PRELIMINARY OFFICIAL STATEMENT DATED MAY 25, 2012

NEW ISSUE - Book-Entry Only

In the opinion of Bond Counsel, (i) the Bonds will be valid and binding general obligations of The Maryland-National Capital Park and Planning Commission and of Prince George's County, Maryland, to the payment of which the full faith and credit of both will be pledged, (ii) the Bonds will be payable from annual ad valorem property taxes which Prince George's County is required by law to levy in the portion of the Metropolitan District (defined herein) in Prince George's County and in the entire County, (iii) by the terms of Article 28 (defined herein), the principal amount of the Bonds, the interest payable thereon, their transfer, and any income derived therefrom, including any profit made in the sale or transfer thereof, shall be and shall remain exempt from taxation by the State of Maryland (the "State") and the several counties and municipalities of the State, but no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the income therefrom, and (iv) assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, and decisions. As described herein under "TAX MATTERS," interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment; however, interest earned on the Bonds may be includable in a corporation's "adjusted current earnings" in the calculation of a corporation's alternative minimum taxable income for federal income tax purposes. Interest earned on the Bonds may also be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS" herein.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

$11,370,000*
Prince George's County
General Obligation
Park Acquisition and Development Refunding Bonds,
Series PGC-2012A

Dated: Date of Delivery **Due: January 15, as shown inside this cover**

Bond Ratings	Moody's Investors Service, Inc.:
	Standard & Poor's Rating Services:
	Fitch Ratings:
Redemption	The Bonds are not subject to redemption prior to their stated maturities. -- Page 3
Security..............................	General Obligations of The Maryland-National Capital Park and Planning Commission and of Prince George's County, Maryland
Purpose	Proceeds of the Bonds will be used to refund certain outstanding Prince George's County Park Acquisition and Development Bonds, and to pay the costs of issuance. – See Page 2
Interest Payment Dates	January 15 and July 15, beginning January 15, 2013.
Closing/Settlement.............	On or about June 21, 2012
Denominations....................	$5,000 or integral multiples thereof.
Book-Entry Only Form.......	The Depository Trust Company, New York, NY
Registrar/Paying Agent.......	The Maryland-National Capital Park and Planning Commission
Bond Counsel......................	McKennon Shelton & Henn LLP, Baltimore, MD
Financial Advisor................	Davenport & Company LLC, Towson, MD
Issuer Contact	Secretary-Treasurer: (301) 454-1540

FOR MATURITY SCHEDULE SEE INSIDE COVER

The Bonds are offered for delivery when, as and if issued, subject to the approving legal opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

*Preliminary, subject to change.

Maturity Schedule

$11,370,000*
Prince George's County
General Obligation
Park Acquisition and Development Refunding Bonds, Series PGC-2012A

Maturing January 15	Principal Amount *	Interest Rate**	Price or Yield**	CUSIP	Maturing January 15	Principal Amount*	Interest Rate**	Price or Yield**	CUSIP
2013	$35,000				2019	$880,000			
2014	1,725,000				2020	875,000			
2015	1,645,000				2021	865,000			
2016	935,000				2022	865,000			
2017	915,000				2023	865,000			
2018	895,000				2024	870,000			

*Preliminary, subject to change.

** The interest rates and prices or yields shown above are the interest rates payable by The Maryland-National Capital Park and Planning Commission resulting from the successful bid for the Bonds on June 7, 2012. The interest rates and prices or yields shown above are furnished by _____________________ (the "Successful Bidder"). Other information concerning the terms of reoffering of the Bonds, if any, should be obtained from the Successful Bidder and not from The Maryland-National Capital Park and Planning Commission (see "SALE AT COMPETITIVE BIDDING" herein)

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
6611 Kenilworth Avenue
Riverdale, Maryland 20737

COMMISSIONERS

Françoise M. Carrier, Chairman
Elizabeth M. Hewlett, Vice Chairman

Casey Anderson	John P. Shoaff
Dorothy F. Bailey	John H. Squire
Norman Dreyfuss	Marye Wells-Harley
Amy Presley	A. Shuanise Washington

OFFICERS

Patricia Colihan Barney, Executive Director
Joseph C. Zimmerman, Secretary-Treasurer
Adrian Robert Gardner, General Counsel

DEPARTMENT DIRECTORS

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

Mary R. Bradford, Montgomery County Parks Director
Rollin Stanley, Montgomery County Planning Director

BOND COUNSEL

McKennon Shelton & Henn LLP
Baltimore, Maryland

INDEPENDENT AUDITORS

CliftonLarsonAllen LLP
Calverton, Maryland

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

ESCROW AGENT

Wells Fargo Bank, N.A.
Columbia, Maryland

VERIFICATION AGENT

The Arbitrage Group, Inc.
Tuscaloosa/Buhl, Alabama

Additional copies of the Official Statement can be obtained from Joseph C. Zimmerman Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Suite 204, Riverdale, Maryland 20737 (301-454-1540) or from Davenport & Company LLC, Maryland Executive Park, The Chester Building, 8600 LaSalle Road, Suite 324, Baltimore, Maryland 21286-2011 (410-296-9426).

No dealer, broker, salesman or other person has been authorized by The Maryland-National Capital Park and Planning Commission (the "Commission") or Prince George's County, Maryland (the "County"), to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Commission and the purchasers or holders of any of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of facts. The information set forth herein has been provided by the Commission and the County. The Commission believes that the information contained in this Official Statement is correct and complete and has no knowledge of any inaccuracy or incompleteness as to any of the information herein contained.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. In making an investment decision, investors must rely on their own examination of the Commission and the County and terms of the offering, including the merits and the risks involved. The Bonds have not been recommended by any Federal or State securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary may be a criminal offense.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Commission or the County since the respective dates as of which information is given herein.

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OFFICIAL STATEMENT
OF
THE MARYLAND-NATIONAL CAPITAL PARK AND
PLANNING COMMISSION

$11,370,000*
Prince George's County
General Obligation
Park Acquisition and Development Refunding Bonds, Series

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices hereto, is to set forth certain information concerning the $11,370,000* Prince George's County General Obligation Park Acquisition and Development Refunding Bonds, Series PG-2012A (the "Bonds") to be issued by The Maryland-National Capital Park and Planning Commission (the "Commission").

The Commission is a body corporate of, and an agency created by, the State of Maryland. The Commission is governed by Article 28 of the Annotated Code of Maryland, as amended ("Article 28"). It is composed of ten members, five from Prince George's County, Maryland ("Prince George's County" or the "County") and five from Montgomery County, Maryland ("Montgomery County"). The members from each county comprise the Planning Board for the respective county.

The Commission owns approximately 62,000 acres of parkland, 35,000 of which are located in Montgomery County and 27,000 of which are located in Prince George's County. The Commission develops and operates a variety of parks and recreational facilities in both counties and administers the recreation program in Prince George's County, which includes a diverse array of cultural activities. The Commission provides facilities at the neighborhood, community, regional, and County-wide level. Within these categories are playgrounds and picnic areas; baseball and miscellaneous other athletic fields; neighborhood parks; community centers; regional and stream valley parks; park school facilities; historic sites and museums; golf courses; ice skating, tennis and swimming facilities; senior centers; nature centers; an equestrian center; a multi-purpose arena and several cultural arts facilities; a sports and learning complex; and several public/private endeavors including a soccer complex, a champion junior tennis center, and a baseball stadium.

The Capital Budget is supported by bonds sold by the Commission. Other funding sources include State aid, developer contributions, grant funds, and current revenues from the Commission.

Proceeds of the Bonds will be used to refinance certain outstanding bonds issued by the Commission for the benefit of Prince George's County, as described herein under "THE BONDS - Application of Proceeds."

Figures herein relating to the Commission's tax collections and the Commission's financial position have been taken from official records of the Commission. All estimates and assumptions herein have been based upon information believed to be reliable and correct; however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts.

____
*Preliminary, subject to change.

This introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

THE BONDS

Authorization

The Bonds are being issued under the authority of (i) Section 6-101 and Section 6-104 of Article 28, and (ii) a Resolution of the Commission adopted on April 18, 2012 (the "Resolution").

Security for the Bonds

The Bonds are general obligations of the Commission and Prince George's County, to which the full faith and credit of both are pledged.

The principal of and interest on the Bonds are payable from annual ad valorem property taxes which Prince George's County is required by law (i) to levy against all property assessed for the purposes of county taxation in the portion of the Maryland-Washington Metropolitan District (the "Metropolitan District"), as established by Title 3 of Article 28, in Prince George's County which includes all of Prince George's County except for certain incorporated municipalities, a portion of Election District No. 10, and all of Election Districts No. 4 and No. 8, and (ii) to remit to the Commission.

Section 6-106(b) of Article 28 requires Prince George's County to levy against all property in the portion of the Metropolitan District in Prince George's County assessed for the purposes of county taxation an annual tax of at least four cents for each $100 of assessed value of all real property and at least ten cents on each $100 of assessed value of all personal property, notwithstanding the fact that no interest may be due on bonds or notes of the Commission or that no bonds or notes of the Commission have been issued. Section 6-106(b) of Article 28 provides that the proceeds of this tax are pledged to payment of debt service on all Commission bonds issued for Prince George's County pursuant to the provisions of Section 6-101 and Section 6-104 of Article 28 (and all bonds issued to refund such bonds pursuant to Section 6-104 of Article 28). Any portion of such proceeds not required for such debt service may be used by the Commission for its authorized purposes.

Section 6-101(d) and Section 6-104(e) of Article 28 provide that bonds issued by the Commission under Section 6-101 and Section 6-104, respectively, of Article 28 are to be issued on its full faith and credit and on the full faith and credit of the county or counties guaranteeing them. Section 6-101(d)(4) and Section 6-104(e) of Article 28 require Prince George's County to guarantee the payment of the principal of and interest on the Bonds, since the proceeds of the sale of such bonds are to be expended only in Prince George's County. Section 6-102 of Article 28 provides that, to the extent that the proceeds of the taxes authorized to be levied for the benefit of the Commission are not adequate to pay the principal of and interest on Commission bonds issued pursuant to Title 6 of Article 28, the county guaranteeing the bonds shall levy, in each year that an inadequacy exists, an additional tax on all assessable property in the portion of the Metropolitan District in such county (or the entire county, if necessary) sufficient to make up the inadequacy.

Application of Proceeds

The Bond proceeds will be used to (i) refinance all or a portion of the Commission's Prince George's County Park Acquisition and Development General Obligation Refunding Bonds, Series BB-2 and its Prince George's County Park Acquisition and Development General Obligation Project and Refunding

Bonds, Series EE-2 (together, the "Refunded Bonds") issued by the Commission for the benefit of Prince George's County; and (ii) pay for the cost of issuance of the Bonds.

A portion of the proceeds of the Bonds will be applied to the purchase of debt obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America (the "Federal Securities"), which will be held by Well Fargo Bank, N.A. (the "Escrow Deposit Agent") in an escrow deposit fund established under an escrow deposit agreement (the "Escrow Deposit Fund"), by and between the Commission and the Escrow Deposit Agent. The Federal Securities or deposit in the Escrow Deposit Fund will mature at stated fixed amounts as to principal and interest at such times as will be sufficient to pay interest when due on the Refunded Bonds and to redeem the principal amount and pay the redemption premium thereon on the respective call dates set forth in Appendix E. The Federal Securities will be pledged only to the payment of the Refunded Bonds, and will not be available for the payment of principal of, premium, if any, or interest on any series of the Bonds. Description of the Bonds

The Bonds will be dated the date of their delivery, will bear interest from their dated date, payable January 15, 2013, and semiannually thereafter on each January 15 and July 15 until maturity. The Bonds will mature on January 15 in each of the years, in the principal amounts and will bear interest at the interest rates, all as set forth on the inside cover of this Official Statement. The Bonds will be issued as fully registered bonds in the denomination of $5,000 each or any integral multiple thereof.

The Bonds initially will be maintained under a book-entry system, under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Bonds will be in book-entry form only. Beneficial Owners (as defined herein) shall have no right to receive physical possession of the Bonds, and payments of the principal or redemption price of and interest on the Bonds will be made as described below under "Book-Entry Only System." If the book-entry system is discontinued, interest on the Bonds will be payable by wire transfer or check mailed by the Registrar and Paying Agent, or any other registrar and paying agent designated by the Commission, to the persons in whose names the Bonds are registered as of the 15th day of the month preceding each interest payment date at the address shown on the registration books maintained by the Registrar and Paying Agent, and the principal or redemption price of the Bonds will be payable only upon presentation and surrender of such Bonds at the office of the Registrar and Paying Agent.

Redemption Provisions

The Bonds are not subject to redemption prior to their stated maturities.

