing Activities | 250,000 | - | - | - | - | - | - | - | 250,000 | | | |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | | | | | | |
| Acquisition of Capital Assets | (2,769,415) | - | (8,378) | - | - | - | (8,379) | (6,688) | (2,792,860) | | | |
| Principal Paid on Notes Payable | (1,641,323) | - | - | (138,766) | (170,001) | - | - | (98,379) | (2,048,469) | | | |
| Interest Paid on Notes Payable | (127,751) | - | - | (15,982) | (49,594) | - | - | (7,538) | (200,865) | | | |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (4,538,489) | - | (8,378) | (154,748) | (219,595) | - | (8,379) | (112,605) | (5,042,194) | | | |
| Cash Flows from Investing Activities: | | | | | | | | | | | | |
| Interest on Investments | 175,174 | 668,582 | 389,875 | 2,786 | 34,549 | 675,769 | 571,612 | 86,748 | 2,605,095 | | | |
| Net Cash Provided (Used) by Investing Activities | 175,174 | 668,582 | 389,875 | 2,786 | 34,549 | 675,769 | 571,612 | 86,748 | 2,605,095 | | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,891,022) | 2,558,680 | 1,207,253 | 43,484 | (61,022) | 2,565,272 | 1,288,020 | 904,970 | 6,615,635 | | | |
| Cash and Cash Equivalents, July 1 | 4,991,767 | 13,561,555 | 7,171,151 | 434,598 | 689,227 | 13,558,745 | 10,964,639 | 1,599,521 | 52,971,203 | | | |
| Cash and Cash Equivalents, June 30 | \$ 3,100,745 | \$ 16,120,235 | \$ 8,378,404 | \$ 478,082 | \$ 628,205 | \$ 16,124,017 | \$ 12,252,659 | \$ 2,504,491 | \$ 59,586,838 | | | |
| Operating Income (Loss) | \$ 602,649 | \$ 1,017,601 | \$ 833,645 | \$ 115,682 | \$ 15,572 | \$ 790,855 | \$ (26,883) | \$ 858,888 | \$ 4,208,009 | | | |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | | | | | | | |
| Depreciation | 1,480,987 | - | 22,819 | 80,918 | 111,115 | - | 49,705 | 72,675 | 1,818,219 | | | |
| Accounts Receivable | - | (6,460) | (1,250) | - | - | (6,460) | (1,250) | - | (15,420) | | | |
| Due from County Government | - | - | 62,943 | - | - | - | 62,944 | - | 125,887 | | | |
| Deposits and Other | - | (26,084) | - | - | - | (26,084) | - | - | (52,168) | | | |
| Accounts Payable | 132,257 | (3,675) | 11,406 | - | 2,438 | (50,156) | (34,001) | - | 56,269 | | | |
| Claims Payable | - | 276,657 | (217,211) | - | - | 276,656 | 555,903 | - | 892,005 | | | |
| Accrued Salaries and Benefits | - | (96,241) | (12,514) | - | (1,947) | (146,408) | (7,549) | - | (264,659) | | | |
| Compensated Absences | - | 678,300 | 2,933 | - | (422) | 1,001,100 | 2,934 | - | 1,684,845 | | | |
| Interest Payable | (12,468) | - | - | (1,154) | (4,496) | - | - | (736) | (18,854) | | | |
| Other Accrued Liabilities | - | 50,000 | - | - | - | 50,000 | - | - | 100,000 | | | |
| Due to Other Funds | 18,868 | - | 23,368 | - | 1,764 | - | 23,367 | - | 48,499 | | | |
| Net Other Post Employment Obligations | - | - | 99,617 | - | - | - | 99,617 | - | 199,234 | | | |
| Due to County Government | - | - | - | - | - | - | - | - | - | | | |
| Total Adjustments | 1,619,644 | 872,497 | (7,889) | 79,764 | 108,452 | 1,098,648 | 751,670 | 71,939 | 4,594,725 | | | |
| Net Cash Provided (Used) by Operating Activities | \$ 2,222,293 | \$ 1,890,098 | \$ 825,756 | \$ 195,446 | \$ 124,024 | \$ 1,889,503 | \$ 724,787 | \$ 930,827 | \$ 8,802,734 | | | |



Youth reenacting pioneer days at Woodlawn Manor.

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 all activities related to the Commission's portion of medical costs of 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

Combining Statements of Net Assets
Fiduciary Fund Types
June 30, 2008

| | 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 | \$ - | \$ 671,970 | \$ 671,970 | \$ 25,433,489 | \$ 6,204,185 | \$ 31,637,674 | \$ 2,500,971 | \$ 639,499 | \$ 3,140,470 |
| Cash | 108,691 | 213,092 | 321,783 | - | - | - | - | - | - |
| Fixed Income Securities | 149,662,828 | - | 149,662,828 | - | - | - | - | - | - |
| International Fixed Income Securities | 40,253,069 | - | 40,253,069 | - | - | - | - | - | - |
| Corporate Stock | 262,160,522 | - | 262,160,522 | - | - | - | - | - | - |
| International Corporate Stock | 87,429,403 | - | 87,429,403 | - | - | - | - | - | - |
| Real Estate Investments | 32,299,756 | - | 32,299,756 | - | - | - | - | - | - |
| Short Term Investments | 4,186,788 | - | 4,186,788 | - | - | - | - | - | - |
| Mutual Funds | - | 2,603,897 | 2,603,897 | - | - | - | - | - | - |
| Collateral for Securities Lending | - | - | - | - | - | - | - | - | - |
| Transactions | 33,983,356 | - | 33,983,356 | - | - | - | - | - | - |
| Investments Receivable | 1,583,805 | - | 1,583,805 | - | - | - | - | - | - |
| Accounts Receivable | 1,287,616 | - | 1,287,616 | 400 | 1,350 | 1,750 | - | - | - |
| Land Held for Other Governments | - | - | - | 25,658,841 | 17,837,342 | 43,496,183 | - | - | - |
| Other | 17,224 | - | 17,224 | - | - | - | - | - | - |
| Total Assets | \$ 612,973,058 | \$ 3,488,959 | \$ 616,462,017 | \$ 51,092,730 | \$ 24,042,877 | \$ 75,135,607 | \$ 2,500,971 | \$ 639,499 | \$ 3,140,470 |
| LIABILITIES | | | | | | | | | |
| Accounts Payable | 825,931 | 8,419 | 834,350 | 67 | 43 | 110 | 2,500,971 | 9,690 | 2,510,661 |
| Claims Payable | - | 663,551 | 663,551 | - | - | - | - | - | - |
| Obligation for Collateral Received under Securities Lending Transactions | 33,983,356 | - | 33,983,356 | - | - | - | - | - | - |
| Deposits | - | - | - | - | - | - | - | 629,809 | 629,809 |
| Total Liabilities | \$ 34,809,287 | \$ 671,970 | \$ 35,481,257 | \$ 67 | \$ 43 | \$ 110 | \$ 2,500,971 | \$ 639,499 | \$ 3,140,470 |
| NET ASSETS | | | | | | | | | |
| Assets Held in Trust for: | | | | | | | | | |
| Land Held for Transfer | - | - | - | 25,658,841 | 17,837,342 | 43,496,183 | - | - | - |
| Pension Benefits | 578,163,771 | - | 578,163,771 | - | - | - | - | - | - |
| Other Postemployment Benefits | - | 2,816,989 | 2,816,989 | - | - | - | - | - | - |
| Other Purposes | - | - | - | 25,433,822 | 6,205,492 | 31,639,314 | - | - | - |
| Total Net Assets | \$ 578,163,771 | \$ 2,816,989 | \$ 580,980,760 | \$ 51,092,663 | \$ 24,042,834 | \$ 75,135,497 | \$ - | \$ - | \$ - |

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, 2008

| | 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 | \$ 10,561,434 | \$ 7,982,455 | \$ 18,543,889 | \$ - | \$ - | \$ - | \$ - |
| Plan Members | 4,521,535 | - | 4,521,535 | - | - | - | - |
| Plan Members for Current Benefits | - | 904,938 | 904,938 | - | - | - | - |
| Private Donations | - | - | - | 5,824 | 39,093 | - | 44,917 |
| Total Contributions | 15,082,969 | 8,887,393 | 23,970,362 | 5,824 | 39,093 | 44,917 | 44,917 |
| Contributions from Commission Debt Service Funds | - | - | - | 883,443 | 662,451 | - | 1,545,894 |
| Federal Grants - Medicare | - | 298,681 | 298,681 | - | - | - | - |
| Investment Earnings: | | | | | | | |
| Interest | 7,590,941 | 23,541 | 7,614,482 | 1,277,954 | 243,199 | - | 1,521,153 |
| Dividends | 977,430 | 63,568 | 1,040,998 | - | - | - | - |
| Net increase (decrease) in the Fair Value of Investments | (62,105,788) | (91,264) | (62,197,052) | - | - | - | - |
| Total Investment Earnings | (53,537,417) | (4,155) | (53,541,572) | 1,277,954 | 243,199 | - | 1,521,153 |
| Less Investment Advisory and Management Fees | (1,977,012) | (13,050) | (1,990,062) | - | - | - | - |
| Net Income from Investing Activities | (55,514,429) | (17,205) | (55,531,634) | 1,277,954 | 243,199 | - | 1,521,153 |
| Securities Lending Activity | | | | | | | |
| Securities Lending Income | 2,167,456 | - | 2,167,456 | - | - | - | - |
| Securities Lending Fees | (1,962,564) | - | (1,962,564) | - | - | - | - |
| Net Income from Securities Lending Activity | 204,892 | - | 204,892 | - | - | - | - |
| Total Net Investment Income | (55,309,537) | (17,205) | (55,326,742) | 1,277,954 | 243,199 | - | 1,521,153 |
| Total Additions | (40,226,568) | 9,168,869 | (31,057,699) | 2,167,221 | 944,743 | - | 3,111,964 |
| DEDUCTIONS: | | | | | | | |
| Benefits | 23,635,793 | 6,496,074 | 30,131,867 | - | - | - | - |
| Refunds of Contributions | 382,455 | - | 382,455 | - | - | - | - |
| Administrative expenses | 1,250,164 | - | 1,250,164 | - | - | - | - |
| Contribution to Commission Debt Service Funds | - | - | - | 52,022 | - | - | 52,022 |
| Other | - | - | - | 5,438 | 38,878 | - | 44,316 |
| Total Deductions | 25,268,412 | 6,496,074 | 31,764,486 | 57,460 | 38,878 | - | 96,338 |
| Change in Net Assets | (65,494,980) | 2,672,795 | (62,822,185) | 2,109,761 | 905,865 | - | 3,015,626 |
| Net Assets - Beginning | 643,658,751 | 144,194 | 643,802,945 | 48,982,902 | 23,136,969 | - | 72,119,871 |
| Net Assets - Ending | \$ 578,163,771 | \$ 2,816,989 | \$ 580,980,760 | \$ 51,092,663 | \$ 24,042,834 | \$ - | \$ 75,135,497 |