Book-Entry Only System

The information in this section has been obtained from sources that the Commission believes to be reliable, but the Commission takes no responsibility for the accuracy thereof.

The Depository Trust Company

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Ownership of Bonds

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued under the circumstances described below under "Discontinuance of Book-Entry Only System."

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds of any maturity are selected for redemption, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

So long as a nominee of DTC is the registered owner of the Bonds, references herein to the Bondholders or the holders or owners of the Bonds shall mean DTC and shall not mean the Beneficial Owners of the Bonds. The Commission will recognize DTC or its nominee as the holder of all of the Bonds for all purposes, including the payment of the principal or redemption price of and interest on the Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders. Any failure of DTC to advise any Direct Participant or of any Direct Participant to notify any Indirect Participant or any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the proceedings for the redemption of the Bonds or of any other action premised on such notice. The Commission will not have any responsibility or obligation to Participants or Beneficial Owners with respect to: 1) the accuracy of any records maintained by DTC or by any Participant; 2) the payment by DTC or by any Participant of any amount with respect to the principal of, premium, if any, or interest on the Bonds; 3) any notice which is permitted or required to be given to bondholders; 4) any consent given by DTC or other action taken by DTC as bondholder; or 5) the selection by DTC or any Participant of any Beneficial Owner to receive payment in the event of partial redemption of the Bonds.

Payments on Bonds

So long as the Bonds are held by DTC under a book-entry system, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission on the date on which such principal or interest is payable in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The Commission cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement. DTC may charge the Participants a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of a beneficial interest in the Bonds, and the Participants may seek reimbursement therefor from the Beneficial Owners.

Discontinuance of Book-Entry Only System

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Commission or to the registrar and paying agent, if any, designated by the Commission. DTC (or a successor securities depository) may be discharged by the Commission as a securities depository for the Bonds. In either such event, the Commission may discontinue the maintenance of the Bonds under a book-entry system or replace its former securities depository with another qualified securities depository. Unless the Commission appoints a successor securities depository, the Bonds held by its former securities depository will be canceled, and the Commission will execute and the registrar and paying agent, if any, designated by the Commission will authenticate and deliver Bonds in fully certificated form to the Participants shown on the records of DTC provided to the Commission or, to the extent requested by any Participant, to the Beneficial Owners of the Bonds shown on the records of such Participant provided to the Commission.

Registration and Exchange of Bonds

So long as the Bonds are maintained under a book-entry system, transfers of ownership interests in the Bonds will be made as described above under “Book-Entry Only System.” If the book-entry system is discontinued, any Bond may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and bearing interest at the same rate of other authorized denominations, and the transfer of any Bond may be registered, upon presentation and surrender of such Bond at the office of the Commission or the registrar and paying agent, if any, designated by the Commission, together with an assignment duly executed by the registered owner or his attorney or legal representative. The Commission may require the person requesting any such exchange or transfer to reimburse the Commission for any tax or other governmental charge payable in connection therewith. The Commission shall not be required to register the transfer of any Bond or make any such exchange of any Bond after such Bond or any portion thereof has been selected for redemption.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The Commission

The Commission, established by the General Assembly of Maryland in 1927, is a body corporate of, and an agency created by, the State of Maryland. The Commission is empowered to (i) acquire, develop, maintain and administer a regional system of parks in a defined Metropolitan District within the Maryland Counties (Prince George’s and Montgomery) adjacent to the District of Columbia, and (ii) prepare and administer a general plan for the physical development of a larger Regional District (“Regional District”) in the same area. The Commission also conducts the recreation program for Prince George’s County. The Metropolitan District now embraces nearly all of Maryland’s Prince George’s and Montgomery Counties. Areas within the counties that are not part of the Metropolitan District include certain incorporated municipalities: the cities of Laurel, Greenbelt, and District Heights, and all of Election Districts No. 4 and, No. 8, and a portion of Election District No. 10 in Prince George’s County; the cities of Rockville and Gaithersburg, and the towns of Washington Grove, Poolesville, Barnesville, Brookeville, and Laytonsville in Montgomery County.

Upon its creation, the Commission was designated by State law and by an Act of Congress as the agency of the State of Maryland to cooperate with a similar federal agency. This designation was for the purpose of carrying out the federal program for extension of the Washington, D.C. stream-valley park system into the surrounding Maryland counties. The program was implemented by appropriate federal legislation, and by a general park acquisition plan adopted by the Commission with the approval of the federal agency. As Congressional appropriations became available, the Commission acquired portions of the parks approved by said plan, one-third of the cost of such acquisitions being paid from federal appropriations and two-thirds from the proceeds of Commission bonds. Also, as part of this program, the Commission issued bonds for the purpose of sharing with the federal government one-half of the cost of the Maryland portion of the George Washington Memorial Parkway. The latter project represents land acquired and developed by the federal government along the north bank of the Potomac River. Since 1959, the Commission has received no earmarked federal funds for its acquisition program, but has continued an extensive acquisition program on its own with some assistance from federal and State open space and outdoor recreation programs.

The Commission administers a park system, which currently contains approximately 62,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its current staff consists of over 2,011 year-round career employees. In addition, it employs in its numerous park and recreation programs more than 4,021 seasonal workers. Two regional offices are maintained, one in each county. The Commission meets regularly, once each month, the site of the meetings alternating between the two regional offices.

The administration, planning, park and recreation functions affecting each county are directed by the respective Planning Board. General administration of the Commission and other matters pertinent to both counties are acted upon by the full Commission or, by delegation, the Executive Committee or the Finance Committee.

The Executive Committee consists of the Chairman and Vice Chairman. The Executive Director of the Commission is a non-voting member. The Finance Committee consists of two Commissioners, currently the Chairman and Vice Chairman of the Commission, and the Executive Director. The Secretary-Treasurer is a non-voting member.

Duties and Functions of the Commission

The major duties and functions of the Commission are:

- Preparation and periodic review of a general plan for the entire Regional District;
- Management of the physical growth and plan communities;
- Protection and stewardship of natural, cultural and historic resources;
- Preparation and revision of functional master plans for activities such as transportation, parks and open spaces, public facilities, etc.;
- Preparation and revision of local area master plans for each county;
- Review of all plans for capital improvements by any federal, state or local agency;
- Study and make recommendations with respect to all requested zoning applications and text amendments;

- Preparation, administration and revision of county subdivision regulations and approval of subdivision plats;

- Acquisition of land in either county in advance of need for other public bodies upon request;

- Acquisition, maintenance, development, administration and improvement of the stream-valley park system;

- Acquisition, maintenance, development, administration and improvement of the related system of regional and neighborhood parks, recreation areas, and playgrounds;

- Administration of leisure and recreational experiences;

- Development, construction, improvement, maintenance and operation of numerous recreational facilities in the parks, including golf courses; ice rinks; tennis and racquetball courts; athletic fields; swimming, boating, camping and fishing areas; youth centers; community buildings; recreation centers; conference centers; equestrian centers; a multipurpose arena; a sports and learning complex; and an airport; and

- Operation of a complete recreation program in Prince George's County.

The full Commission coordinates and acts on matters of interest to both counties. The members of the Commission from each county serve as a separate Planning Board to facilitate, review and administer the matters affecting only their respective county. To carry out their functions, each county's Planning Board meets at least once a week.

Commission Management

The Commission is composed of ten Commissioners who serve overlapping four-year terms. Five Commissioners are appointed by each county and serve as that county's Planning Board and Parks Commission. Terms of office are staggered, and no more than three members on each Planning Board may be affiliated with the same political party. In Prince George's County, the Commissioners are appointed by the County Executive and confirmed by the County Council and may be removed by the County Executive with the approval of the County Council. In Montgomery County, Commissioners are appointed by the County Council subject to the approval of the County Executive. In Montgomery County, the Council may over-ride the disapproval of an appointment by an affirmative vote of seven Council members, and the Council can remove Commissioners. No Montgomery County Commissioner may be appointed for more than two consecutive, full terms. Each county designates one of its Commissioners for the position of Chairman or Vice Chairman of the Commission. The Commission elects one of such designees as its Chairman and the other as its Vice Chairman. The designee of each county also serves as the Chairman of that county's Planning Board. Under the Commission's rules of procedure, the Chairmanship and Vice Chairmanship of the full Commission rotate annually, on January 1, between the two designees, unless the Vice Chairman has served for less than four months as of January 1, and then the Chairman shall continue in that office until the next January 1.

Prince George's County Commissioners

Elizabeth M. Hewlett was appointed Chairman of the Prince George's County Planning Board in June, 2011. She previously served as Chairman of the Prince George's County Planning Board from 1995 to 2006. A former principal in the law firm of Shipley, Horne and Hewlett, P.A., Ms. Hewlett has an extensive legal background in both the public and private sectors, including serving as Associate General Counsel to M-NCPPC, Staff Counsel to the Legal Aid Bureau, an attorney in private practice, and a member of the Prince George's County Attorney's Office and the Prince George's County Council legislative staff. Recognized as one of the Region's "100 Most Powerful Women" by the Washingtonian

Magazine and “Top 100 Women in Maryland” by The Daily Record, she earned a bachelor’s degree from Tufts University and juris doctorate degree from Boston College Law School. She has served on the Metropolitan Washington Council of Governments’ Metropolitan Development Policy Committee, and regional Washington Metropolitan Area Transit Authority, where she completed a four year tenure, including a term as Chairman.

Dorothy F. Bailey was appointed to the Prince George’s County Planning Board in June, 2011, and serves as Vice Chair of the Board. In December 1994, Ms. Bailey was elected to represent the Seventh Councilmanic District of Prince George’s County on the Prince George’s County Council. Ms. Bailey served two terms as Chair, and three terms as Vice Chair of the Prince George’s County Council, where she presided over matters related to land use planning and participated in key decisions affecting development policy. Prior to her election to the Council, Commissioner Bailey worked for the Executive Branch of Prince George’s County Government, serving as a senior-level official at several agencies, including Executive Director of the Consumer Protection Commission, the Commission for Families, and Community Partnerships Director at the Department of Family Services. She earned a bachelor’s degree in sociology from North Carolina Central University, completed further graduate study in both education and gerontology, and was awarded an honorary doctorate degree from Riverside Baptist College and Seminary.

John P. Shoaff was appointed as a Commissioner to the Prince George’s County Planning Board in June, 2011. Mr. Shoaff serves as the chief of the Liaison Branch for the Office of Pollution Prevention and Toxics Environmental Assistance Division (the “Office”) of the United States Environmental Protection Agency (the “EPA”) where he helps coordinate and advises on industrial chemical issues and pollution prevention activities. Previously, Mr. Shoaff directed the Office’s international team, representing the U.S. and EPA in the negotiation of the Strategic Approach to International Chemicals Management. Locally, Mr. Shoaff served as a member of the East Campus Redevelopment Community Review Steering Committee, contributing his expertise on environmental stewardship and sustainability, as well as smart growth, transportation, and parking. He previously worked on air quality issues for the governor of California and the California Air Resources Board. Commissioner Shoaff earned a juris doctorate degree from the University of Maryland School of Law and a bachelor’s degree from the University of Notre Dame.

John Squire was appointed as a Commissioner to the Prince George’s County Planning Board in June, 2003. Commissioner Squire served with distinction in numerous posts and commands during a distinguished thirty-year career with the United States Army, retiring as Colonel. He holds a bachelor’s degree in biology from South Carolina State University, a master of business administration degree from Howard University, and is a graduate of the United States Army War College. Commissioner Squire also has experience in the private sector including holding corporate board memberships, and serving as former Chairman of the Board and president and publisher of Metro magazine, and former Chairman of the Board of Directors of International Brokerage and Marketing, Inc. He is Chairman of the Finance Committee and Elder for the Seabrook Seventh-Day Adventist Church, a former member of the Executive Committee and Corporation Council of the Potomac Conference of Seventh-Day Adventists, a member of the Board of Directors of the U.S. Dream Academy, and a member of the Maryland Realtor Association.

A. Shuanise Washington was appointed as a Commissioner to the Prince George’s County Planning Board in 2011. She is the Founder and Principal of Washington Solutions, LLC which provides management consulting services for small, medium and large businesses, governments and non-profit organizations and focuses on business management and development, as well as building bridges between the private and public sectors. Ms. Washington’s previous corporate positions include Vice President of Government Affairs Policy & Outreach, and Vice President for External Affairs for Altria Corporate Services. She also held several high-level positions with Philip Morris Management Corp., including Director of Washington Relations, with responsibility for outreach to Capitol Hill caucuses, and District Director of State Government Affairs, where she directed planning and strategy development programs and activities in 21 states. Commissioner Washington earned a Bachelor of Science degree in humanities and social sciences from the University of South Carolina, and a Cognate in mathematics.