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, 2008

| | July 1, 2007 | Additions | Deductions | June 30, 2008 |
|--|-----------------|------------|------------|------------------|
| MARYLAND STATE RETIREMENT SYSTEM FUND | | | | |
| ASSETS | | | | |
| Equity in Pooled Cash and Investments | \$ 2,546,365 | \$ 253,411 | \$ 298,805 | \$ 2,500,971 |
| Total Current Assets | \$ 2,546,365 | \$ 253,411 | \$ 298,805 | \$ 2,500,971 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 2,546,365 | \$ 253,411 | \$ 298,805 | \$ 2,500,971 |
| Total Current Liabilities | \$ 2,546,365 | \$ 253,411 | \$ 298,805 | \$ 2,500,971 |
| MONTGOMERY COUNTY FUND | | | | |
| ASSETS | | | | |
| Equity in Pooled Cash and Investments | \$ 899,105 | \$ 10,410 | \$ 270,016 | \$ 639,499 |
| Total Current Assets | \$ 899,105 | \$ 10,410 | \$ 270,016 | \$ 639,499 |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 279,706 | \$ 270,016 | \$ 9,690 |
| Deposits | \$ 899,105 | \$ - | \$ 269,296 | \$ 629,809 |
| Total Current Liabilities | \$ 899,105 | \$ 279,706 | \$ 539,312 | \$ 639,499 |
| TOTALS - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Equity in Pooled Cash and Investments | \$ 3,445,470 | \$ 263,821 | \$ 568,821 | \$ 3,140,470 |
| Total Current Assets | \$ 3,445,470 | \$ 263,821 | \$ 568,821 | \$ 3,140,470 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 2,546,365 | \$ 533,117 | \$ 568,821 | \$ 2,510,661 |
| Deposits | \$ 899,105 | \$ - | \$ 269,296 | \$ 629,809 |
| Total Current Liabilities | \$ 3,445,470 | \$ 533,117 | \$ 838,117 | \$ 3,140,470 |

◆ PART III ◆
STATISTICAL SECTION



An avid M-NCPPC dog park user competes in the “Skyhoundz” canine Frisbee competition.

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 <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> | 118 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the Commission's most significant local revenue source, the property tax.</i> | 123 |
| Debt Capacity <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> | 127 |
| Demographic and Economic Information <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> | 132 |
| Operating Information <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> | 135 |

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

| | Fiscal Year | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Net Assets by Category (1) | | | | | | | |
| Entity-wide Basis | | | | | | | |
| Last Seven Fiscal Years (2) | | | | | | | |
| Governmental Activities: | | | | | | | |
| Invested in Capital Assets, net of related debt | \$ 282,595,478 | \$ 305,800,251 | \$ 364,642,396 | \$ 370,469,274 | \$ 383,457,023 | \$ 416,140,797 | \$ 456,767,669 |
| Unrestricted | 82,792,312 | 86,192,777 | 91,953,723 | 126,681,153 | 159,962,347 | 201,822,613 | 253,129,079 |
| Subtotal Governmental Activities Net Assets | 365,387,790 | 391,993,028 | 456,596,119 | 497,150,427 | 543,419,370 | 617,963,410 | 709,896,748 |
| Business-type Activities: | | | | | | | |
| Invested in Capital Assets, net of related debt | 82,267,248 | 80,397,496 | 85,843,860 | 83,421,966 | 84,318,532 | 81,455,721 | 79,384,327 |
| Restricted for Debt Service | 583,266 | 589,848 | - | - | - | - | - |
| Unrestricted | 3,772,189 | 1,910,929 | 2,238,739 | 2,334,180 | 2,101,083 | 3,881,454 | 2,763,707 |
| Subtotal Business-type Activities Net Assets | 86,622,703 | 82,898,273 | 88,082,599 | 85,756,146 | 86,419,615 | 85,337,175 | 82,148,034 |
| Primary Government: | | | | | | | |
| Invested in Capital Assets, net of related debt | 364,862,726 | 386,197,747 | 450,486,256 | 453,891,240 | 467,775,555 | 497,596,518 | 536,151,996 |
| Restricted for Debt Service | 583,266 | 589,848 | - | - | - | - | - |
| Unrestricted | 86,564,501 | 88,103,706 | 94,192,462 | 129,015,333 | 162,063,430 | 205,704,067 | 255,892,786 |
| Total Government Net Assets | \$ 452,010,493 | \$ 474,891,301 | \$ 544,678,718 | \$ 582,906,573 | \$ 629,838,985 | \$ 703,300,585 | \$ 792,044,782 |

(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 seven years.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-2

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

| | Fiscal Year | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 11,614,891 | \$ 12,678,079 | \$ 12,497,931 | \$ 13,365,605 | \$ 14,110,350 | \$ 15,062,982 | \$ 17,397,550 |
| County Planning and Zoning | 29,739,984 | 29,119,749 | 29,792,531 | 31,089,512 | 35,931,600 | 39,150,300 | 48,649,825 |
| Park Operations and Maintenance | 102,355,291 | 104,484,551 | 112,777,571 | 117,420,745 | 140,378,771 | 145,957,331 | 165,753,521 |
| Recreation Programs | 37,992,630 | 38,057,899 | 39,174,875 | 42,175,861 | 43,058,594 | 46,907,997 | 52,688,859 |
| Interest on Long-term Debt | 8,460,869 | 6,994,245 | 5,483,168 | 6,396,948 | 6,045,652 | 5,693,542 | 5,902,190 |
| Subtotal Governmental Activities | 190,163,665 | 191,334,523 | 199,726,076 | 210,448,671 | 239,524,967 | 252,772,152 | 290,391,945 |
| Business-type Activities: | | | | | | | |
| Recreational and Cultural Facilities | 28,203,070 | 28,243,046 | 30,033,511 | 31,635,252 | 32,957,080 | 28,861,349 | 30,626,723 |
| Total Government Expenses | 218,366,735 | 219,577,569 | 229,759,587 | 242,083,923 | 272,482,047 | 281,633,501 | 321,018,668 |
| Program Revenues | | | | | | | |
| Governmental Activities: | | | | | | | |
| County Planning and Zoning | 2,771,580 | 3,058,135 | 4,392,957 | 4,537,266 | 5,555,883 | 6,452,620 | 4,737,677 |
| Park Operations and Maintenance | 31,666,712 | 26,321,407 | 20,104,060 | 23,359,117 | 23,763,315 | 29,883,255 | 46,784,958 |
| Recreation Programs | 10,330,965 | 9,410,542 | 11,550,937 | 11,921,917 | 12,746,285 | 12,445,128 | 12,452,371 |
| Subtotal Governmental Activities | 44,769,257 | 38,790,084 | 36,047,954 | 39,818,300 | 42,065,483 | 48,781,003 | 63,975,006 |
| Business-type Activities: | | | | | | | |
| Recreational and Cultural Facilities | 22,420,258 | 19,757,618 | 25,901,631 | 23,321,731 | 26,440,370 | 19,705,376 | 18,078,627 |
| Total Government Program Revenues | 67,189,515 | 58,547,702 | 61,949,585 | 63,140,031 | 68,505,853 | 68,486,379 | 82,053,633 |
| Net Government Expenses | (151,177,220) | (161,029,867) | (167,810,002) | (178,943,892) | (203,976,194) | (213,147,122) | (238,965,035) |
| General Revenues and Other Changes in Net Assets | | | | | | | |
| Governmental Activities | 166,516,795 | 179,149,677 | 196,451,625 | 211,184,679 | 243,728,427 | 278,535,189 | 318,350,277 |
| Business-type Activities | 8,383,624 | 4,760,998 | 9,316,206 | 5,987,068 | 7,180,179 | 8,073,533 | 9,358,955 |
| Total Primary Government | 174,900,419 | 183,910,675 | 205,767,831 | 217,171,747 | 250,908,606 | 286,608,722 | 327,709,232 |
| Change in Net Assets | | | | | | | |
| Governmental Activities | 21,122,387 | 26,605,238 | 32,773,503 | 40,554,308 | 46,268,943 | 74,544,040 | 91,933,338 |
| Business-type Activities | 2,600,812 | (3,724,430) | 5,184,326 | (2,326,453) | 663,469 | (1,082,440) | (3,189,141) |
| Total Primary Government | \$ 23,723,199 | \$ 22,880,808 | \$ 37,957,829 | \$ 38,227,855 | \$ 46,932,412 | \$ 73,461,600 | \$ 88,744,197 |