Montgomery County Commissioners

Françoise M. Carrier was appointed to and became chair of the Montgomery County Planning Board in June 2010. Ms. Carrier was a director and hearing examiner with the Montgomery County Office of Zoning and Administrative Hearings. She had worked for that office since 2001, carrying out the functions of an administrative law judge in land use and human rights cases decided in trial-type hearings. In some 20 cases each year, Ms. Carrier issued detailed recommendations for the County Council or other agencies. She also issued final opinions for a few cases each year. A graduate of Stanford Law School with a background in economics and land use law, Ms. Carrier previously worked for three Washington, D.C. law firms for nine years.

Casey Anderson, a Silver Spring, MD resident, was appointed to the Montgomery County Planning Board in June 2011. An attorney and community activist, Mr. Anderson served on the boards of the Washington Area Bicyclist Association, the Citizens League of Montgomery County, Coalition to Stop Gun Violence, and the Committee for Montgomery. He is former Vice President of the Woodside Civic Association and Executive Vice Chairman of the Silver Spring Citizens Advisory Board. Mr. Anderson holds undergraduate and law degrees from Georgetown University and a graduate degree in journalism from Columbia University.

Norman Dreyfuss was appointed to the Montgomery County Planning Board in February 2010. Mr. Dreyfuss is Executive Vice President of IDI MD, the developer of Leisure World and many other developments throughout the Washington, D.C. region. He has worked in all aspects of community development, is a champion of affordable housing and serves as Commissioner on the Montgomery County Housing Opportunities Commission and co-chairs the County's Annual Affordable Housing Conference. A resident of Potomac, MD, Mr. Dreyfuss holds a J.D. from American University, a B.S. in Mechanical Engineering, and a B.A. in Fine Arts from Rutgers University.

Amy Presley was appointed to the Montgomery County Planning Board in June 2008. Ms. Presley has expertise in the areas of marketing, strategic planning, and business development. A founding member of the Clarksburg Town Center Advisory Committee (CTCAC), she has been involved in numerous planning-related initiatives, including helping draft the Commission's Development Review manual and serving on an M-NCPPC-hosted growth policy panel.

Marye Wells-Harley, Vice Chairman of the Planning Board, was appointed in July 2009. She worked for many years at the Prince George's County Department of Parks and Recreation, part of the Maryland-National Capital Park and Planning Commission. For the last six of those years, she was director of Parks and Recreation, and, as such was instrumental in the agency receiving an unprecedented five top awards from the National Recreation and Park Association. Before serving as parks and recreation director, Commissioner Wells-Harley worked in several top-level management positions for the Commission. During that time, she was appointed to the Maryland State Arts Council and the Prince George's County Advisory Committee on Aging. Ms. Wells-Harley's long tenure of public service brought her the distinction of being named one of Maryland's Top 100 Women by the Daily Record newspaper in 2004. Ms. Wells-Harley holds a bachelor's degree from Winston-Salem State University and is a graduate of the Executive Leadership Institute and Leadership Washington. She is active in numerous professional organizations, including the National Recreation and Park Association and the National Forum for Black Public Administrators, and Roundtable Associates. She serves on the board of Eastern National and is a past board member of the Accokeek Foundation and the Prince George's County Arts in Public Places Panel. Commissioner Wells-Harley, a Silver Spring resident, is the first African-American woman appointed to the Montgomery County Planning Board.

Officers

Patricia Colihan Barney was appointed as Executive Director on February 25, 2010, following 10 years as the Commission's Secretary-Treasurer. Previously, Ms. Barney served as the Director of Finance of Frederick County Maryland for a short period of time before returning to continue her 16 year career with the Commission. While at the Commission, she held positions of increasing responsibility including Finance Manager in the Office of the Secretary-Treasurer. Before her career in the public sector, Ms. Barney was Assistant Controller for Loyola Federal Savings and Loan Association and an auditor with Deloitte Haskins & Sells. Ms. Barney received her Bachelor of Arts Degree in Accounting from Frostburg State College, and Master's Degree in Management from the University of Maryland University College. She is a member of the American Institute of Certified Public Accountants, the Government Finance Officers Association, the Honor Society of Phi Kappa Phi, and Leadership Montgomery County and President-elect of the Maryland Government Finance Officers Association. She also serves as trustee for the Commission's Employees' Retirement System and Other Post-Employment Benefits Trust Fund.

Joseph C. Zimmerman was appointed by the Commission as its Secretary-Treasurer in August 2010. Reared in Maryland, Mr. Zimmerman has over thirty years' experience in public administration and financial management. He served for over ten years as an assistant controller and controller in higher education, fifteen years as a County finance director, and five years as director of finance for an independent State agency. He is the past President of the Maryland Government Finance Officers Association. Mr. Zimmerman is a Certified Public Accountant and holds a Bachelor's degree in Accounting from Frostburg State College and a Master's of Business Administration from the University of Baltimore. Member of AICPA, MACPA, and GFOA. He also serves as a trustee for the Commission's Employees' Retirement System and Other Post-Employment Benefits Trust Fund.

Adrian Robert Gardner was appointed as the Commission's General Counsel in April of 2000. Before joining the Commission, Mr. Gardner engaged in private legal practice for more than ten years, including his terms as general counsel for a construction material supply company operating in several markets along the eastern seaboard, and principal of regional law and lobbying firms. During 2005, Mr. Gardner was appointed by the Georgetown University Law Center as an Adjunct Professor in Local Government Law. He is also distinguished as one of the youngest department heads in the history of Prince George's County, Maryland, where he was appointed in 1990 as Executive Director for the local government's Minority Business Opportunities Commission. Mr. Gardner is a member of civic, charitable and professional organizations, including the American Bar Association, the Maryland State Bar Association, and the voluntary bar associations of Prince George's and Montgomery Counties, Maryland and the J. Franklyn Bourne Bar Association. He earned a bachelor's degree with high academic honors from Northeastern University in Boston, Massachusetts; a master's in Public Policy from The John F. Kennedy School at Harvard University; and a juris doctorate from Harvard Law School, which was also conferred with academic honors. Mr. Gardner is currently admitted to practice before the United States Fourth Circuit Court of Appeals, the United States District Court for Maryland, the Court of Appeals for the State of Maryland, and the District of Columbia Court of Appeals.

Department Directors

Ronnie Gathers was appointed Director of the Prince George's County Department of Parks and Recreation in November 2007. Mr. Gathers has been affiliated with the Commission for 22 years in the parks and recreation fields. During this time he has served in progressively responsible positions within the Commission and the Department, including Acting Director of the Department of Parks and Recreation and Deputy Director of Facility Operations for the Department as well as 18 years managing parks and facilities for the Commission's Montgomery County Parks Department. He also served active duty in the military, and served four years as a civilian with the U.S. Army's Recreation Department. Mr. Gathers holds a Bachelor's Degree in Physical Education and Recreation from South Carolina State University and earned a Master's Degree in Administrative Management from Bowie State University. His focus is to provide excellent customer service, connect with the community and increase services to our youth and seniors.

Fern V. Piret is the Director of the Prince George's County Planning Department. Dr. Piret joined the Commission in December 1989, after more than 15 years of experience in Prince George's County government, where she served as senior advisor for Economic Development and Transportation in the Office of the County Executive. Dr. Piret earned her master's and doctorate degrees in Government and

Politics from the University of Maryland and her bachelor's degree from Texas Technological College. Her professional affiliations include membership on the Council of Governments' Planning Directors Technical Committee and Metropolitan Development Policy Committee, the International Economic Development Council and Leadership Washington.

Mary R. Bradford is the Director of the Montgomery County Parks Department. She was appointed to this position in February 2006. Ms. Bradford is a seasoned park professional who began her career as a park ranger and worked her way up to Associate Director and Chief Financial Officer of the National Park Service. Ms. Bradford has a juris doctor from the Georgetown University Law Center, a master's degree from Stanford University Graduate School of Business, and a bachelor's degree from the University of Maryland. She is an active member of several professional organizations including the National Recreation and Park Association, the Maryland Recreation and Park Association, and the Maryland Association of Counties. She is a former member of the Eastern National Board of Directors and the Sloan Advisory Board of the Stanford Graduate School of Business.

Rollin Stanley was appointed Director of the Montgomery County Planning Department in February 2007. Mr. Stanley comes to the Commission with more than 30 years' experience in the planning and design field. Formerly the Director of the Planning & Urban Design Agency in St. Louis, he previously worked in Toronto for 21 years. His planning experience is diverse, having worked in one of the most vibrant urban economies in the world and then in a city rebuilding from one of the largest declines in the U.S. He has a degree in urban and regional planning from Ryerson University, Toronto, has twice won a World Leadership Award and is a division chairman in the American Planning Association. He has lectured in and consulted in China, Canada, England and the United States.

COMMISSION FINANCIAL DATA

Basic Accounting System

The Commission's accounting system is based on fund accounting. The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The financial position and operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate, for the purpose of carrying on specific activities or attaining certain objectives in accordance with applicable regulations, restrictions or limitations.

Fund Structure

The revenues and receipts of the Commission are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. The various funds are summarized for each county and for the Commission as a whole in the accompanying financial statements of the Commission.

The fund types used by the Commission are: Governmental Funds, which include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds; Proprietary Funds, which include the Enterprise and Internal Service Funds; and Fiduciary Funds. Details of the Commission's fund structure are set forth in "Notes to Financial Statements" in Appendix A of this Official Statement.

Basis of Accounting

Governmental Accounting Standards currently effective require reporting governmental operations on a full accrual basis in addition to the modified accrual information discussed below. The financial report includes a Statement of Net Assets and a Statement of Activities, which present Commission-wide information, including all governmental and business-type funds, on a full accrual basis.

The financial operations of the Governmental Funds are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are recorded only when received in cash, except for revenues considered both measurable and available to finance appropriations for the current year, which are recognized as revenue when earned. Expenditures are recorded at the time liabilities are incurred. Exceptions to this rule are that principal and interest on long-term debt are considered expenditures when due. Accumulated unpaid annual and compensatory leave is reported in the Employee Benefits Internal Service Fund and is funded by charges to the General Fund. In addition, an encumbrance system is employed in the Governmental Funds to account for expenditure commitments resulting from approved purchase orders and contracts.

The financial operations of the Proprietary Funds and the Fiduciary Funds are maintained on the accrual basis of accounting in which all revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, without regard to receipt or payment of cash.

Certificate of Achievement

For the 38th consecutive year, the Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year 2010. The Commission intends to continue to submit its CAFR for review and believes that its CAFR for the fiscal year 2011 will conform to the Certificate of Achievement Program requirements.

Financial Information

The financial statements included herein reflect the functions under the direct jurisdiction of the Commission and the functions of the Retirement System. The data have been prepared in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board ("GASB"), and the guidelines recommended by the Government Finance Officers Association of the United States and Canada.

Revenues and Expenditures

Total Commission Revenues and Expenditures

The major sources of revenues of the Commission include property taxes; Federal and State grants; interest earnings; user fees and charges for leisure and public service facilities; charges for services, licenses and permits; rental income on Commission-owned property; and concessions and contributions.

In accordance with the general practice of governmental units, the Commission classifies its expenditures as follows: Personal Services, Supplies and Materials, Other Services and Charges, Capital Outlay, Debt Service, and Other. Through its various departments and offices, the Commission supplies an array of services by function. The principal services are General Government, Planning and Zoning, Park Operations, Recreation, and Park Acquisition and Development. See "THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION – Commission Management."

The following tables show the general revenues and expenditures of the Commission for Prince George's County activities for five most recent fiscal years:

Governmental Revenues by Source (1)

Fiscal Year	Property Taxes	Inter-Governmental	Charges for Services	Interest Earnings	Other	Total
2007..........	$178,612,968	$10,798,533	$15,928,888	$9,010,537	$806,543	$215,157,469
2008..........	210,687,412	19,489,322	15,578,871	9,576,185	1,167,188	256,498,978
2009..........	247,945,756	3,647,603	16,140,656	6,602,046	2,792,340	277,128,401
2010..........	273,054,978	8,374,089	15,682,840	1,694,356	2,061,194	300,867,457
2011..........	251,407,155	9,471,805	16,302,817	1,366,721	770,217	279,318,715

(1) Includes General, Capital Projects, Debt Service, and Special Revenue Funds. Excludes proceeds from bond sales.

Source: The Maryland-National Capital Park and Planning Commission.