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Program Revenues | | | | | | | |
| Governmental Activities: | | | | | | | |
| County Planning and Zoning | | | | | | | |
| Charges for services | \$ 2,004,103 | \$ 2,206,015 | \$ 3,743,951 | \$ 3,523,763 | \$ 4,535,128 | \$ 5,703,337 | \$ 3,612,794 |
| Operating grants and contributions | 767,477 | 852,120 | 649,006 | 1,013,503 | 1,020,755 | 749,283 | 1,124,883 |
| Total County Planning and Zoning | <u>2,771,580</u> | <u>3,058,135</u> | <u>4,392,957</u> | <u>4,537,266</u> | <u>5,555,883</u> | <u>6,452,620</u> | <u>4,737,677</u> |
| Park Operations and Maintenance | | | | | | | |
| Charges for services | 5,029,035 | 4,689,195 | 5,294,071 | 6,544,420 | 5,498,642 | 5,553,868 | 5,473,310 |
| Operating grants and contributions | 570,005 | 762,869 | 705,213 | 645,795 | 1,106,898 | 1,122,332 | 1,272,686 |
| Capital grants and contributions | 26,067,672 | 20,869,343 | 14,104,776 | 16,168,902 | 17,157,775 | 23,207,055 | 40,038,962 |
| Total Park Operations and Maintenance | <u>31,666,712</u> | <u>26,321,407</u> | <u>20,104,060</u> | <u>23,359,117</u> | <u>23,763,315</u> | <u>29,883,255</u> | <u>46,784,958</u> |
| Recreation Programs | | | | | | | |
| Charges for services | 9,989,550 | 9,083,148 | 11,239,721 | 11,641,554 | 12,294,579 | 12,052,358 | 11,916,298 |
| Operating grants and contributions | 341,415 | 327,394 | 311,216 | 280,363 | 451,706 | 392,770 | 536,073 |
| Total Recreation Programs | <u>10,330,965</u> | <u>9,410,542</u> | <u>11,550,937</u> | <u>11,921,917</u> | <u>12,746,285</u> | <u>12,445,128</u> | <u>12,452,371</u> |
| Total Governmental Activities | <u>44,769,257</u> | <u>38,790,084</u> | <u>36,047,954</u> | <u>39,818,300</u> | <u>42,065,483</u> | <u>48,781,003</u> | <u>63,975,006</u> |
| Business-type Activities: | | | | | | | |
| Recreational and Cultural Facilities | | | | | | | |
| Charges for services | 22,420,258 | 19,757,618 | 22,046,268 | 23,321,731 | 22,969,521 | 19,286,008 | 17,926,991 |
| Operating grants and contributions | - | - | 26,000 | - | - | 146,596 | 151,636 |
| Capital grants and contributions | - | - | 3,829,363 | - | 3,470,849 | 272,772 | - |
| Total Recreational and Cultural Facilities | <u>22,420,258</u> | <u>19,757,618</u> | <u>25,901,631</u> | <u>23,321,731</u> | <u>26,440,370</u> | <u>19,705,376</u> | <u>18,078,627</u> |
| Total Government Program Revenues | <u>\$ 67,189,515</u> | <u>\$ 58,547,702</u> | <u>\$ 61,949,585</u> | <u>\$ 63,140,031</u> | <u>\$ 68,505,853</u> | <u>\$ 68,486,379</u> | <u>\$ 82,053,633</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | |
| Governmental Activities | | | | | | | |
| Property Taxes | \$ 174,735,630 | \$ 181,859,997 | \$ 204,217,877 | \$ 213,178,802 | \$ 241,784,351 | \$ 272,927,451 | \$ 313,813,140 |
| Unrestricted Investment Earnings | 3,073,142 | 1,931,787 | 1,418,407 | 3,908,309 | 8,870,876 | 13,361,838 | 13,601,237 |
| Gain/Loss on Disposal of Land | (3,170,165) | (4,920) | 35,676 | - | - | - | - |
| Transfers | (8,121,812) | (4,637,187) | (9,220,335) | (5,902,432) | (6,926,800) | (7,754,100) | (9,064,100) |
| Total Governmental Activities | <u>\$ 166,516,795</u> | <u>\$ 179,149,677</u> | <u>\$ 196,451,625</u> | <u>\$ 211,184,679</u> | <u>\$ 243,728,427</u> | <u>\$ 278,535,189</u> | <u>\$ 318,350,277</u> |
| Business-type Activities | | | | | | | |
| Unrestricted Investment Earnings | 261,812 | 123,811 | 95,871 | 84,636 | 253,379 | 319,433 | 294,855 |
| Transfers | 8,121,812 | 4,637,187 | 9,220,335 | 5,902,432 | 6,926,800 | 7,754,100 | 9,064,100 |
| Total Business-type Activities | <u>8,383,624</u> | <u>4,760,998</u> | <u>9,316,206</u> | <u>5,987,068</u> | <u>7,180,179</u> | <u>8,073,533</u> | <u>9,358,955</u> |
| Total Primary Government | <u>\$ 174,900,419</u> | <u>\$ 183,910,675</u> | <u>\$ 205,767,831</u> | <u>\$ 217,171,747</u> | <u>\$ 250,908,606</u> | <u>\$ 286,608,722</u> | <u>\$ 327,709,232</u> |

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

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| General Fund | \$ 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 | \$ 21,618,725 |
| Reserved | 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 | 2,149,543 |
| Unreserved, reported in: | 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 | 10,702,580 |
| Montgomery Administration Account | 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 | 18,658,565 |
| Prince George's Administration Account | 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 | 64,078,004 |
| Prince George's Park Account | 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 | 33,487,704 |
| Prince George's Recreation Account | 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 | 150,695,121 |
| Total General Fund | 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 | 25,013,746 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved (deficit), reported in: | | | | | | | | | | |
| Special Revenue Funds | 12,979,957 | 12,596,487 | 3,478,091 | 6,546,298 | 5,888,267 | 6,466,722 | 7,088,718 | 8,358,389 | 9,421,909 | 6,992,786 |
| Capital Projects Funds | 30,090,740 | 22,436,832 | 17,589,085 | 17,427,284 | 21,121,422 | 19,573,788 | 27,292,889 | 15,279,284 | 40,535,220 | 69,407,232 |
| Total All Other Governmental Funds | \$ 86,497,122 | \$ 80,059,741 | \$ 67,844,526 | \$ 87,499,131 | \$ 91,832,162 | \$ 104,159,186 | \$ 124,756,371 | \$ 155,475,260 | \$ 200,421,668 | \$ 252,108,885 |

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)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | | | | | | | | | | |
| Property Taxes | \$ 161,579,148 | \$ 166,088,780 | \$ 169,028,884 | \$ 177,143,063 | \$ 182,180,854 | \$ 199,178,086 | \$ 216,047,829 | \$ 244,607,360 | \$ 273,443,221 | \$ 313,628,421 |
| Intergovernmental | 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 | 38,609,800 |
| Charges for Services | 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 | 11,457,579 |
| Rentals and Concessions | 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 | 8,977,209 |
| Interest | 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 | 10,996,141 |
| Miscellaneous | 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 | 1,749,098 |
| Total Revenues | 195,855,069 | 203,177,325 | 206,913,074 | 214,999,307 | 213,811,417 | 234,926,354 | 254,824,003 | 288,637,360 | 328,601,283 | 385,418,248 |
| Expenditures | | | | | | | | | | |
| General Government | 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 | 16,809,827 |
| Planning and Zoning | 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 | 47,993,136 |
| Park Operations and Maintenance | 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 | 148,113,743 |
| Recreation | 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 | 50,361,564 |
| Contributions | - | - | - | - | - | - | - | - | - | 1,545,894 |
| Debt Service | - | - | - | - | - | - | - | - | - | - |
| Principal | 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 | 13,131,800 |
| Interest | 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 | 5,504,890 |
| Other Debt Service Costs | 212,054 | 33,237 | 81,752 | 70,981 | 553,630 | 525,375 | 188,317 | 262,491 | 258,155 | 87,937 |
| Capital Projects | 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 | 40,868,140 |
| Total Expenditures | 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 | 324,416,931 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from General Obligation Bonds | 7,000,000 | - | 5,700,000 | 18,744,820 | 26,422,900 | 14,720,000 | 4,002,020 | - | 13,600,000 | 17,300,000 |
| Refunding Bonds Issued | 21,000,000 | - | - | - | 29,592,100 | 22,805,000 | - | 19,130,000 | - | (17,300,000) |
| Loan Issued | - | - | - | - | - | - | - | - | 284,000 | - |
| Premiums on Bonds Issued | - | - | - | - | 281,807 | 1,926,886 | - | 88,405 | - | 93,709 |
| Payment to Refunding Bond Escrow Account | (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 | 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 | 54,409,188 |
| Transfers Out | (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) | (63,723,288) |
| Total Other Financing Sources (Uses) | (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 | (9,314,100) |
| Net Change in Fund Balances | (19,126,195) | (6,437,381) | (12,215,215) | 11,637,736 | 4,333,031 | 12,327,024 | 20,597,785 | 30,716,289 | 44,946,408 | 51,687,217 |
| Beginning Fund Balance | 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 | 200,421,668 |
| Ending Fund Balance | \$ 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 | \$ 252,108,885 |
| Debt Service as a Percentage of Noncapital Expenditures | 9.02% | 9.52% | 8.76% | 9.22% | 17.65% | 8.30% | 8.09% | 7.62% | 6.77% | 6.56% |

(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 (1) | | | 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 | | |
| 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 | 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 | 0.902 | 3,948,950 | 2.242 | 129,659,726 | 135,583,270 | 95.63 | |
| 2008 | 142,306,436 | 145,210,649 | 0.902 | 3,970,547 | 2.241 | 146,276,983 | 149,181,196 | 98.05 | |

PRINCE GEORGE'S COUNTY

| Fiscal Year | Real Property (1) | | | 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 | | |
| 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 | 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 | |
| 2008 | 72,840,584 | 82,244,050 | 0.915 | 2,888,299 | 2.327 | 75,728,883 | 85,132,349 | 88.95 | |

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 | | Total |
|-------------|----------------|-------------|-----------------|--------------------------|---------------|-------------|----------------------------|--|-------|
| | \$ | | | \$ | | | Within County | | |
| 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 | | |
| 2008 | | 0.019/0.047 | 0.0580/0.1450 | 0.0010/0.0030 | 0.0780/0.1950 | 0.811/2.027 | 0.889/2.222 | | |

PRINCE GEORGE'S COUNTY

| Fiscal Year | Administration | | Park Operations | Advance Land Acquisition | | Recreation | Total | County-wide Property Taxes | | Total |
|-------------|----------------|---------------|-----------------|--------------------------|---------------|---------------|---------------|----------------------------|--|-------|
| | \$ | | | \$ | | | | Within County | | |
| 1999 | | 0.1103 | \$ 0.3534 | \$ 0.0062 | 0.6100 | 0.1401 | \$ 2.7360 | \$ 3.3460 | | |
| 2000 | | 0.1123 | 0.3534 | 0.0062 | 0.6100 | 0.1381 | 2.7340 | 3.3440 | | |
| 2001 | | 0.1153 | 0.3534 | 0.0032 | 0.6100 | 0.1381 | 2.7330 | 3.3430 | | |
| 2002 | (1) | 0.0466/0.1165 | 0.1420/0.3550 | 0.0013/0.0032 | 0.2440/0.6100 | 0.0541/0.1353 | 1.0906/2.7277 | 1.3346/3.3377 | | |
| 2003 | | 0.0466/0.1165 | 0.1420/0.3550 | 0.0013/0.0032 | 0.2440/0.6100 | 0.0541/0.1353 | 1.0901/2.7253 | 1.3341/3.3353 | | |
| 2004 | | 0.0466/0.1165 | 0.1770/0.4425 | 0.0013/0.0032 | 0.2790/0.6975 | 0.0541/0.1353 | 1.1384/2.8471 | 1.4174/3.5446 | | |
| 2005 | | 0.0466/0.1165 | 0.1719/0.4298 | 0.0013/0.0032 | 0.2790/0.6975 | 0.0592/0.1480 | 1.1357/2.8390 | 1.4147/3.5365 | | |
| 2006 | | 0.0466/0.1165 | 0.1719/0.4298 | 0.0013/0.0032 | 0.2790/0.6975 | 0.0592/0.1480 | 1.1381/2.8437 | 1.4171/3.5412 | | |
| 2007 | | 0.0466/0.1165 | 0.1719/0.4298 | 0.0013/0.0032 | 0.2790/0.6975 | 0.0592/0.1480 | 1.1165/2.7916 | 1.3955/3.4891 | | |
| 2008 | | 0.0466/0.1165 | 0.1719/0.4298 | 0.0013/0.0032 | 0.2790/0.6975 | 0.0592/0.1480 | 1.1069/2.8069 | 1.3859/3.5044 | | |

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> | 2008 | | | 1999 (1) | | |
|--|---------------------------|------|--|--------------------------|------|--|
| | Total Assessment | Rank | Percentage of Total Assessed Valuation | Total Assessment | Rank | Percentage of Total Assessed Valuation |
| Potomac Electric Power Company | \$ 689,238,812 | 1 | 0.47 % | \$ 996,240,780 | 1 | 3.15 % |
| Verizon | 677,976,920 | 2 | 0.46 | - | - | - |
| Montgomery Mall | 388,230,580 | 3 | 0.27 | 78,371,130 | 6 | 0.25 |
| 7501 Wisconsin Ave. LLC | 220,262,500 | 4 | 0.15 | - | - | - |
| Washington Gas Light Company | 219,256,160 | 5 | 0.15 | 172,029,460 | 3 | 0.54 |
| Federal Realty Investment Trust | 217,618,610 | 6 | 0.15 | - | - | - |
| Mirant Mid-Atlantic LLC | 199,580,310 | 7 | 0.14 | - | - | - |
| Camalier, Anne D et al, Trustee | 196,269,158 | 8 | 0.13 | - | - | - |
| Democracy Associates | 184,676,600 | 9 | 0.13 | - | - | - |
| Wheaton Plaza Regional Shopping Center | 180,823,356 | 10 | 0.12 | 46,182,510 | 9 | 0.15 |
| Bell Atlantic - Washington D.C. Inc | - | - | - | 656,382,670 | 2 | 2.07 |
| International Business Machines | - | - | - | 91,778,710 | 4 | 0.29 |
| May Department Stores | - | - | - | 80,543,280 | 5 | 0.25 |
| Bryant F. Foulger, Trustee | - | - | - | 56,683,540 | 7 | 0.18 |
| Albert & R. Abramson, et. al. | - | - | - | 51,945,040 | 8 | 0.16 |
| Marbeth Partnership | - | - | - | 45,274,990 | 10 | 0.14 |
| Total | \$ 3,173,933,006 | | 2.17 % | \$ 2,275,432,110 | | 7.19 % |
| Total Assessable Base | \$ 146,276,982,963 | | 100.00 % | \$ 31,664,626,551 | | 100.00 % |

PRINCE GEORGE'S COUNTY

| <u>Taxpayer</u> | 2008 | | | 1999 (1) | | |
|------------------------------------|--------------------------|------|--|--------------------------|------|--|
| | Total Assessment | Rank | Percentage of Total Assessed Valuation | Total Assessment | Rank | Percentage of Total Assessed Valuation |
| Mirant Chalk Point LLC | \$ 486,861,570 | 1 | 0.64 % | \$ - | - | - % |
| Potomac Electric Power Company | 408,070,450 | 2 | 0.54 | 977,977,140 | 1 | 5.58 |
| Verizon Maryland | 388,721,010 | 3 | 0.51 | - | - | - |
| Washington Gas Light Company | 211,925,358 | 4 | 0.28 | 151,633,140 | 3 | 0.87 |
| JKC Stadium (FedEx Field) | 184,912,132 | 5 | 0.24 | 99,401,933 | 4 | 0.57 |
| Gaylord National, LLC | 175,619,200 | 6 | 0.23 | - | - | - |
| Greenbelt Homes, Incorporated | 138,604,603 | 7 | 0.18 | - | - | - |
| Baltimore Gas and Electric Company | 133,597,130 | 8 | 0.18 | 85,922,030 | 5 | 0.49 |
| Silver Oaks Campus LLC | 115,463,500 | 9 | 0.15 | - | - | - |
| Samuel Zell TRS | 112,316,399 | 10 | 0.15 | - | - | - |
| Bell Atlantic Maryland | - | - | - | 386,429,690 | 2 | 2.20 |
| Giant Foods, Inc. | - | - | - | 49,036,720 | 7 | 0.28 |
| Secretary of HUD | - | - | - | 42,500,530 | 8 | 0.24 |
| Secretary of Veterans Affairs | - | - | - | 41,415,720 | 9 | 0.24 |
| Panda-Brandywine Partnership | - | - | - | 77,217,230 | 6 | 0.44 |
| Jones Communication of MD Inc | - | - | - | 37,133,200 | 10 | 0.21 |
| Total | \$ 2,356,091,352 | | 3.11 % | \$ 1,948,667,333 | | 11.12 % |
| Total Assessable Base | \$ 75,728,882,767 | | 100.00 % | \$ 17,525,978,395 | | 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 |
|-------------|----------------|-------------------------|---------------------------|---------------------------------|-------------------|--|
| 1999 | \$ 60,547,511 | \$ 59,484,336 | 98.2 % | \$ 1,246,119 | \$ 60,730,455 | 100.3 % |
| 2000 | 61,998,281 | 60,973,987 | 98.3 | 471,608 | 61,445,595 | 99.1 |
| 2001 | 65,210,972 | 64,015,359 | 98.2 | 317,305 | 64,332,664 | 98.7 |
| 2002 | 69,302,154 | 68,605,694 | 99.0 | 1,486,724 | 70,092,418 | 101.1 |
| 2003 | 69,493,121 | 68,994,492 | 99.3 | 692,679 | 69,687,171 | 100.3 |
| 2004 | 68,788,496 | 68,447,863 | 99.5 | 651,988 | 69,099,851 | 100.5 |
| 2005 | 74,428,353 | 74,232,900 | 99.7 | 314,817 | 74,547,717 | 100.2 |
| 2006 | 87,277,546 | 84,587,921 | 96.9 | 2,568,766 | 87,156,687 | 99.9 |
| 2007 | 91,903,957 | 91,347,333 | 99.4 | 87,440 | 91,434,773 | 99.5 |
| 2008 | 102,981,734 | 102,582,155 | 99.6 | - | 102,582,155 | 99.6 |

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 |
|-------------|----------------|-------------------------|---------------------------|---------------------------------|-------------------|--|
| 1999 | \$ 101,339,962 | \$ 100,037,283 | 98.7 % | \$ 1,155,611 | \$ 101,192,894 | 99.9 % |
| 2000 | 103,461,526 | 102,213,005 | 98.8 | 578,268 | 102,791,273 | 99.4 |
| 2001 | 105,035,614 | 103,544,928 | 98.6 | 747,069 | 104,291,997 | 99.3 |
| 2002 | 107,977,263 | 106,777,906 | 98.9 | 927,119 | 107,705,025 | 99.7 |
| 2003 | 112,003,391 | 110,517,257 | 98.7 | 758,381 | 111,275,638 | 99.4 |
| 2004 | 132,837,385 | 128,734,271 | 96.9 | 3,629,349 | 132,363,620 | 99.6 |
| 2005 | 141,452,179 | 140,621,685 | 99.4 | 291,590 | 140,913,275 | 99.6 |
| 2006 | 156,005,194 | 155,091,912 | 99.4 | 444,585 | 155,536,497 | 99.7 |
| 2007 | 178,448,928 | 177,139,126 | 99.3 | 615,008 | 177,754,134 | 99.6 |
| 2008 | 210,271,715 | 208,168,095 | 99.0 | - | 208,168,095 | 99.0 |

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 | | Ratios | |
|------|--------------------------------|------------------|-------------------------------|------------------|--------------------------------|---|---------------------------------------|--|---|---------------------------------------|-------|
| | General Obligation Bonds | Notes Payable | Revenue Bonds and Notes | Notes Payable | | Percentage Of Personal Income (2) | Outstanding Debt Per Capita (2) | Total Debt | Percentage Of Personal Income (2) | Outstanding Debt Per Capita (2) | |
| 1999 | 28,985 | 3,550 | 13,658 | 124 | 46,317 | 0.12 | 53.71 | 5,560 | 0.13 | 51,877 | 60.16 |
| 2000 | 27,125 | 2,149 | 13,255 | - | 42,529 | 0.10 | 48.40 | 5,255 | 0.11 | 47,784 | 54.38 |
| 2001 | 30,920 | 4,792 | 12,388 | 273 | 48,373 | 0.11 | 54.07 | 4,925 | 0.12 | 53,298 | 59.58 |
| 2002 | 28,700 | 3,577 | 11,811 | 218 | 44,306 | 0.09 | 48.80 | 4,500 | 0.10 | 48,806 | 53.76 |
| 2003 | 32,125 | 4,976 | 10,852 | 290 | 48,243 | 0.10 | 52.66 | 4,225 | 0.11 | 52,468 | 57.27 |
| 2004 | 29,830 | 3,291 | 9,860 | 204 | 43,185 | 0.08 | 46.88 | 3,805 | 0.09 | 46,990 | 51.01 |
| 2005 | 31,760 | 5,256 | 8,825 | 114 | 45,955 | 0.08 | 49.55 | 5,390 | 0.09 | 51,345 | 55.36 |
| 2006 | 29,555 | 3,711 | 7,780 | 54 | 41,100 | 0.07 | 43.86 | 4,845 | 0.08 | 45,945 | 49.03 |
| 2007 | 32,025 | 5,259 | 6,715 | 27 | 44,026 | 0.07 | 46.49 | 4,290 | 0.08 | 48,316 | 51.02 |
| 2008 | 29,465 | 3,522 | 5,630 | - | 38,617 | 0.06 | 40.78 | 3,745 | 0.07 | 42,362 | 44.73 |