Governmental Expenditures and Net Transfers by Function (1) and (2)

Fiscal Year	General Governmental	Planning and Zoning	Park Operations(2)	Recreation (2)	Park Acquisition and Development	Debt Service	Total
2007	$8,028,853	$20,243,772	$2,054,841	$45,866,125	$25,407,844	$13,005,209	$184,606,644
2008	8,848,053	26,284,791	82,942,006	50,761,564	22,084,942	14,140,774	205,062,130
2009	10,016,143	36,052,040	85,589,140	73,990,856	18,757,937	14,275,802	238,681,918
2010	10,304,182	35,496,067	120,442,951	74,560,524	27,276,872	13,152,950	281,233,546
2011	9,349,172	33,593,366	117,481,346	72,711,853	30,706,294	13,315,596	277,157,627

(1) Includes General, Capital Projects, Debt Service, and Special Revenue Funds.
(2) Contributions to Enterprise Funds are included in Recreation.
Source: The Maryland-National Capital Park and Planning Commission.

General Fund

Description

The Commission's park operations, planning, recreation, and general administrative functions are financed primarily by legally designated property taxes and are accounted for in the General Fund, which includes the Administration, Park and Recreation Accounts in Prince George's County and the Administration and Park Accounts in Montgomery County. Property taxes levied in the Metropolitan District in each county include a mandatory tax primarily for the payment of debt service on park acquisition and development bonds. Proceeds of that tax are recorded in the respective Park Accounts and transferred to the Debt Service Funds, as needed, to pay debt service.

Park Account Revenues and Expenditures

The following table summarizes the actual revenues and expenditures including encumbrances, of the Commission for the Prince George's County General Fund - Park Account for five fiscal years 2007 through 2011. Also shown are the budgeted revenues and expenditures for the fiscal year ending June 30, 2011and unaudited actual revenues and expenditures for seven months ending January 31, 2012.

Prince George's County General Fund – Park Account
Summary of Revenues and Expenditures Including
Encumbrances and Changes in Fund Balance – Budget Basis

	Fiscal Year Ended June 30					Budget	Unaudited Actual
	2007	2008	2009	2010	2011	2012	01/31/2012
Revenues:							
Taxes	$107,537,268	$126,882,966	$149,481,184	$164,628,542	$151,616,903	$142,854,200	$137,531,750
Interest	3,123,326	3,046,027	1,382,777	388,072	266,855	463,000	161,933
Fees, Charges and Other	2,531,350	2,587,173	2,741,357	2,693,472	2,482,786	3,107,234	1,494,164
Total Revenues	113,191,944	132,516,166	153,605,318	167,710,086	154,366,544	145,961,434	139,187,847
Expenditures and Encumbrances:							
Park Management and Design	8,172,031	8,842,288	11,345,179	11,831,364	14,400,258	14,661,800	8,386,937
Park Police	11,389,007	12,945,528	14,295,665	15,410,022	16,440,243	16,048,600	9,349,772
Maintenance & Development	18,593,967	21,561,646	28,371,513	22,629,874	24,239,413	25,413,900	12,940,162
Park and Facility Operations	17,560,371	21,353,502	23,724,347	23,327,348	23,160,981	33,381,934	17,526,387
Support Services	9,404,773	10,829,333	12,857,387	11,444,558	10,945,141	12,894,300	9,220,604
Contributions	-0-	-0-	-0-	30,000,000	30,000,000	-0-	-0-
Total Expenditures and Encumbrances	65,120,149	75,532,297	90,594,091	114,643,166	119,186,036	102,400,534	57,423,862
Other Financing Sources (Uses):							
Debt Service Fund	(12,554,192)	(12,779,583)	(13,936,572)	(12,834,734)	(13,018,165)	(11,698,000)	(7,797,478)
Other, Net	(31,589,043)	(34,339,596)	(56,510,656)	(42,200,556)	(20,602,634	(9,880,000)	(10,259,434)
Total	(44,143,235)	(47,119,179)	(70,447,228)	(55,035,290)	(33,620,799)	(21,578,000)	(18,056,912)
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses	3,928,560	9,864,690	(7,436,001)	(1,968,370)	1,559,709	21,982,900	63,707,073
Beginning Fund Balance	50,284,754	54,213,314	64,078,004	56,642,003	54,673,633	56,233,342	56,233,342
Ending Fund Balance	$54,213,314	$64,078,004	$56,642,003	$54,673,633	$56,233,342	$78,216,242	$119,940,415

Source: The Maryland-National Capital Park and Planning Commission

Fiscal Year 2011 Operating Results and 2012 Fiscal Outlook

The Commission's Finance Department provides on-line financial information and prepares and distributes periodic estimates of revenues and expenditures and fund balances for the current fiscal year, and the Budget Division prepares six-year projections to assist management with fiscal planning. Periodic reviews of these reports and estimates, coupled with overall stringent financial management, have consistently resulted in the Commission spending less than the budgeted amounts.

The fiscal year 2012 budget was adopted with the same total tax rate as in the prior six years. The rate was established for the fiscal year 2004 to provide adequate flexibility for an expanded capital program, debt service associated with the capital program and to build up reserves to maintain a level tax rate for the foreseeable future.

For fiscal year 2011, the aggregate of the General Fund-Park Account revenues (including transfers) was $2,379,780 less than the budgeted amount and expenditures (including transfers) were $1,347,429 more than the budgeted amount for Prince George's County. The Prince George's County General Fund-Park Account Total Budgetary Fund Balance was $56,233,342 at June 30, 2011. The Fund Balance consisted of uncommitted funds totaling $50,581,442, a general contingency reserve of $5,651,900.

As of January 31, 2012, the Prince George's County General Fund-Park Account Total Budgetary Fund Balance is estimated to be $77,931,159 at June 30, 2012. The estimated Fund Balance consists of uncommitted funds totaling $72,551,259, and a general contingency reserve of $5,379,900.

The Commission's fund balance policy requires a contingency reserve of between 3 to 5% of expenditures. The fiscal year 2012 adopted budget complies with this policy.

Property Taxes

Property taxes are levied and collected for the Commission by Prince George's County and remitted monthly to the Commission. Real property taxes are levied on July 1 each year and become delinquent on October 1, at which time interest and penalties commence. Effective July 1, 2000, 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 are due by December 31. 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 May in Prince George's County for taxes that are delinquent. The Commission periodically reviews property tax assessments to ensure proper receipt of such taxes. From time to time, the Commission may determine that additional taxes are due or refunds are required. Only after such amounts are measurable will the Commission record the appropriate receivable or reserve for the entire amounts.

Rates and Levies

The following table sets forth the Prince George's County tax rates and tax levies allocated to the Commission for each of the six most recent fiscal years through June 30, 2012.

Property Tax Rates and Levies Allocated to the Commission (1)(3)

Fiscal Year	Administration	Park Operations	Recreation	Advance Land Acquisition (2)	Total	Tax Levy
2007…………	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	178,448,928
2008…………	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	210,271,715
2009…………	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	247,780,995
2010…………	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	273,147,553
2011…………	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	252,516,048
2012…………	0.0466/0.1165	0.1719/0.4298	0.0592/0.1480	0.0013/0.0032	0.2790/0.6975	N/A(4)

(1) Rates are per $100 of assessed valuation.
(2) All taxes except the Advance Land Acquisition tax are accounted for in the General Fund.
(3) Rates are for Real/Personal.
(4) Total available billing not available at this time.

Tax Collections

The following table sets forth certain pertinent information regarding Prince George's County's tax levies and tax collections allocated to the Commission for six fiscal years and fiscal year 2012 through January:

Property Tax Levies and Collections Allocated to the Commission

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections
2007………..	$178,448,928	$177,139,126	99%	$571,135	$177,710,261
2008..............	210,271,715	208,168,095	99	1,065,977	209,234,072
2009	247,780,995	246,157,180	99	387,786	245,344,969
2010	273,147,553	271,182,300	99	(190,971)	270,991,329
2011	252,516,048	250,411,969	99	818,134	251,230,103
2012	232,866,127[1]	231,555,360[2]	99	-	231,555,360

Note: Includes Advance Land Acquisition taxes which are not accounted for in the General Fund.
[1] Total Tax Levy estimated through 3/31/2012.
[2] Current Tax Collections through 3/31/2012.

Assessments

The assessment of all real and tangible personal property for purposes of property taxation by State and local governmental units is the sole responsibility of the State Department of Assessments and Taxation. Assessment records and tax rolls are maintained in each county seat and in Baltimore City. Real property is valued at market value ("full cash value") and assessed in each year at a percentage of market value. In the 2000 legislative session, the Maryland State Legislature enacted a law providing that beginning July 1, 2001 property tax rates shall be applied to 100% instead of 40% of the value of real property, and that the real property tax rate shall be adjusted to make the impact revenue neutral. One-third of the real property is physically 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. Any increase in market value arising from such inspection and revaluation is phased in over the ensuing three taxable years in equal annual installments.

Budget

Article 28 requires the Commission to prepare an annual operating and an annual capital budget on or before January 15 of each year for the ensuing fiscal year. The budget shall allocate separately to each county proposed expenditures and revenue estimates that are so allocable. The budget is prepared to reflect the total funding and staffing requirements of the Commission as well as its individual programs and organizational components. The budget process begins with the submission of departmental requests to the respective Planning Boards of each county. Each Planning Board approves its own departmental budgets, and the proposed budgets then are reviewed and acted upon by the Commission.

The Commission must submit the budget to the County Executives of Prince George's and Montgomery County on or before each January 15. The budget is transmitted by the County Executives, with recommendations, to their respective County Councils. The deadline for transmittal in Montgomery County is March 1st. In Prince George's County, County Executive transmittal must be made to the County Council by April 1st. Each County Council must conduct public hearings on the budget and may add to, delete from, increase or decrease any item of the budget allocable solely to that county. The Montgomery County Council and the Prince George's County Council are directed to approve the portion of the budget allocable to their respective county by June 1 of each year. In each case, the respective County Council is directed to establish tax levies in such amounts as the County Council determines to be necessary to finance the portion of the budget allocable to that county. Budget items allocable to both counties must have the concurrence of both County Councils. If the County Councils do not concur by June 15 on an item allocable to both counties, the item shall stand approved as submitted by the Commission.

After each County Council has approved the budget, it must be delivered to the respective County Executive within three days. If the respective County Executive disapproves, reduces, or modifies any budget item within ten days thereafter, the budget is returned to the respective County Council with written explanation. Each County Council may reapprove or restore within 30 days any budget item over the disapproval of the County Executive. In both Montgomery County and Prince George's County, such re-approval or restoration requires the affirmative votes of six members of its County Council.

After the budget has been duly adopted by each County Council, the Commission is authorized to transfer appropriations within certain limits, but it may not alter total appropriations without County Council approval by budget amendment. Budget amendments may be made by each County Council on its own initiative or at the request of the Commission after the County Council has received recommendations from the County Executive and after public hearing upon reasonable notice to the public. With respect to budget items applicable to both counties, an amendment is not effective unless it has received the concurrence of both County Councils.

Capital Improvements Program - Legal Requirements

Article 28 requires the Commission to prepare a six-year projection of capital expenditures called the Capital Improvements Program (the "CIP"). The CIP must include a statement of the objectives of the capital programs and the relationship of these programs to each county's adopted long-range development plans; shall recommend capital projects and a construction schedule; and must provide an estimate of cost and a statement of all funding sources. The CIP must include all programmed parkland acquisition and all major parkland improvement and development and major acquisitions of equipment. The CIP must be submitted to the governing body of Prince George's County prior to November 1 of each year. The CIP for Montgomery County must be submitted to the County Executive and County Council of Montgomery County prior to November 1 of each odd-numbered year.

Each county governing body must, on or before adoption of its budget and appropriations resolution, adopt the CIP. Such adoption may occur only after public hearings thereon which may be conducted in conjunction with public hearings on the county's own and other agencies' six-year programs or capital budgets. In its adoption, the county governing body may make such amendments, revisions or modifications as it may determine. Any such amendment, revision or modification shall not become final until submission to the Commission for written comment on at least 30 days' notice.

The capital budget of the Commission for the succeeding fiscal year shall include such projects necessary to be in full conformity with that part of the CIP adopted for the first year of the six-year program. No such capital project may be undertaken, in whole or in part, which is not in conformity with that part of the CIP applicable to that year unless the same shall be amended by the county governing body on its own initiative or at the request of the Commission and after public hearing upon reasonable notice to the public.

Capital Budget

The Commission's Prince George's County capital plan for fiscal years 2012 through 2017 is summarized below (in thousands of dollars):

	2012	2013	2014	2015	2016	2017
Expenditures:						
Land Acquisition	$6,949	$6,000	$6,000	$6	$0	$0
Development	48,121	23,515	26,950	10,450	300	5,000
Total*	$55,070	$29,515	$32,950	$16,450	$300	$5,000
Funding Sources:						
M-NCPPC Bonds	$13,216	$3,965	$18,700	$5,450	$50	$5,000
State of Maryland	5,595	3,000	3,000	3,000	0	0
Developer Contributions	25,595	50	0	0	0	0
Pay-as-you-go	10,664	22,500	11,250	8,000	250	0
Total*	$55,070	$29,515	$32,950	$16,450	$300	$5,000

* Excludes Funding Sources and Expenditures for the Advance Land Acquisition Fund which is supported by its own taxing authority and tax rate.

Plans for Future Debt

The Commission has no plans to incur any additional general obligation debt during calendar year 2012 for Prince George's County.

Insurance

The Commission liability insurance programs are handled through self-insured and commercial insured products, as well as internal risk transfer programs such as the requiring of certificates of insurance and Indemnity and Hold Harmless clauses for vendor contracts. These programs are managed through the Commission's Risk and Safety Management Office. This Office is also charged with developing and implementing the Commission's internal loss control program to reduce accidents and injuries through training, inspections and regulatory compliance, programmatic risk assessments and insurance review of vendor contracts.

For its self insured products, the Commission participates in the Montgomery County Self-Insurance Program (the "Program") for the purpose of economic pooling of risks and resources. There are over 12 entities which participate in the Program including the Commission, Montgomery County Government, Montgomery County Public School System, Montgomery Community College, the City of Rockville, the Montgomery County Revenue Authority, the Housing Opportunities Commission of Montgomery County, the Housing Authority of the City of Rockville, the Town of Somerset, the City of Gaithersburg, the Village of Martin's Addition and the City of Takoma Park. The Program is administered by an Inter-Agency Insurance Panel, comprised of representatives of each of the participating entities. This panel formulates insurance policy, reviews claims for settlement and evaluates the effectiveness of the loss control program, and develops recommendations for minimizing potential losses. The Program provides substantial savings in commercial insurance costs and the benefit of claims management systems including a third-party claims management firm, Gallagher Bassett Services, Inc., and the Montgomery County Attorney's Office to administer the legal requirements of the Program.

The Program provides the Commission with insurance coverage for workers' compensation (Maryland State mandatory limits), comprehensive general liability, automobile coverage (first and third-party claims), professional liability, property and fire damage, boiler and machinery damage, data processing systems breakdown and blanket crime coverage.

By State law effective July 1, 1987, local government entities, including the Commission, are protected by the Local Government Tort Claims Act. Under this legislation, the liability of the Commission for common law torts, such as negligence, is limited to $200,000 for an individual claim, and $500,000 for all claims arising from one occurrence. This act significantly decreases the exposure of the Commission to large losses.

Each year, the Commission pays to the Program Fund an amount for Montgomery County and Prince George's County, individually, equal to the estimated claims for that county for the ensuing year, as well as the estimated share of the operating costs of the Program Fund for each county for that year.

At June 30, 2011, the Commission's Risk Management Fund had net assets of $11,223,156 of which $4,793,258 was for Montgomery County and $6,429,898 was for Prince George's County. The Commission's approved budget for fiscal year 2012 included an appropriation of $2,614,300 for Montgomery County risk management costs and $5,014,900 for Prince George's County for a total of $7,629,200 designated for risk management costs.

The Commission has, in addition to the self-insurance coverage, further liability and property loss coverage through the direct purchase of commercial policies for claims arising out of the operation of a public airport, and loss or damage to antiques and other specific items of personal property. The Commission also has public official bond coverage for its public officials.

Labor/Employee Relations

As of June 2012 the Commission had approximately 6,495 employees, which included 1,992 full- and part-time merit employees and 4,490 contractual (temporary employees), and 13 appointed officers and officials.

The Commission's merit system employees attain "career" status once they have completed a 12-month new hire probationary period. Merit system employees function under a personnel system known as the "Merit System", which is established by State statute. This system is overseen by a Merit System Board. Contractual employees and appointed officials are governed by the terms and conditions of their individual contract agreements.

The Merit System Board is composed of three residents of the bi-county area who serve overlapping four-year terms. The Board is responsible for making recommendations and decisions on the Merit System including changes and improvements to the compensation and classification plans, working conditions, and the personnel rules and regulations. The Board serves as the final internal appellate body on employee grievances and appeals of adverse actions (except for those employees represented by collective bargaining).

State statute also provides for collective bargaining representation for non-managerial park police officers and for some general service employees (i.e., those who are not managers, supervisors or confidential employees). The statute defines five collective bargaining units of which four have elected to be represented by a labor organization. This accounts for approximately 42% of the Commission's merit system workforce, as follows:

- Park Police Officers at the rank of sergeant and below are represented by the Fraternal Order of Police ("FOP"), Lodge #30. The Commission was formerly operating under a three-year collective bargaining agreement with the FOP in effect until January 31, 2011; by mutual agreement the contract was extended, except for wage issues, through January 31, 2012. A new contract in effect through January 31, 2014 is expected to be ratified by early June.

- Merit System employees in Service/Labor, Trades, and Office/Clerical bargaining units are represented by the Municipal and County Government Employees Organization ("MCGEO"), Local 1994 UFCW. A three-year collective bargaining agreement with MCGEO is in effect until June 30, 2012. A new contract in effect to June 20, 2015 has been ratified.

- Merit System employees in the Professional/Technical/Paraprofessional/Administrative unit elected not to be represented by a labor organization.

Other Post-Employment Benefits

The Commission provides postretirement health care benefits to all full-time and part-time merit system employees, directors appointed by Montgomery County and Prince George's County Planning Boards, Merit System Board Members, Commissioners and appointed officials who retire under a Commission Retirement Plan or the State of Maryland Retirement Plan and who have been insured under any Commission-sponsored group medical plan during the three years immediately preceding the date of retirement or ability to prove similar coverage in another plan immediately prior to retirement. Employees that separate from employment before retirement are not eligible to participate. Currently 787 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.

In fiscal year 2008, the Commission began phasing in over an eight-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 Post-Employment Benefits Other Than Pensions".

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 fiscal year ended June 30. 2011, 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)	$ 23,871
Interest on net OPEB obligation	1,144
Adjustment to annual required contribution	(1,080)
Annual OPEB cost (Expense)	23,935
Less Contribution made	9,210
Increase in Net OPEB obligation	14,725
Net OPEB obligation, beginning of year	36,232
Net OPEB obligation, end of year	$ 50,957

The Commission's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation to the System for fiscal years 2009, 2010 and 2011 and is estimated for fiscal years 2012 and 2013 is presented below ($000):

	2009	2010	2011	Est. 2012	Projected 2013
Annual Required Contribution (ARC)	$ 21,306	$ 23,049	$ 23,935	$ 28,213	$29,670
Percentage of ARC Contributed	50%	31%	39%	57%	63%
Net Pension Obligation	20,386	36,232	50,957	63,964	74,261

An actuarial valuation of the plan was performed as of July 1, 2011. Based on the assumptions and qualifications stated therein, the OPEB report concluded that, assuming an eight-year phase in, the fiscal year 2013 annual required contribution (ARC) for the Commission is $29,669,900 and the related unfunded actuarial liability (UAL) is $322,000,900. The budgetary impact in fiscal year 2012 to meet the OPEB phase-in obligation after considering the amounts needed to make current benefit payments is $6,379,700.

Employees' Retirement System

The Commission has a contributory retirement system (the "System") for its employees that consist of four defined benefit Plans: A, B, C and D. The majority of Commission full-time career employees participate in one of these Plans. The Internal Revenue Service issued a favorable determination letter regarding the qualified status of the System under Section 401(a) of the Internal Revenue Code, as amended, and on the status of the trust fund holding the assets of the Plans as exempt from federal income tax under Section 501(a) of the Code.

Plan A, established when the Commission withdrew from the State Retirement System as of July 1, 1972, was applicable to all full-time employees on a voluntary basis until December 31, 1978, when membership was closed. Plan A participants contribute 6% of earnings.

Plan B is mandatory for all new full-time career employees hired on or after January 1, 1979, excluding Park Police Officers, and all appointed officials and part-time employees effective January 1, 2009. Plan B participants contribute 3% of base earnings up to the Social Security wage base, and 6% of base earnings in excess of the wage base. Retirement benefits are integrated with the Social Security covered compensation level.

Plan C was mandatory for Park Police Officers hired between January 1, 1979 and June 30, 1990. Effective July 1, 1990, all Plan C members were transferred to Plan D, and Plan C was closed to new members. Plan C was subsequently amended and reopened for all Park Police Officers hired after July 1, 1993 and for those who chose to transfer from Plan D to Plan C effective November 1, 2002. Plan C participants contribute 8% of base earnings.

Plan D, with a participant contribution rate of 7%, was mandatory for all Park Police Officers hired between July 1, 1990 and June 30, 1993 and for all Plan C participants transferred effective July 1, 1990.

The investments of Plans A, B, C and D are commingled and held in a single trust fund (the "Trust") which is separate from the assets of the Commission. The Trust is administered by a Board of Trustees solely for the benefit of the members and beneficiaries of the Employees' Retirement System. The portfolio of the trust fund currently is managed by eighteen professional investment managers: Artisan Partners of Canton, Massachusetts; Alliance Bernstein L.P. of New York, New York; Blackrock Institutional Trust Company of San Francisco, California; Capital Guardian of New York, New York; C.S. McKee, L.P. of Pittsburg, Pennsylvania; Earnest Partners International of Atlanta, Georgia; Eaton Vance Management of Pasadena, California; FLAG Capital Management of Stamford, Connecticut; JP Morgan Asset Management of New York, New York; Loomis Sayles & Company of Washington, DC; Neuberger Berman of New York, New York; Oaktree Capital Management of Los Angeles, California; Principal Global Investors of Des Moines, Iowa; Pugh Capital Management of Seattle, Washington; Pyramis Global

Advisors of Smithfield, Rhode Island; Ranger Capital Group of Dallas, Texas; RhumbLine Advisors of Boston, Massachusetts; and Western Asset Management of Pasadena, California. The Northern Trust Company of Chicago, Illinois is retained by the Board of Trustees as master custodian. Wilshire Associates of Pittsburgh, Pennsylvania provides performance analysis services for the investment managers and provides a quarterly report of such evaluation to the Board of Trustees.

The financial statements of the Commission's Employees' Retirement System for fiscal year 2011 were audited by Clifton Gunderson LLP of Baltimore, Maryland.

The Retirement System's actuarial valuation as of July 1, 2011 was performed by AON Consulting of Baltimore, Maryland. As of that date, there was an unfunded actuarial accrued liability of $124,492,716 and a funded ratio of 84.1% (as a percentage of actuarial value of assets).

The Commission has agreed to contribute such amounts as are actuarially determined to be required to provide for the benefits to be paid to the members and beneficiaries. The Board of Trustees changed the methodology for amortization of the unfunded actuarial liability (UAL). The new methodology amortizes the UAL as of July 1, 2005 in equal payments to January 1, 2016 and amortizes subsequent changes in the UAL over 15 years.

The following table presents the Commission's actual contributions for the four most recent fiscal years as well as the contribution made July 1, 2011 for fiscal year 2012.

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	$10,561,434	100.0%
2009	13,983,669	100.0%
2010	17,614,908	100.0%
2011	35,206,700	72.8%
2012	32,182,287	100.0%

A few present and former employees of the Commission remain in the Maryland State Retirement System. For these employees, the Commission contributes to that system annually for current cost and for past service cost which is being amortized over a 40-year period ending June 30, 2020. Pension costs for these employees/retirees were $125,211 in 2008, $132,200 in 2009, $142,600 in 2010, $147,230 in 2011 and $142,230 in 2012.

For more detailed information refer to Note 5(D) of "Notes to Financial Statements" in Appendix A of this Official Statement.

DEBT OF THE COMMISSION

Bonded Debt

The Commission's primary authority to issue bonds is found in Section 6-101(a) of Article 28, authorizing issuance by the Commission of bonds, notes or other obligations ("bonds") to provide funds for the acquisition, development or improvement of land for parks, parkways, forests, streets, roads, highways, boulevards, and other public ways, grounds and spaces, and for the purposes of public recreation under rules and regulations as the Commission determines. The Commission is not required to obtain the approval of either county before issuing bonds under Section 6-101. Such bonds may be in the form and denominations determined by the Commission, and must mature in 50 years or less from the date of issue. The bonds must be sold at public sale unless the Commission determines by resolution that a more advantageous price may be obtained by private negotiation. Bonds may be redeemable prior to maturity at prices in excess of their par value.