PRINCE GEORGE'S COUNTY

| Year | Governmental Activities | | Business-Type Activities | | Total Primary Government | Ratios | | Advance Land Acquisition General Obligation Bonds | | Ratios | |
|------|--------------------------------|------------------|-------------------------------|------------------|--------------------------------|---|---------------------------------------|--|---|---------------------------------------|--------|
| | General Obligation Bonds | Notes Payable | Revenue Bonds and Notes | Notes Payable | | Percentage Of Personal Income (2) | Outstanding Debt Per Capita (2) | Total Debt | Percentage Of Personal Income (2) | Outstanding Debt Per Capita (2) | |
| 1999 | 117,980 | 1,982 | - | - | 119,962 | 0.56 | 152.04 | 3,605 | 0.57 | 123,567 | 156.60 |
| 2000 | 112,635 | 1,893 | - | - | 114,528 | 0.49 | 142.68 | 3,370 | 0.51 | 117,898 | 146.87 |
| 2001 | 107,280 | 1,796 | - | - | 109,076 | 0.45 | 133.68 | 3,135 | 0.46 | 112,211 | 137.53 |
| 2002 | 119,620 | 1,765 | - | - | 121,385 | 0.48 | 146.99 | 2,800 | 0.49 | 124,185 | 150.38 |
| 2003 | 113,655 | 1,675 | - | - | 115,330 | 0.44 | 138.49 | 2,470 | 0.45 | 117,800 | 141.46 |
| 2004 | 121,965 | 1,530 | - | - | 123,495 | 0.44 | 147.40 | 2,145 | 0.45 | 125,640 | 149.96 |
| 2005 | 113,480 | 1,714 | - | - | 115,194 | 0.39 | 136.69 | 1,825 | 0.40 | 117,019 | 138.85 |
| 2006 | 105,030 | 1,496 | - | - | 106,526 | 0.35 | 126.62 | 1,505 | 0.36 | 108,031 | 128.41 |
| 2007 | 105,400 | 1,806 | - | - | 107,206 | n.a | 129.36 | 1,190 | n.a | 108,396 | 130.79 |
| 2008 | 95,735 | 1,438 | - | - | 97,173 | n.a | n.a | 885 | n.a | 98,058 | 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 2007 and FY 2008.

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 |
| 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 | 892,818 | 29,324,926 | 30,920 | 0.11 | 34.63 | 33,726,861 | 4,925 | 0.01 | 5.52 |
| 2002 (3) | 904,813 | 71,060,080 | 28,700 | 0.04 | 31.72 | 81,776,292 | 4,500 | 0.01 | 4.97 |
| 2003 | 911,968 | 75,030,387 | 32,125 | 0.04 | 35.23 | 86,635,192 | 4,225 | 0.00 | 4.63 |
| 2004 | 915,967 | 80,589,255 | 29,830 | 0.04 | 32.57 | 93,226,807 | 3,805 | 0.00 | 4.15 |
| 2005 | 921,016 | 88,294,369 | 31,760 | 0.04 | 34.48 | 102,184,337 | 5,390 | 0.01 | 5.85 |
| 2006 | 925,327 | 99,136,692 | 29,555 | 0.03 | 31.94 | 114,360,878 | 4,845 | 0.00 | 5.24 |
| 2007 | 930,813 | 112,335,704 | 32,025 | 0.03 | 34.41 | 129,659,726 | 4,290 | 0.00 | 4.61 |
| 2008 | 938,508 | 126,613,148 | 29,465 | 0.02 | 31.40 | 146,276,983 | 3,745 | 0.00 | 3.99 |

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 |
| 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 | 828,770 | 59,177,385 | 105,400 | 0.18 | 127.18 | 63,544,195 | 1,190 | 0.00 | 1.44 |
| 2008 | n. a. | 70,615,992 | 95,735 | 0.14 | n. a. | 75,728,883 | 885 | 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 except 2008 Montgomery County population estimated by the Montgomery County Office of Finance

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Table T-12

Direct and Overlapping Governmental Activities Debt

June 30, 2008

| | Debt Outstanding | Estimated Percentage Applicable | Montgomery County Estimated Share of Overlapping Debt | Prince George's County Estimated Share of Overlapping Debt | Total Estimated Share of Overlapping Debt |
|---|---------------------|---------------------------------------|---|--|--|
| Overlapping Debt: | | | | | |
| Montgomery County: | | | | | |
| Montgomery County Government Direct Debt | \$ 1,921,401,484 | 100.00% | \$ 1,921,401,484 | \$ - | \$ 1,921,401,484 |
| MCPS - capital leases | 49,420,506 | 100.00% | 49,420,506 | - | 49,420,506 |
| MCC - capital leases | 32,130,000 | 100.00% | 32,130,000 | - | 32,130,000 |
| Kingsview Village Center - bonds | 2,145,000 | 100.00% | 2,145,000 | - | 2,145,000 |
| West Germantown - bonds | 15,270,000 | 100.00% | 15,270,000 | - | 15,270,000 |
| Towns, Cities and Villages | 52,321,022 | 100.00% | 52,321,022 | - | 52,321,022 |
| Prince George's County: | | | | | |
| Prince George's County Direct Debt | 782,927,125 | 100.00% | - | 782,927,125 | 782,927,125 |
| IDA of Prince George's County - lease revenue bonds | 48,553,292 | 100.00% | - | 48,553,292 | 48,553,292 |
| Towns, Cities and Villages | - | 100.00% | - | - | - |
| Total Overlapping Debt | | | <u>2,072,688,012</u> | <u>831,480,417</u> | <u>2,904,168,429</u> |
| M-NCPPC Direct Debt Outstanding (1) | | | <u>36,732,022</u> | <u>98,058,370</u> | <u>134,790,392</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 2,109,420,034</u> | <u>\$ 929,538,787</u> | <u>\$ 3,038,958,821</u> |

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

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|----------------|----------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| 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 | \$ 109,087,987,868 | \$ 123,349,223,504 |
| 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 | 3,263,924,271 |
| Total Assessed Value | 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 | 126,613,147,775 |
| 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 | 44,405,720 |
| Personal Property at 9 cents | 24,931,223 | 25,567,782 | 26,392,433 | 3,088,340 | 3,039,038 | 2,876,894 | 2,860,577 | 2,815,574 | 2,922,935 | 2,937,532 |
| | | | | 27,434,633 | 28,834,362 | 30,738,268 | 33,502,319 | 37,378,554 | 42,194,614 | 47,343,252 |
| Revenue available from mandatory park tax over next thirty years - Legal Debt Limit | 747,936,690 | 767,033,460 | 791,772,990 | 823,038,990 | 865,030,860 | 922,148,040 | 1,005,089,570 | 1,121,356,620 | 1,265,838,420 | 1,420,297,560 |
| Debt Service Applicable to Limit | 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 | 38,059,329 |
| Legal Debt Margin | \$ 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 | \$ 1,382,238,231 |
| Debt Service Applicable to Limit as a Percentage of the Limit | 5.44% | 4.87% | 5.46% | 4.80% | 5.03% | 4.32% | 4.20% | 3.42% | 3.31% | 2.68% |

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

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|----------------|----------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 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 | \$ 67,906,380,950 |
| Personal Property | - | - | - | 2,869,889,000 | 2,866,092,000 | 2,758,807,706 | 2,649,333,133 | 2,811,867,582 | 2,638,722,757 | 2,709,610,652 |
| Total Assessed Value | 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 | 70,615,991,602 |
| 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 | 16,009,585 | 17,332,823 | 20,908,816 | 22,615,465 | 27,162,552 |
| Personal Property at 10 cents | 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 | 29,872,163 |
| Revenue available from mandatory park tax over next thirty years - Legal Debt Limit | 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 | 896,164,890 |
| Debt Service Applicable to Limit | 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 | 119,846,031 |
| Legal Debt Margin | \$ 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 | \$ 776,318,859 |
| Debt Service Applicable to Limit as a Percentage of the Limit | 33.62% | 30.58% | 27.92% | 30.31% | 27.29% | 27.78% | 24.42% | 19.12% | 17.91% | 13.37% |

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 | |
| 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 |
| 2008 | 181,899 | 159,104 | 22,795 | 336,735 | 98,587 | 0.05 |

| Wheaton Ice Rink Revenue Bonds | | | | | | |
|--------------------------------|--------------------|------------------------------|---------------------------|--------------|------------|----------|
| Year | Gross Revenues (2) | Less: Operating Expenses (3) | Net Available Revenue (4) | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 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) |
| 2008 | 981,681 | 1,262,416 | (280,735) | 304,437 | 53,165 | (0.79) |

| 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 |
| 2008 | 2,505,663 | 2,204,101 | 301,562 | 444,444 | 139,512 | 0.52 |