Bonds issued for park acquisition and development under Section 6-101 of Article 28 are subject to a statutory debt limit. The total amount of such bonds outstanding at any time may not exceed an amount that can be redeemed within 30 years from the date of issue by means of so much of the taxes authorized to be levied in the respective county as is pledged to the payment of the bonds. In calculating the limit, the Commission may assume (i) continued future levy of the tax or taxes at the rate established, (ii) 100% collection of the tax in each fiscal year, and (iii) that the assessed value of property at the time the bonds are issued will remain constant.

The Commission is authorized by Section 7-106 of Article 28 to issue bonds to provide a continuing land acquisition revolving fund in each county. These funds are to be used to acquire land in the respective county needed by certain public bodies for roads, school sites and other public uses, subject to certain required approvals, including that of the county in which the land is located. Such bonds may be issued for land acquisitions in Prince George's County only after the approval of such issuance by the County Council of Prince George's County. The total amount of such bonds (designated by the Commission as "Advance Land Acquisition Bonds") outstanding at any time may not exceed an amount which can be redeemed within 30 years of the date of issue by means of a tax of 3.0 cents on each $100 assessed valuation of personal property and 1.2 cents on each $100 assessed valuation of real property in the respective county. The provisions of Section 6-101 of Article 28, already described, concerning the making of such calculation and relating to form, interest rate, sale, redemption, guarantee, and liability, are applicable to the Advance Land Acquisition Bonds. The County Council of Montgomery County is authorized to levy an annual tax on all property assessed for county taxation a tax of not less than 0.4 cents or more than 1.2 cents on each $100 assessed valuation on real property, or not less than 1 cent or more than 3 cents on each $100 assessed valuation on personal property, for debt service on Advance Land Acquisition Bonds. If a tax greater than 0.4 cents on each $100 assessed valuation for real property or 1 cent on each $100 assessed valuation for personal property is levied in any year, then the County Council of Montgomery County shall continue to levy a tax sufficient to pay the debt service on Advance Land Acquisition Bonds applicable to that county, subject to limitations above. The tax need not be levied to the extent that funds are available from the sources to make the payments in any year and have been applied to or authorized for payment by the Commission. The County Council of Prince George's County is required to levy an annual tax on all property assessed for county taxation in an amount sufficient to pay debt service on Advance Land Acquisition Bonds applicable to that county which have been approved by its County Council. Land acquired out of these funds may be sold by the Commission to the public body needing such land upon repayment to the fund of the cost of such land plus interest. If the land is not needed for the purpose for which it was acquired, it may be used by the Commission, as part of its park system, or may be disposed of by the Commission.

Sections 6-101 and 6-104 of Article 28 authorized the Commission, among others things, to issue refunding bonds.

The Commission may also issue revenue bonds to finance park and recreation system facilities in Prince George's County and Montgomery County. Such revenue bonds are limited obligations of the Commission, payable solely out of project revenues.

Statement of Outstanding Bonded Debt

The following table sets forth the debt service on the Commission's outstanding bonded debt allocable to Montgomery County and Prince George's County as of June 30, 2011.

The Maryland-National Capital Park and Planning Commission
Bonded Debt as of June 30, 2011

	Montgomery County (1)(2)			Prince George's County (1)		
Fiscal Years Ending June 30	**Principal**	**Interest**	**Debt Service**	**Principal**	**Interest**	**Debt Service**
2012.............	$2,755,000	$983,330	$3,738,330	$9,187,535	$2,485,422	$11,672,957
2013.............	2,860,000	894,493	3,754,493	9,409,539	2,189,062	11,598,601
2014.............	2,580,000	807,866	3,387,866	7,911,975	1,909,966	9,821,941
2015.............	2,610,000	723,952	3,333,952	7,239,850	1,609,716	8,849,566
2016	1,955,000	648,241	2,603,241	6,568,171	1,302,498	7,870,669
2017.............	2,000,000	581,419	2,581,419	6,771,946	1,020,375	7,792,321
2018.............	2,085,000	513,381	2,598,381	4,671,181	728,655	5,399,836
2019	2,125,000	436,078	2,561,078	2,795,000	556,400	3,351,400
2020	1,740,000	361,131	2,101,131	2,770,000	448,931	3,218,931
2021.............	1,735,000	295,163	2,030,163	2,750,000	342,213	3,092,213
2022	1,330,000	236,163	1,566,163	1,415,000	244,225	1,659,225
2023	1,330,000	181,953	1,511,953	1,415,000	186,288	1,601,288
2024	960,000	136,028	1,096,028	1,415,000	127,250	1,542,250
2025.............	960,000	97,830	1,057,830	535,000	68,213	603,213
2026.............	600,000	66,585	666,585	535,000	45,475	580,475
2027	600,000	42,900	642,900	535,000	22,738	557,738
2028.............	315,000	18,900	333,900	-	-	-
2029	315,000	6,300	321,300	-	-	-
Total	$28,855,000	$7,031,713	$35,886,713	$65,925,197	$13,287,427	$79,212,624

(1) Includes Debt Service for the Advance Land Acquisition which is supported by its own taxing authority and rate.
(2) Excludes $781,903 of Little Bennett Refunding Revenue Bonds issued to refinance a golf course in Montgomery County and the $347,596 Wheaton Ice Rink Refunding Revenue Bonds and the $1,111,116 Cabin John Regional Park Ice Rink Revenue Note issued to finance or refinance construction of two new ice rinks in Montgomery County.

The Maryland-National Capital Park and Planning Commission
Prince George's County Bonded Debt
As Adjusted for the Issuance of the Bonds

Fiscal Years Ending June 30	Total Debt Service	Less: Refunded Debt Service(3)	Park Acquisition and Development Refunding Bonds, Series PGC-2012A Principal(3)	Park Acquisition and Development Refunding Bonds, Series PGC-2012A Interest (1)	Adjusted Total Debt Service(2)
2012	$11,672,957	$ -	$ -	$ -	$11,672,957
2013	11,598,601	902,190	35,000	234,983	10,966,394
2014	9,821,941	2,148,275	1,725,000	413,975	9,812,641
2015	8,849,566	2,012,100	1,645,000	362,225	8,844,691
2016	7,870,669	1,248,750	935,000	312,875	7,869,794
2017	7,792,321	1,204,500	915,000	284,825	7,787,646
2018	5,399,836	1,160,250	895,000	261,950	5,396,536
2019	3,351,400	1,111,000	880,000	226,150	3,346,550
2020	3,218,931	1,067,000	875,000	190,950	3,217,881
2021	3,092,213	1,023,000	865,000	155,950	3,090,163
2022	1,659,225	987,800	865,000	121,350	1,657,775
2023	1,601,288	952,600	865,000	86,750	1,600,438
2024	1,542,250	916,300	870,000	43,500	1,539,450
2025	603,213	-	-	-	603,213
2026	580,475	-	-	-	580,475
2027	557,738	-	-	-	557,738
Total:	$79,212,624	$14,733,765	$11,370,000	$2,695,483	$78,544,342

(1) Interest rates estimated from 2.00% to 5.00%.
(2) Totals may not add due to rounding.
(3) Preliminary, subject to change.

The following table sets forth for each of the five most recent fiscal years ended June 30 (i) the ratio of Prince George's County bonded debt of the Commission to the assessed value of all real and tangible personal property subject to county taxation by Prince George's County, (ii) the ratio of Prince George's County bonded debt of the Commission to the market value of all real and tangible personal property subject to county taxation by Prince George's County and (iii) the bonded debt per capita.

General Bonded Debt Ratios

Fiscal Year	Population(1)	Assessed Value (Thousands)(1)	Actual Value (Thousands)(1)	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Ratio of Bonded Debt to Actual Value	Bonded Debt per Capita
2007……….	828,770	63,544,195	72,327,750	106,590,000	0.17%	0.15%	128.61
2008……….	820,852	75,728,883	75,728,883	85,132,349	0.11%	0.11%	103.71
2009……….	834,560	88,636,874	102,973,618	86,086,000	0.10%	0.08%	103.15
2010……….	863,420	98,521,803	105,284,234	76,536,154	0.08%	0.07%	88.64
2011……….	N/A	90,863,504	98,933,553	65,925,197	0.07%	0.07%	N/A

(1) Population, Assessed Value and Actual Value are from the the Prince George's County fiscal year 2011 Comprehensive Annual Financial Report.

The following table sets forth the Commission's annual debt service expenditures for Prince George's County as a percent of total expenditures for five most recent fiscal years ended June 30.

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures

Fiscal Year	Total Debt Service (1)	Total General Expenditures(2)	Ratio of Debt Service to General Expenditures
2007	$12,838,730	$177,257,544	7.24%
2008	14,057,336	196,617,030	7.15%
2009	14,249,844	229,701,018	6.20%
2010	13,064,212	271,569,646	4.81%
2011	13,413,562	267,368,077	5.02%

(1) Does not include paying agent fees or debt issuance costs.
(2) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

Record of No Default

The Commission has never defaulted on any indebtedness.

PRINCE GEORGE'S COUNTY

General

The information contained under the heading "Prince George's County" has been provided by Prince George's County.

Prince George's County has 27 incorporated municipalities and occupies an area of 487 square miles located between Washington, D.C. and Baltimore, Maryland. The County borders Howard, Anne Arundel and Calvert Counties to the north and east, Montgomery County and Washington, D.C. to the west and Charles County to the south. The County is located east of Arlington and Fairfax Counties in Virginia, separated by the Potomac River. The County Administration Building is located in the County seat of Upper Marlboro, which is 13 miles from the Washington, D.C. border, 17 miles from downtown Washington, D.C., 25 miles from the State Capitol building in Annapolis, and 33 miles from the City of Baltimore. The County is part of the Washington DC-MD-VA-WV, Primary Metropolitan Statistical Area.

Named for Prince George of Denmark, the County was founded in 1696. The many towns in the County have numerous landmarks and historic sites testifying to the County's history, which spans over three centuries. Strategically poised along the Baltimore-Washington corridor, Prince George's County reaps benefits from the relatively stable economy of the Federal Government's presence in the nation's capital and draws strength from industry in Baltimore. Within its borders, Prince George's County offers an eclectic lifestyle. It is a community of neighborhoods. The County's centralized location and its rich diversity attracts residents and businesses from around the globe. It is an easy blend of the old and the new, urban and rural, historic and modern, large enclaves and small towns.

Prince George's County government operates under a "home rule" County Charter which was adopted in 1970. The powers of the County government are provided in the County Charter of Prince George's and in the Constitution and the laws of the State of Maryland (see Article 25A of the Annotated Code of Maryland, as amended). Under the County Charter, the County government is composed of an executive and a legislative branch. The executive branch implements and enforces the laws and administers the day-to-day affairs of the County government. It consists of a County Executive (who is elected by the qualified voters of the entire County) and all other officers, agents and employees under the County Executive's supervision and authority, including the Chief Administrative Officer who is responsible for the day-to-day administration of County government. The legislative branch of the County government consists of a nine-member County Council (elected from Councilmanic Districts) and its staff. The County Executive and members of the County Council are elected for coterminous four-year terms by qualified voters of the County and are limited by the County Charter to two consecutive four-year terms in office.

Each member of the County Council has one vote. Five votes are generally required to pass legislation and six votes are needed to enact emergency bills and to override a veto by the County Executive. The County Council customarily elects from among its members a Chairman and a Vice Chairman to serve one-year terms.

The court system for the County was established by and is operated under the authority of the State. District and Circuit Court judges are appointed by the Governor, but Circuit Court judges must thereafter run for election. Other State court officials are directly elected for various terms.

The 27 incorporated municipalities in Prince George's County levy taxes on their own authority and are not subject to the limitations as set forth in Sections 812 and 813 of the Charter of Prince George's County, Maryland. Property in these areas is subject to County taxation and the County provides certain public services to the residents of the incorporated municipalities. County ordinances and regulations are also applicable to them. These municipalities may incur general obligation bonded indebtedness and levy taxes without the prior approval of the County. Bonds issued by these municipalities are the legal responsibility of each municipality and are not guaranteed in any way by the County.