- 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

| <u>Year</u> | <u>Population (1)</u> | <u>Total Personal Income 000's omitted (2,3)</u> | <u>Per Capita Income (4)</u> | <u>Labor Force (5)</u> | <u>Unemployment Rate (6)</u> | <u>Registered Pupils (7)</u> |
|-------------|-----------------------|--|----------------------------------|----------------------------|----------------------------------|----------------------------------|
| 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 | 892,818 | 45,537,627 | 51,004 | 490,213 | 3.1 | 134,180 |
| 2002 | 904,813 | 47,041,902 | 51,991 | 496,101 | 3.5 | 136,832 |
| 2003 | 911,968 | 48,533,753 | 53,219 | 497,820 | 3.3 | 138,891 |
| 2004 | 915,967 | 51,907,936 | 56,670 | 498,237 | 3.2 | 139,203 |
| 2005 | 921,016 | 55,619,405 | 60,389 | 507,556 | 3.1 | 139,337 |
| 2006 | 925,327 | 58,992,132 | 63,753 | 512,434 | 2.8 | 139,387 |
| 2007 | 930,813 | 62,900,000 | 67,575 | 512,310 | 2.7 | 137,798 |
| 2008 | 938,508 | 65,400,000 | 69,685 | 514,100 | 2.8 | 137,745 |

PRINCE GEORGE'S COUNTY

| <u>Year</u> | <u>Population (8)</u> | <u>Total Personal Income 000's omitted (2)</u> | <u>Per Capita Income (2)</u> | <u>Labor Force (9)</u> | <u>Unemployment Rate (6)</u> | <u>Registered Pupils (10)</u> |
|-------------|-----------------------|--|----------------------------------|----------------------------|----------------------------------|-----------------------------------|
| 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 | 30,137,985 | 36,108 | 454,601 | 4.1 | 133,325 |
| 2007 | 828,770 | n. a. | n. a. | 454,054 | 4.0 | 131,014 |
| 2008 | n. a. | n. a. | n. a. | 452,822 | 4.1 | 129,752 |

Notes:

(1) Source: Data for 1999-2007 from the U.S. Bureau of the Census, data for 2008 estimated by the Montgomery County Department of Finance

(2) Source: Bureau of Economic Analysis, U.S. Department of Commerce

(3) Source: Data for 2007 - 2008 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: www.mdreportcard.org, updated 2008

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

TABLE T-16

Total Government Employees by Function
Last Ten Fiscal Years

MONTGOMERY COUNTY

| | Fiscal Year | | | | | | | | | |
|--|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Governmental Activities | | | | | | | | | | |
| Commissioners Office | 14.00 | 14.41 | 14.41 | 14.41 | 14.41 | 14.22 | 14.19 | 16.70 | 16.70 | 16.40 |
| Department of Human Resources and Management | 22.75 | 22.75 | 24.75 | 24.25 | 24.05 | 24.35 | 23.75 | 23.75 | 23.75 | 24.50 |
| Department of Finance | 28.60 | 28.60 | 28.80 | 29.30 | 29.00 | 28.30 | 28.30 | 29.30 | 29.30 | 29.60 |
| Legal Department | 8.50 | 8.75 | 8.75 | 9.75 | 9.40 | 9.40 | 9.50 | 11.00 | 11.00 | 12.70 |
| Merit System Board | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| General Government: | 74.10 | 74.76 | 76.96 | 77.96 | 77.11 | 76.52 | 75.99 | 81.00 | 81.00 | 83.45 |
| County Planning and Zoning: | | | | | | | | | | |
| Office of the Planning Director | 4.00 | 3.00 | 2.50 | 2.50 | 2.30 | 2.50 | 2.50 | 2.50 | 3.30 | 3.77 |
| Management Services | 8.80 | 13.10 | 13.10 | 12.80 | 12.40 | 12.80 | 11.30 | 11.10 | 9.30 | 7.60 |
| Strategic Planning | - | 5.00 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.40 | 3.30 | 4.30 |
| Community-Based Planning | 46.90 | 46.50 | 46.20 | 45.70 | 45.75 | 44.70 | 43.70 | 39.00 | 38.00 | 38.77 |
| County-Wide Planning | 39.40 | 37.90 | 38.20 | 41.40 | 42.35 | 41.70 | 40.20 | 40.10 | 41.00 | 48.57 |
| Development Review | 24.20 | 25.20 | 24.30 | 24.40 | 24.20 | 24.80 | 24.60 | 28.50 | 35.60 | 35.00 |
| Research and Technology | 30.00 | 30.00 | 28.50 | 28.50 | 29.80 | 28.00 | 26.80 | 26.30 | 26.90 | 31.30 |
| Total County Planning and Zoning | 153.30 | 160.70 | 157.30 | 160.20 | 161.50 | 159.00 | 153.60 | 151.90 | 157.40 | 169.31 |
| Park Operations and Maintenance: | | | | | | | | | | |
| Director of Parks | - | 15.40 | 15.40 | 17.00 | 16.50 | 2.00 | 4.00 | 3.90 | 24.20 | 23.65 |
| Superintendent of Parks | 15.20 | - | - | - | - | 15.00 | 19.00 | 19.00 | - | - |
| Management Services | 3.50 | - | - | - | - | - | - | - | - | 7.22 |
| Facilities Management | - | - | - | - | - | - | - | - | - | 6.90 |
| Research and Technology | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 10.00 | 7.70 | 8.90 | 10.10 | 11.50 |
| County-Wide Planning | 12.00 | 12.00 | 16.80 | 17.10 | 16.30 | 16.05 | 18.95 | 20.50 | 18.85 | 29.88 |
| Park Development | 25.82 | 29.27 | 27.90 | 27.80 | 26.50 | 27.50 | 27.00 | 27.70 | 26.50 | 28.50 |
| Park Police | 107.50 | 108.50 | 114.50 | 115.50 | 115.05 | 115.50 | 112.50 | 111.20 | 117.50 | 112.85 |
| Natural Resources | 63.32 | 66.27 | 70.60 | 69.05 | 69.25 | 67.65 | 65.05 | 67.30 | 65.65 | 62.65 |
| Central Maintenance | 105.00 | 105.40 | 110.90 | 109.90 | 107.25 | 102.30 | 98.30 | 106.80 | 101.30 | 102.77 |
| Northern Region | 113.25 | 115.50 | 116.15 | 117.40 | 123.25 | 118.00 | 113.90 | 118.00 | 115.10 | 114.71 |
| Southern Region | 193.00 | 198.00 | 198.95 | 194.20 | 197.30 | 190.30 | 175.00 | 181.50 | 174.22 | 179.11 |
| Property Management | 1.10 | 1.10 | 1.10 | 1.10 | 2.10 | 3.10 | 3.10 | 3.00 | 3.00 | 3.50 |
| Total Park Operations and Maintenance | 647.69 | 659.44 | 680.30 | 677.05 | 681.50 | 667.40 | 644.50 | 667.80 | 656.42 | 683.24 |
| Business-Type Activities | | | | | | | | | | |
| Recreational and Cultural Facilities | 208.40 | 211.85 | 235.60 | 231.65 | 226.35 | 229.30 | 215.40 | 204.70 | 109.70 | 110.30 |
| Total Workyears | 1,083.49 | 1,106.75 | 1,150.16 | 1,146.86 | 1,146.46 | 1,132.22 | 1,089.49 | 1,105.40 | 1,004.52 | 1,046.30 |

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 | | | | | | | | | |
|---------------------------------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Governmental Activities | | | | | | | | | | |
| General Government: | 75.50 | 76.25 | 78.45 | 77.45 | 76.60 | 75.70 | 75.70 | 77.20 | 79.35 | 82.65 |
| County Planning and Zoning: | | | | | | | | | | |
| Director's Office | 23.70 | 24.20 | 13.00 | 15.50 | 14.00 | 14.00 | 13.00 | 15.00 | 14.00 | 14.00 |
| Development Review | 28.70 | 29.20 | 41.20 | 39.70 | 41.20 | 42.70 | 43.60 | 46.60 | 48.40 | 49.70 |
| Information Permit Review | 17.00 | 18.00 | - | - | - | - | - | - | - | - |
| Community Planning | 23.60 | 23.60 | 23.60 | 24.60 | 22.93 | 21.03 | 24.13 | 26.88 | 33.63 | 45.80 |
| Redevelopment Authority | 14.00 | 14.00 | 14.00 | 14.00 | 13.90 | 14.00 | - | - | - | - |
| Natural Resources | 8.60 | 12.60 | - | - | - | - | - | - | - | - |
| Transportation | 11.00 | 10.00 | - | - | - | - | - | - | - | - |
| Urban Design | 10.00 | 10.00 | - | - | - | - | - | - | - | - |
| Information Management | 33.00 | 32.00 | 26.00 | 22.00 | 21.80 | 23.00 | 22.00 | 23.00 | 23.50 | 24.60 |
| County-Wide Planning | - | - | 30.60 | 30.60 | 29.80 | 31.00 | 32.00 | 34.00 | 35.50 | 42.00 |
| Information Center | - | - | 25.70 | 22.70 | 21.10 | 20.00 | 22.00 | 22.00 | 23.50 | 25.00 |
| Total County Planning and Zoning | 169.60 | 173.60 | 174.10 | 169.10 | 164.73 | 165.73 | 156.73 | 167.48 | 178.55 | 201.10 |
| Park Operations and Maintenance: | | | | | | | | | | |
| Office of the Director | 29.50 | 33.00 | 33.00 | 33.20 | 34.70 | 40.70 | 39.70 | 39.70 | 39.70 | 25.10 |
| IT & Communications | - | - | - | - | - | - | - | - | - | 15.20 |
| Park Police | 120.00 | 121.00 | 121.00 | 123.40 | 123.40 | 124.20 | 124.20 | 129.80 | 130.80 | 137.60 |
| Park Planning and Development | 49.00 | 49.00 | 49.00 | 48.00 | 48.00 | 47.00 | 47.00 | 48.00 | 51.00 | 52.00 |
| Facility Operations | 272.32 | 239.00 | 239.00 | 233.00 | 232.50 | 234.50 | 235.50 | 243.50 | 243.50 | 250.50 |
| Area Operations | 214.00 | 214.00 | 218.00 | 202.00 | 202.10 | 204.10 | 204.10 | 219.60 | 219.60 | 228.10 |
| Total Park Operations and Maintenance | 684.82 | 656.00 | 660.00 | 639.60 | 640.70 | 650.50 | 650.50 | 680.60 | 684.60 | 708.50 |
| Recreation Programs: | | | | | | | | | | |
| Director's Office | 1.00 | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 8.00 | 8.00 | 9.50 | 9.50 |
| IT & Communications | - | - | - | - | - | - | - | - | - | 9.00 |
| Facility Operations | 205.07 | 212.50 | 176.50 | 161.00 | 159.60 | 157.60 | 157.60 | 159.10 | 161.10 | 160.70 |
| Area Operations | 459.00 | 439.50 | 472.50 | 476.60 | 473.00 | 472.00 | 622.40 | 644.10 | 654.60 | 670.60 |
| Total Recreation Programs | 665.07 | 654.00 | 651.00 | 640.60 | 635.60 | 632.60 | 788.00 | 811.20 | 825.20 | 849.80 |
| Business-Type Activities | | | | | | | | | | |
| Recreational and Cultural Facilities | 139.50 | 139.50 | 147.30 | 217.50 | 217.50 | 210.50 | 209.50 | 207.50 | 215.50 | 218.00 |
| Total Workyears | 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 | 2,060.05 |