Population

From 1980 to 2010 the County has grown at an average rate of approximately 76,500 people every 10 years. Between 2000 and 2010 the population growth in the County increased 7.7%. The County's growth was slightly slower than population growth in Maryland and the United States as shown in the following table:

Population Growth
1980 – 2010

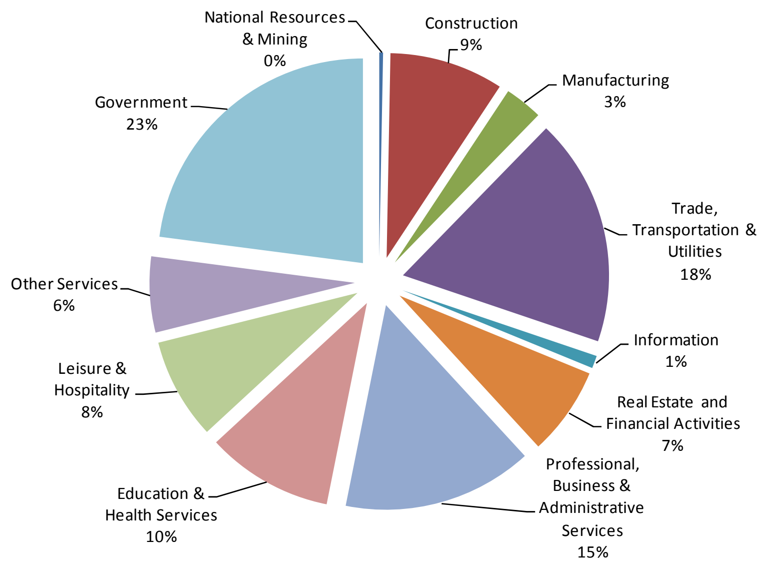
Year	County	State of Maryland	United States
2010 (Census)	863,420	5,773,552	308,745,538
2000...	801,515	5,296,486	281,421,906
1990...	729,268	4,798,000	248,769,873
1980...	665,071	4,216,000	226,505,000
Percent Change (2000-2010).........	7.7%	9.0%	9.7%

Source* Decennial Census, Bureau of the Census, Department of Commerce, (Accessed February 2012)..

Employment

Business expansion within the County brought about continuing increases in size and diversity of the economic base. Much of the job growth was attributable to increases in the number of government jobs and jobs in the education, health care, and social services industry. In 2009, the County had a larger share of government jobs (23%) compared to Maryland (16%).

2009 Prince George's County Jobs by Industry (Non-Agricultural)



Source: U.S Department of Commerce, Bureau of Economic Analysis, (Accessed February 2012).

A comparison between the employment distribution of the County and the State of Maryland is shown in the following chart.

Prince George's County, Maryland
Comparative 2009 Distributions of Non-Agricultural Employment

	Percent of Total	
Industry	**Prince George's County**	**State of Maryland**
Government Employment	23%	16%
Private Employment	77	84
Construction	9	6
Manufacturing	3	4
Trade, Transportation and Utilities	18	16
Information	1	2
Real Estate and Financial Activities	7	10
Professional, Business & Administrative Services	15	17
Education and Health Services	15	3
Leisure and Hospitality	3	4
Other Services	6	6

Source: U.S. Department of Commerce, Bureau of Economic Analysis (Accessed February 2012).

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Principal Employers

The County's diversity in employment is shown in the following table reflecting the 10 largest private and 10 largest public sector employers in the County.

Prince George's County, Maryland Principal Employers
December 31, 2011

Employer	Product or Service	Employees
Largest Private Sector Employers		
United Parcel Service	Package Delivery (Regional Headquarters)	4,220
Giant Food, Inc.	Retail Grocery Chain	3,600
Verizon	Communications Services	2,738
Dimensions Health Corporation	Health Services/Nursing Homes	2,500
Gaylord National Resort	Resort and Conference Center	2,000
Shoppers Food Warehouse	Retail Grocery Chain (National Headquarters)	1,975
Safeway Stores, Inc.	Retail Grocery Chain (Regional Headquarters)	1,605
Chevy Chase Bank/Capital One	Banking Services	1,456
Target	Consumer Goods (Retail)	1,400
Doctor's Community Hospital	Medical Services	1,300
Largest Public Sector Employers		
Prince George's County Public Schools	Education	16,796
University of Maryland, College Park	Higher Education (Flagship Campus	16,938
Joint Base Andrews Naval Air Facility(Wash)	Defense Installation (Civilian and Military)	8,057
Prince George's County	Local Government	6,897
Internal Revenue Service	Revenue Collection/Data Processing	5,539
United States Bureau of the Census	Demographic and Economic Surveys	4,414
NASA/Goddard Space Flight Center	Space Satellite Design and Tracking	3,171
Prince George's Community College	Education	2,676
USDA Research Center/National Agricultural Library*	USDA Library/Agricultural Research	1,850

*Excludes contractors

Source: MD Dept. Business and Economic Development; Prince George's County Economic Development Corporation 2011.

Between 2000 and 2011, the unemployment rate for the County generally remained close to the State of Maryland's unemployment rate and below that of the United States as shown in the following table and the subsequent chart.

Prince George's County, Maryland
Labor Market Characteristics
2000-2011

	County Residents		Percent Unemployed		
Calendar Year	**Civilian Labor Force**	**Resident Employment**	**Prince George's County**	**State of Maryland**	**United States**
2000	447,445	430,293	3.7	3.6	4.0
2001	454,318	436,113	4.1	4.0	4.7
2002	466,983	444,607	4.9	4.5	5.8
2003	440,673	419,846	4.7	4.5	6.0
2004	440,424	420,476	4.5	4.3	5.5
2005	445,698	425,796	4.5	4.2	5.1
2006	450,839	432,468	4.1	3.8	4.6
2007	451,740	435,146	3.7	3.5	4.6
2008	454,201	433,888	4.5	4.4	5.8
2009	450,657	419,348	6.9	7.0	9.4
2010	449,241	417,524	7.1	6.9	9.0
2011	449,202	419,948	6.5	6.5	8.3

Source: U.S. Department of Labor, Bureau of Labor Statistics. Current Population Survey and Local Area Unemployment Statistics Program. Not seasonally adjusted. (accessed February 2012).

Income

In 2009, the County's aggregate personal income totaled $33,079 million. The per capita personal income in the County during 2009 was $39,637. The County's per capita personal income increased 13% between 2005 and 2009. This percentage increase was slightly higher than in the United States. A comparison of personal income per capita of County, Maryland, and United States residents is shown below.

Prince George's County, Maryland
Total Personal and Per Capita Income
2005 – 2009

	Prince George's County	Per Capita Income		
Calendar Year	**Total Personal Income ($Millions)**	**Prince George's County**	**State of Maryland**	**United States**
2009	$33,079	$39,637	$48,247	$39,635
2008	32,835	39,536	48,472	40,674
2007	31,754	38,133	46,998	39,461
2006	30,307	36,224	44,979	37,698
2005	29,435	35,020	42,480	35,424
Percentage Increase (2005-2009)	12.4 %	13.2 %	13.6 %	11.9 %

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

The County's estimated median household income in 2010 was $69,524 compared to $70,250 in 2006, an increase of 6 percent in the 5-year period. Jurisdictional comparisons are shown below.

Median House Hold Income 2006-2010

	Median Household Income		
Metro Jurisdiction	**2006**	**2010**	**% Change**
State of Maryland......................	$66,600	$70,647	6%
Washington Metro Area:			
Prince George's County	**$70,250**	**69,524**	**-1%**
Calvert County.........................	87,400	86,536	-1
Charles County	78,450	83,078	6
Frederick County	80,650	80,216	-1
Montgomery County................	87,500	88,559	1
Baltimore Metro Area:			
Anne Arundel County..............	79,950	80,908	1
Baltimore City	37,850	38,186	1
Baltimore County	63,150	62,300	-1
Carroll County	75,050	80,291	7
Harford County........................	74,600	71,848	4
Howard County........................	93,050	100,992	9

Source: U.S. Census Bureau, American Community Survey 1 year Estimates (Accessed February 2012).

Retail Sales

The Maryland sales and use tax rate is 6 percent on all taxable sales other than certain vehicle rentals and sales of mobile homes. Beginning July 1, 2011, the tax rate for alcoholic beverages, including mixtures, increased from 6% to 9%. Most sales of food by substantial grocery or market businesses are not subject to the tax. Other exemptions include medicine, energy for residential use, manufacturing machinery and equipment, and certain agricultural equipment and supplies. In fiscal year 2011, the County generated $454.4 million in sales taxes. From fiscal year 2007 to fiscal year 2011, the sales taxes generated by the County increased 11.7%.

Sales and Use Tax
Fiscal Years 2007 and 2011

	Total Sales Tax		
Metro Jurisdiction	**Fiscal Year 2007**	**Fiscal Year 2011**	**% Change**
State of Maryland......................	$3,453,486,896	$3,908,480,321	9.3 %
Washington Metro Area:			
Prince George's County	**$406,932,770**	**$454,393,868**	**11.7%**
Calvert County.........................	28,304,074	32,897,887	16.2
Charles County	86,661,225	100,745,878	16.2
Frederick County	126,317,466	129,435,456	2.5
Montgomery County................	449,633,954	500,211,544	11.2
Baltimore Metro Area:			
Anne Arundel County..............	307,724,337	366,604,434	19.1
Baltimore City	285,692,896	316,094,999	10.6
Baltimore County	484,738,670	535,496,088	10.5
Carroll County	83,614,710	89,565,928	7.1
Harford County........................	105,466,009	116,582,026	10.5
Howard County........................	155,411,141	166,888,009	7.4

Source: State of Maryland, Comptroller of the Treasury, Revenue Accounting Division. (Accessed on February 2012).

Housing

The composition of the County's housing market is displayed in the following table. Between 2000 and 2010, total housing units increased by nine percent (an increase of approximately 26,000 units). During this time period, single family homes increased from 65.2 percent in 2000 to 67.1 percent in 2010, while multifamily units slightly declined.

Prince George's County, Maryland
Existing Housing Units by Type of Structure

	2000	2005	2010
Single Family	65.2%	65.7%	67.1%
Detached Unit	50.2%	51.3%	51.4%
Townhome	15.0%	14.4%	15.7%
Multi Family	34.2%	34.1%	32.4%
Other (Mobile Home, RV, van, etc.	0.5%	0.3%	0.5%
Total Dwelling Units	302,378	314,221	328,397

Source: U.S. Census Bureau, 2000 Decennial Census, 2005 and 2010 American Community Survey (Accessed February 2012)
Note: Due to rounding, percentages may not total to 100 percent.

Commercial and Industrial Growth

A summary of building permit activity, including residential as well as commercial and industrial (non-residential) projects, is provided in the following table.

Between 2002 and 2011, the value of new residential construction within the County has averaged approximately $396 million annually. The housing market has declined in the United States. Non-residential construction has averaged approximately $189 million per year. The value of new residential construction within the County in 2011 was $224 million as compared to $205 million in 2010. The value of new non-residential construction within the County in 2011 was $108 million as compared to $113 million in 2010.

Building Permits

	Residential Construction			Non-Residential Construction			Total	
Calendar Year	Permits Issued	Total Valuation(1)	Average Valuation(1)	Permits Issued	Total Valuation(1)	Average Valuation(1)	Permits Issued	Total Valuation(1)
2002	3,077	360,484	117	517	185,289	358	3,594	545,773
2003	2,716	450,316	166	55	269,306	4,896	2,771	719,622
2004	2,312	402,355	174	52	106,500	2,048	2,364	508,855
2005	3,647	636,860	175	39	161,359	4,137	3,686	798,219
2006	3,625	700,079	193	59	178,648	3,028	3,684	878,727
2007	2,987	487,868	163	105	477,541	4,548	3,092	965,409
2008	1,897	231,129	123	77	103,904	1,463	1,956	334,033
2009	2,058	260,898	127	40	187,584	4,690	2,098	448,482
2010	1,405	205,443	146	398	112,701	283	1,803	318,144
2011	1,412	223,875	159	301	107,905	358	1,713	331,780
Total	25,118	$3,959,307	$1,543	1,643	$1,890,737	$25,809	26,761	$5,849,044
Annual Average	2,512	$359,931	$154	164	$189,074	$2,581	2,676	$584,904

(1) Amounts in thousands of dollars of permit-stated construction costs.
Source: Bureau of the Census, Construction Statistics Division, Building Permits Branch and Prince George's County Department of Environmental Resources.

During 2010, approximately 3.4 million square feet of new commercial space was started. The total square footage of commercial non-residential construction started by structure type during calendar years 2006 through 2010 is shown below:

Commercial Non-Residential Construction Started, by Type

Area in Square Feet

Structure Type	2006	2007	2008	2009	2010
Office	387,250	987,587	260,677	539,435	307,215
Mixed Use	959,046	2,156,701	2,051,977	252,000	396,757
Retail	518,590	722,767	233,138	216,620	1,490,018
Educational/Medical	396,368	136,621	1,176,525	263,728	1,238,043
Research & Development	310,726	-	-	-	-
Total Square Footage	2,571,980	4,003,676	3,722,317	1,271,783	3,432,033
Metropolitan Area	7.60%	12.20%	10.00%	8.20%	17.00%

Source: Metropolitan Washington Council of Governments (MWCOG), Commercial Construction Indicators (published 9/14/2011).

The “mixed use” category includes warehouses, recreational buildings (both private and school related), gas stations, churches, funeral homes, hotels, motels, and other miscellaneous non-residential buildings.