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 | | | | | | | | | | estimated 2008 |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Governmental Activities | | | | | | | | | | | |
| General Government, Commission-Wide: | | | | | | | | | | | |
| Number of Positions Advertised | n/a | 224 | 377 | 175 | 200 | 200 | 362 | 325 | 400 | 350 | |
| Number of Vendors in Directory | 9,726 | 11,520 | 12,976 | 14,165 | 15,171 | 16,015 | 17,014 | 17,741 | 18,481 | 19,514 | |
| Number of MFD Vendors in Directory | 1,159 | 1,334 | 1,334 | 1,549 | 1,772 | 2,094 | 2,551 | 2,818 | 3,028 | 3,383 | |
| MONTGOMERY COUNTY | | | | | | | | | | | |
| County Planning and Zoning: | | | | | | | | | | | |
| Number of Master & Sectional Map Amendment Plans Completed | 3 | 5 | 4 | 3 | 8 | 9 | 12 | 6 | 7 | na | |
| Number of Regulatory Planning Reviews | n/a | n/a | n/a | n/a | 26 | 30 | 35 | 35 | 38 | na | |
| Number of Transportation Studies | n/a | n/a | 126 | 125 | 53 | 46 | 56 | 52 | 40 | na | |
| Number of Site Plan and Project Plans Reviews | 66 | 55 | 71 | 68 | 135 | 107 | 142 | 109 | 160 | na | |
| Number of Daily Website Visits | n/a | n/a | n/a | n/a | n/a | 1,963 | 2,000 | 2,800 | 3,000 | na | |
| Number of GIS Updates | n/a | n/a | n/a | n/a | 2,086 | 2,500 | 1,805 | 2,140 | 2,400 | na | |
| Park Operations and Maintenance: | | | | | | | | | | | |
| Number of Park Permits Issued | n/a | 7,685 | 9,056 | 9,282 | 9,239 | 9,505 | 9,475 | 9,475 | 9,547 | 9,600 | |
| Number of Playground Renovations Completed | n/a | n/a | n/a | 9 | 2 | 14 | 16 | 6 | 6 | 10 | |
| Total Acres of Parkland Acquired | n/a | n/a | n/a | 529 | 1,031 | 224 | 407 | 310 | 480 | 297 | |
| Trees Planted for Reforestation Projects | n/a | n/a | n/a | n/a | 2,000 | 1,200 | 1,300 | 1,512 | 1,295 | 1,100 | |
| Major Maintenance Requests Completed | n/a | n/a | n/a | n/a | 32 | 30 | 33 | 146 | 184 | 240 | |
| Service Requests Completed | 4,016 | 3,872 | 3,900 | 3,900 | 5,463 | 5,300 | 5,569 | 5,812 | 6,830 | 7,104 | |
| Number of Customers Attending Nature Programs | n/a | n/a | n/a | n/a | n/a | n/a | 35,225 | 30,355 | 45,808 | 46,700 | |
| Business-Type Activities | | | | | | | | | | | |
| Recreational and Cultural Facilities: | | | | | | | | | | | |
| Number of Ice Rink Customers | 167,307 | 151,389 | 381,779 | 398,664 | 418,318 | 426,493 | 440,235 | 459,863 | 470,000 | 408,746 | |
| Number of Indoor Tennis Customers | 272,476 | 156,503 | 148,400 | 145,511 | 159,869 | 155,604 | 140,760 | 139,839 | 135,000 | 58,510 | |
| Number of Park Facilities Customers | 613,141 | 491,966 | 419,357 | 526,628 | 358,668 | 494,563 | 520,097 | 496,112 | 591,500 | 490,200 | |
| Number of Conference Center Customers | n/a | 28,395 | 30,100 | 31,191 | 32,301 | 31,873 | 37,466 | 39,153 | 39,800 | 30,359 | |

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

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | estimated 2008 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|
| <u>PRINCE GEORGE'S COUNTY</u> | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| County Planning and Zoning: | | | | | | | | | | |
| Number of New Applications for Preliminary Plans | 76 | n/a | 229 | 113 | 157 | 214 | 214 | 163 | 70 | 120 |
| Number of New Zoning Applications | n/a | n/a | 89 | 98 | 88 | 71 | 76 | 90 | 59 | 70 |
| Number of Help Desk Requests Completed | n/a | n/a | 1,251 | 1,309 | 1,986 | 2,240 | 2,030 | 2,770 | 2,450 | 2,850 |
| Number of GIS Requests Delivered | n/a | n/a | 153 | 175 | 212 | 212 | 240 | 206 | 200 | 210 |
| Number of Transportation Referrals Received | n/a | 265 | 295 | 414 | 338 | 369 | 303 | 318 | 348 | 309 |
| Number of Environmental Referrals Received | n/a | 377 | 1,023 | 1,174 | 1,441 | 1,791 | 1,783 | 2,355 | 2,053 | 1,800 |
| Number of Walk-in Customers Served | n/a | n/a | 5,707 | 7,106 | n/a | 7,165 | 7,100 | 10,149 | 7,000 | 7,000 |
| Number of Telephone Calls Responded to | n/a | n/a | 15,111 | 11,215 | n/a | 10,911 | 10,911 | 9,645 | 11,000 | 11,000 |
| Park Operations and Maintenance: | | | | | | | | | | |
| Number of Nature Education Attendees | 38,100 | 23,800 | 20,024 | 44,968 | 39,193 | 91,320 | 152,817 | 152,346 | 167,372 | 165,500 |
| Number of Museum Visitors (College Park Airport) | 40,000 | 60,000 | 32,113 | 42,000 | 53,000 | 76,331 | 77,246 | 88,019 | 65,772 | 90,000 |
| Number of Commission Facility Permits Issued | 5,300 | 6,000 | 5,300 | 5,300 | 5,400 | 4,676 | 5,494 | 4,363 | 4,521 | 4,600 |
| Number of Historic Property Rentals | 493 | 599 | 630 | 458 | 706 | 663 | 566 | 596 | 609 | 715 |
| Acres of Grass Mowed | 4,360 | 4,760 | 4,964 | 5,092 | 5,582 | 5,698 | 6,040 | 6,450 | 6,600 | 7,100 |
| Recreation Programs: | | | | | | | | | | |
| Number of Museum Visitors (Historic Sites) | 18,933 | 15,296 | 13,969 | 22,400 | 33,718 | 34,030 | 42,246 | 51,155 | 48,194 | 60,270 |
| Number of Youth Sports Participants | 19,000 | 18,000 | 18,000 | 18,000 | 18,000 | 20,000 | 18,000 | 15,400 | 13,000 | 12,000 |
| Total Aquatics Activities Attendance | 263,791 | 284,891 | 281,094 | 298,871 | 222,835 | 275,772 | 271,834 | 284,844 | 295,242 | 295,113 |
| Total Community Center Classes Conducted | 2,493 | 2,282 | 1,884 | 1,983 | 4,000 | 4,877 | 4,699 | 5,078 | 5,387 | 5,598 |
| Business-Type Activities | | | | | | | | | | |
| Recreational and Cultural Facilities | | | | | | | | | | |
| Number of Rounds of Golf | 126,000 | 103,271 | 102,735 | 110,650 | 88,561 | 89,102 | 91,867 | 90,556 | 81,274 | 97,000 |
| Number of Fitness Center Class Participants | n/a | n/a | n/a | 9,000 | 22,000 | 22,000 | 23,500 | 26,000 | 26,500 | 27,000 |
| Number of Ice Rink General Admissions | 42,625 | 30,000 | 29,250 | 11,360 | 11,700 | 16,800 | 27,900 | 27,000 | 24,355 | 25,000 |
| Number of Attendance (Show Place Arena) | 211,130 | 223,010 | 223,010 | 227,925 | 216,061 | 253,446 | 268,304 | 277,295 | 278,147 | 250,000 |
| Number of Attendance (Equestrian Center) | 24,180 | 24,811 | n/a | 30,900 | 41,806 | 36,941 | 37,735 | 38,562 | 37,122 | 39,222 |

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 Four Fiscal Years

| | 2005 | 2006 | 2007 | 2008 |
|---------------------------------------|------|------|------|------|
| <u>COMMISSION-WIDE</u> | | | | |
| Governmental Activities | | | | |
| General Government: | | | | |
| Office Building | 1 | 1 | 1 | 1 |
| <u>MONTGOMERY COUNTY</u> | | | | |
| Governmental Activities | | | | |
| County Planning and Zoning: | | | | |
| Office Building | 1 | 1 | 1 | 1 |
| Park Operations and Maintenance: | | | | |
| Athletic Fields | 13 | 356 | 360 | 361 |
| Basketball Courts | 159 | 173 | 173 | 208 |
| Campsites | 102 | 102 | 102 | 102 |
| Dog Parks | - | 3 | 4 | 4 |
| Historic Buildings | 27 | 27 | 27 | 27 |
| Office Building | 13 | 13 | 13 | 13 |
| Picnic Shelters | 131 | 131 | 190 | 191 |
| Playgrounds | 249 | 255 | 284 | 290 |
| Recreation Buildings | 32 | 32 | 32 | 32 |
| Rental Buildings | 61 | 61 | 61 | 61 |
| Skateboard Park | - | - | 1 | 1 |
| Tennis Courts | 139 | 153 | 153 | 305 |
| Business-Type Activities | | | | |
| Recreational and Cultural Facilities: | | | | |
| Antique Carousel | 1 | 1 | 1 | 1 |
| Conference Centers | 3 | 3 | 3 | 3 |
| Equestrian Centers | 5 | 5 | 5 | 5 |
| Golf Courses | 4 | 4 | - | - |
| Ice Rinks | 2 | 2 | 2 | 2 |
| Indoor Tennis Facilities | 2 | 2 | 2 | 2 |
| Miniature Trains | 2 | 2 | 2 | 2 |
| Miniature Golf Course | - | 1 | 1 | 1 |
| Splash Park | - | 1 | 1 | 1 |
| <u>PRINCE GEORGE'S COUNTY</u> | | | | |
| Governmental Activities | | | | |
| Park Operations and Maintenance: | | | | |
| Office Building | 14 | 14 | 14 | 14 |
| Recreation Buildings | 24 | 24 | 25 | 25 |
| Picnic Shelters | 86 | 87 | 88 | 88 |
| Playgrounds | 209 | 223 | 227 | 227 |
| Athletic Fields | 380 | 383 | 389 | 390 |
| Tennis Courts | 160 | 161 | 163 | 163 |
| Basketball Courts | 211 | 211 | 213 | 214 |
| Recreation Programs: | | | | |
| Historic Buildings | 15 | 15 | 15 | 15 |
| Community Centers | 29 | 30 | 30 | 30 |
| Swimming Pools | 10 | 10 | 10 | 10 |
| Business-Type Activities | | | | |
| Recreational and Cultural Facilities: | | | | |
| Ice Rinks | 2 | 2 | 2 | 2 |
| Golf Courses | 3 | 3 | 3 | 3 |
| Tennis Bubbles | 2 | 2 | 2 | 2 |
| Equestrian Center | 1 | 1 | 1 | 1 |
| Sports and Learning Complex | 1 | 1 | 1 | 1 |
| Trap and Skeet Range | 1 | 1 | 1 | 1 |
| Marina | 1 | 1 | 1 | 1 |
| Airport | 1 | 1 | 1 | 1 |

(1) Data for 1999-2004 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

| Employer | 2008 (1) | | | 1999 | | |
|--|----------------|------|---------------------------------------|---------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| U.S. Department of Health and Human Services | 39,979 | 1 | 8.31 % | 32,908 | 1 | 7.61 % |
| Montgomery County Public Schools | 20,769 | 2 | 4.32 | 17,299 | 2 | 4.00 |
| U.S. Department of Defense | 14,709 | 3 | 3.06 | 12,448 | 3 | 2.88 |
| Montgomery County Government | 9,059 | 4 | 1.88 | 7,127 | 4 | 1.65 |
| U.S. Department of Commerce | 8,749 | 5 | 1.82 | 6,705 | 5 | 1.55 |
| Adventist Healthcare | 8,090 | 6 | 1.68 | 3,800 | 8 | 0.88 |
| Lockheed Martin | 7,518 | 7 | 1.56 | 3,500 | 9 | 0.81 |
| Giant Food Corporation | 3,816 | 8 | 0.79 | 5,000 | 6 | 1.16 |
| Marrriott International, Inc. (Headquarters) | 3,000 | 9 | 0.62 | 3,500 | 9 | 0.81 |
| Nuclear Regulatory Commission | 2,972 | 10 | 0.62 | * | | - |
| Chevy Chase Bank | * | - | - | 4,500 | 7 | 1.04 |
| Total | 118,661 | | 24.65 % | 96,787 | | 22.37 % |

PRINCE GEORGE'S COUNTY

| Employer | 2007 (2) | | | 1998 (2) | | |
|-----------------------------------|--------------------------|------|---------------------------------------|--------------------------|------|---------------------------------------|
| | Private Sector Employees | Rank | Percentage of Total County Employment | Private Sector Employees | Rank | Percentage of Total County Employment |
| Giant Food, Inc. | 5,394 | 1 | 1.73 % | 5,761 | 1 | 1.37 % |
| United Parcel Service | 4,220 | 2 | 1.35 | 1,700 | 7 | 0.40 |
| Verizon | 2,738 | 3 | 0.88 | - | - | - |
| Dimensions Health Corporation | 2,500 | 4 | 0.80 | 2,100 | 3 | 0.50 |
| Safeway Stores, Inc. | 2,400 | 5 | 0.77 | 2,827 | 2 | 0.67 |
| Shoppers Food Warehouse | 1,975 | 6 | 0.63 | 1,750 | 6 | 0.42 |
| Chevy Chase Bank | 1,456 | 7 | 0.47 | - | - | - |
| Target | 1,400 | 8 | 0.45 | - | - | - |
| Hughes STX | - | - | - | 1,400 | 9 | 0.33 |
| Southern Maryland Hospital Center | 1,300 | 9 | 0.42 | 1,300 | 10 | 0.31 |
| Computer Science Corporation | 1,200 | 10 | 0.38 | 2,000 | 4 | 0.48 |
| Bell Atlantic Corp./Verizon | * | - | - | 1,967 | 5 | 0.47 |
| Allied technical Services | * | - | - | 1,467 | 8 | 0.35 |
| Total | 24,583 | | 7.88 % | 22,272 | | 5.30 % |

Note: (1) The employee numbers listed are best estimates taken during the 4th quarter of 2008 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 2008, number of employees not provided by the State. The number of employees in FY 1998 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

SUPPLEMENTAL ENTERPRISE INFORMATION

Condensed Schedule of Revenues and Expenses
For the Fiscal Year Ended June 30, 2008

Recreational Facilities

MONTGOMERY COUNTY

| | Conference Centers | Golf Courses | Ice Rinks | Indoor Tennis | Park Facilities | Totals |
|---|--------------------|--------------|--------------|---------------|-----------------|--------------|
| Operating Revenues | \$ 314,564 | \$ 358,339 | \$ 3,611,744 | \$ 728,242 | \$ 2,834,513 | \$ 7,847,402 |
| Operating Expenses Before Depreciation | 571,946 | 225,209 | 3,577,160 | 907,690 | 2,464,529 | 7,746,534 |
| Operating Income (Loss) Before Depreciation | (257,382) | 133,130 | 34,584 | (179,448) | 369,984 | 100,868 |
| Depreciation | 33,357 | 494,378 | 675,986 | 44,252 | 115,764 | 1,363,737 |
| Operating Income (Loss) | (290,739) | (361,248) | (641,402) | (223,700) | 254,220 | (1,262,869) |
| Nonoperating Revenues (Expenses) | - | (126,043) | (192,676) | 50,281 | 50,873 | (217,565) |
| Transfers In (Out) | 76,000 | - | 543,000 | - | - | 619,000 |
| Net Income (Loss) | \$ (214,739) | \$ (487,291) | \$ (291,078) | \$ (173,419) | \$ 305,093 | \$ (861,434) |

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 | \$ 323,032 | \$ 1,729,252 | \$ 2,533,987 | \$ 533,009 | \$ 342,326 | \$ 1,330,650 | \$ 3,386,812 | \$ 52,157 | \$ 10,231,225 |
| Operating Expenses Before Depreciation | 413,176 | 3,883,286 | 3,458,281 | 1,273,969 | 498,196 | 1,448,830 | 7,265,086 | 691,100 | 18,931,924 |
| Operating Income (Loss) Before Depreciation | (90,144) | (2,154,034) | (924,294) | (740,960) | (155,870) | (118,180) | (3,878,274) | (638,943) | (8,700,699) |
| Depreciation | 120,032 | 599,155 | 97,145 | 112,030 | 85,641 | 8,902 | 1,218,543 | 24,361 | 2,265,809 |
| Operating Income (Loss) | (210,176) | (2,753,189) | (1,021,439) | (852,990) | (241,511) | (127,082) | (5,096,817) | (663,304) | (10,966,508) |
| Nonoperating Revenues (Expenses) | 10,909 | 42,331 | - | - | 38,046 | 228 | 63,308 | 38,879 | 193,701 |
| Capital Contribution | - | - | - | - | - | - | - | - | - |
| Transfers In (Out) | 142,800 | 2,141,200 | 674,100 | 587,400 | 85,800 | 94,100 | 3,738,800 | 980,900 | 8,445,100 |
| Net Income (Loss) | \$ (56,467) | \$ (569,658) | \$ (347,339) | \$ (265,590) | \$ (117,665) | \$ (32,754) | \$ (1,294,709) | \$ 356,475 | \$ (2,327,707) |

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

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Photo Index

Cover:

Downtown Silver Spring's popularity is thanks in part to the forward-thinking Silver Spring Business District Sector Plan. Residents and visitors to the downtown also benefit from a developer's public amenity – a fountain and plaza off Ellsworth Drive. Montgomery County Planning Department file photo.

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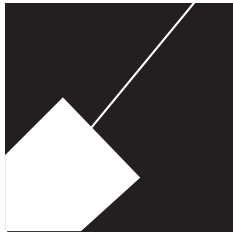
Climbing walls, like this one in Cabin John Regional Park, are common sights at the many special events hosted on park property...Fantastic Friday -children with disabilities are treated to a special day of fun County Fair activities at the Prince George's Equestrian Center...Children enjoy a summertime romp outside during day camp at Woodlawn Manor Park...Safe, accessible play grounds and equipment provide hours of fun for children at Watkins Regional Park in Upper Marlboro...Adults and youth alike enjoy playing their baseball games on park fields...Maryland-National Capital Park Police mounted units provide crowd control for outdoor events like Festival Hispano at Lane Manor Park...Children play soccer in South Germantown Regional Park...US Representative Steny H. Hoyer meets with former Tuskegee airmen and participants in the federal World War II oral history project conducted at College Park Aviation Museum.

Photo Credits:

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Francine Bethea (Montgomery County): pages 9, 20, 104, and 112.

Steve Abramowitz and Cassi Hayden (Prince George's County): pages 1, 9, 100, 108, and 116.



The Maryland-National Capital
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