Economic Activity

During 2011, approximately 304,000 square feet of commercial space was delivered in the County. Ninety-two percent of the delivered space was retail. The remaining eight percent that was delivered was flex space. At the end of the fourth quarter of 2011, there was approximately 131 million square feet of total commercial space in the County. Of this total, 20 percent was office space, 9 percent was flex space, 40 percent was industrial space, and 31 percent was retail space. Between the fourth quarter of 2010 and 2011, average rents slightly declined while overall vacancy increased slightly. The existing rentable building area (RBA) remained relatively flat during this period, except for an increase of approximately 200,000 square feet of retail space.

The vacancy rate of the overall commercial real estate sector has remained relatively flat since 2010, with the industrial space showing the strongest absorption. Contracting opportunities with government, research, technology, and defense industry anchors contributed to the maintenance of a relatively stable market. The federal government and the County’s mixed commercial base cushion the impact of economic downturns, but also moderates the rate of recovery.

There are nearly a dozen federal agencies, most with research-focused activities, within the County’s High-Technology Triangle. These agencies attract technology companies as contractors for their operations. The NASA Goddard Space Flight Center, the USDA Beltsville Agricultural Research Center, the Army Research Laboratory, the Institute for Defense Analysis, and the US Census Bureau Supercomputer Center support the local technology business base. The estimates from the 2005 Base Realignment and Closure (BRAC) process indicate that Prince George's County will receive 2,700 new direct jobs and even more indirect jobs, as well as an increase of 10,171 housing units by 2020 (source:

BRAC Action Plan / M-NCPPC). The State has designated the Andrews Air Force Base / Branch Avenue Corridor area as a BRAC Zone, and there is the potential for $20 million in new infrastructure investment over 10 years. The County also expanded the State-designated Enterprise Zone to include parcels near Andrews Air Force Base (AAFB).

Other major federal and state facilities have been completed or are under construction. NASA/Goddard completed a new Exploration Science building, and AAFB completed a new 380,000 square foot office building. The University of Maryland at College Park is building several new facilities, some for national security-related tenants, on its 100-acre Enterprise Campus research park. The completion of the NOAA facility at the Enterprise Campus has been delayed, but will deliver in early 2012.

Below is additional information about certain significant retail, commercial, and/or entertainment projects that are pending or have been completed recently:

- The National Harbor Project, located on 537 acres (23.4 million square feet) of waterfront property in the Smoot Bay area of Oxon Hill, completed phase 1 with 400,000 square feet of meeting and exhibit space and 150,000 square feet of retail, waterfront dining, and entertainment space on the Potomac River. The main hotel provides 2,000 rooms, and five other hotels provide an additional 1,000 rooms. Tanger Outlet Factory Centers has signed an agreement for about 80 high-end stores in a $100 million, 350,000-square-foot center on 40 acres at National Harbor. The National Children's Museum is also planned.

- The Detailed Site Plan was approved for the Konterra Town Center, a mixed-use project near the Inter-County Connector, a new $2 billion highway linking I-270 and I-95. The first phase of the ICC is open, and the second and third phases will be complete in 2012. Konterra and the State of Maryland also reached agreement on road improvements and ICC access. Konterra is partnering with Forest City on the 132-acre core of the Town Center, with the ability to build about two million square feet of commercial and 2,000 residential units.

- The Woodmore Town Centre, a 244-acre mixed-use development with residential, office, retail, hotel and convention center space, opened phase 1 with Wegman's, Costco, Best Buy, and other retailers. Major road improvements have been completed.

- Tax increment financing was approved by the County Council for a new movie theatre and additional retail at Brandywine Crossing. Additionally, Carmax has submitted a special exception to construct a dealership on 10 acres at Brandywine Crossing.

- Jackson Shaw completed and sold or leased several new flex buildings in its new development, The Brickyard, including a 50,000 square foot lease for Limbach. Limbach provides specialty engineering services, and will increase its employment from 150 to 225.

- Vocus, a public relations software firm recently expanded and relocated its headquarters from Lanham to Beltsville, keeping 285 jobs and adding another 100 new employees.

- Wal-Mart signed a leased for a 101,000 square foot store in Oxon Hill. The development will include the transfer of land for a new fire station and road improvements.

- Pohanka Automotive Group started construction on a new Honda and Hyundai dealership at the Ritchie Station Shopping Center.

- Passport BMW has purchased a 16 acre property in Suitland to operate new Toyota and BMW dealerships.

- Planning for the proposed light rail Purple Line, connecting New Carrollton and Bethesda, is on schedule with an anticipated approval by Fall 2011 to start Preliminary Engineering.

- Forest City Enterprises and Urban Atlantic Development have been selected by WMATA to develop the New Carrollton Metro Station area, a 39-acre site with the potential for more than 5 million square feet of office and 3,000 residential units.

- Greenberg Gibbons Commercial has partnered with Somera Capital to completely redevelop the Laurel Mall. The new facility at 560,000 square feet will include a grocer, movie theatre, and about 425 residential units.

- A&M Supply Corporation relocated from Virginia to a 102,000 square foot distribution facility in Upper Marlboro.

- TSI Walls Inc. will construct a 70,000 square foot building just outside the Beltway in Upper Marlboro.

- The University of Maryland University College purchased a 62,000 square foot building in Largo, adjacent to its 200,000 square foot headquarters.

Economic Development Program Initiatives

The following initiatives support economic development in the County:

- The Prince George's County Economic Development Corporation (EDC) has a staff of approximately 60 (including employees in the International, Workforce Services, Small Business Initiative, and Youth Employment divisions) and occupies 30,000 square feet of space in Largo. The space also houses the Prince George's Financial Services Corporation, regional offices for the Maryland Department of Business and Economic Development, and the Technology Assistance Center (TAC) Incubator.

- The Small Business Initiative (SBI) program focuses on management consulting services, procurement and franchising opportunities, as well as access to capital and bonding. In 2010, SBI clients received approximately $13 million in contracts, financing assistance, and related business benefits.

- The Prince George's County Technology Assistance Center (TAC) Incubator is an initiative by the EDC to provide competitively priced facilities, as well as management and technical assistance, to start-up technology companies. The TAC Incubator is comprised of approximately 10,000 square feet of office space adjacent to the EDC offices. TAC companies can share reception services, workroom areas, and conference rooms. Rental terms are flexible to allow for future company growth. The incubator has 12 technology companies (two received Maryland Incubator Company of the Year Awards in 2011) and five interim office center companies.

- The County's Enterprise Zone continues to provide incentives for new investment and new job creation in targeted areas of the County. Nineteen businesses or investment projects were certified in 2011, resulting in the creation of 526 jobs representing nearly $137 million in planned new investment.

Transportation

Highway

Interstate 95 provides access to the nation's eastern seaboard, including the major commercial centers in Baltimore, Philadelphia and New York City. Interstate 495 (the Capital Beltway) circles Washington, D.C. and provides access both to that city and to nearby suburban jurisdictions. Other major highways in the County include the Baltimore-Washington Parkway (Route 295), U.S. Route 50 (access to Maryland's eastern shore) and U.S. Route 3/301 (access to Baltimore and Virginia).

Rail

The County is served by CSX Transportation, Norfolk Southern, Amtrak (including a station at New Carrollton on Amtrak's Northeast Corridor service), and the MARC (Maryland Area Regional Commuter) rail system which has two lines that run through the County, both of which provide service between Baltimore City (and surrounding areas) and Washington, D.C.'s Union Station, with 9 stations in the County.

Mass Transit

The Washington Metropolitan Area Transit Authority (WMATA) Metrorail system operates a 106.3-mile subway system. The system serves Washington, D.C. and nearby suburban areas, including four lines and 15 stations that serve the County. WMATA's local bus system has more than 70 routes serving County residents. The County supplements WMATA with "The Bus."

Truck

More than 90 freight lines serve the County. Most of the County lines lie within the Washington commercial zone as defined by the Interstate Commerce Commission (I.C.C.).

Air

The County is located near three major airports: Baltimore Washington International Thurgood Marshall Airport, Washington Dulles International Airport and Ronald Reagan Washington National Airport.

Utilities

Electricity

Baltimore Gas & Electric Company (BGE), Potomac Electric Power Company (PEPCO), Southern Maryland Electric Cooperative, Inc. (SMECO), and Allegheny Power serve the County. County residents have the option of choosing their electric supplier.

Gas

Natural gas is supplied by Washington Gas or Baltimore Gas & Electric Company (BGE). However, County residents now have the option of buying natural gas directly from natural gas suppliers.

Water and Sewer

Washington Suburban Sanitary Commission provides the water supply to the entire County and wastewater treatment services for part of the County. The District of Columbia Water and Sewer Authority also provides wastewater treatment services for parts of the County. Storm drainage for the County is provided by the County Department of Environmental Resources.

Telecommunications

Verizon, Comcast, Level 3 Communications and others have significant fiber throughout the County. AT&T, Sprint Nextel, Cavalier, Cox, and other carriers and resellers also offer services on proprietary and leased lines.

Statutory Debt Limit

Pursuant to Section 5 of the Express Powers Act, the statutory debt limit of the County is a total of 6% of the assessable base of real property of the County and 15% of the County's assessable base of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article. State law authorizes certain exclusions. Obligations issued by the Revenue Authority, the Industrial Development Authority and the Local Government Insurance Trust are excluded from the County's statutory limit. The current debt limit of the County is shown in the following table.

Prince George's County, Maryland
Statutory Debt Limit
June 30, 2009
(Excludes new issue)

County General Obligation Bonds	$1,129,600,000
Maryland Development Debt	153,585
Maryland CDA Infrastructure Financing Bonds	552,600
County Solid Waste Revenue Bonds	2,934,277
Total Debt of the County	$1,133,240,462
Less: Portion of Debt Excludable by State Law:	
County General Obligation Bonds for:	
Mass Transit Facilities	$ 15,011,130
Stormwater Facilities	85,425,000
Solid Waste Projects	36,010,000
School Facilities Surcharge-Supported	252,368,539
School Facility Supported by Telecommunication Tax	26,090,000
Maryland Development Debt	153,585
Maryland CDA Infrastructure Financing Bonds	552,600
County Solid Waste Revenue Bonds	2,934,277
Total Excludable Debt	$418,545,131
County Debt Subject to Statutory Debt Limitation	$714,695,331
Assessable Base of Real Property Taxation (FY 2011)	$96,199,089,410
Assessable Base of Personal Property and Operating Real Property Taxation (FY 2011)	2,749,268,420
Debt Limit (a total of 6% of Real Property Assessable Base and 15% of Assessable Base of Personal Property)	6,184,335,628
Less: County Debt Subject to Debt Limitation	714,695,331
County Debt Margin	$5,469,640,297

Source: Office of Finance.

Short Term Debt

The County has no short term debt.

The amounts reflected in the tables which follow this section are exclusive of approximately $50.1 million in aggregate principal amount of certificates of participation that will be outstanding as of June 30, 2012, for which the County is responsible pursuant to certain real property and equipment purchase agreements. The County's obligation to make payments under such purchase agreements is subject to annual appropriation by the County Council of the amounts due thereunder. The County funds most of the payments due under such purchase agreements from the General Fund; portions of such payments are funded by various County enterprise funds and the Community College and are considered self-supporting by the County.

Prince George's County
Direct, Overlapping and Underlying Debt Statement
($million)
June 30, 2012 (Estimated)

	Gross Debt Principal Amount	Self-Supporting Debt	Net Tax-Supported General Fund Debt Principal Amount
Direct Debt:			
County General Obligation Bonds:			
General Purpose	$ 713.2	$ -	$ 713.2
Mass Transit	15.0	15.0	-
Stormwater Management	85.4	85.4	-
Solid Waste Management	36.0	36.0	-
School Facilities Surcharge-Supported	252.4	252.4	-
School Facilities Supported by Telecommunication Tax	26.1	26.1	-
County Solid Waste Revenue Bonds	2.9	2.9	-
Maryland CDA Development Debt	0.2	0.2	-
Maryland CDA Infrastructure Financing Bonds	0.6	0.6	-
Maryland Local Government Insurance Trust Obligations Issued for County Account	1.5	-	1.5
Total Direct Debt	$1,133.3	418.6	714.7
Overlapping and Underlying Debt:			
Washington Suburban Sanitary Commission	521.5	521.5	-
Maryland-National Capital Park and Planning Commission	65.9	65.9	-
Industrial Development Authority of Prince George's County Lease Revenue Bonds	67.5	-	67.5
Underlying Towns and Cities Within County	47.9	47.9	-
Total Overlapping and Underlying Debt	702.8	635.3	67.5
Total Direct, Overlapping and Underlying Debt	$1,836.1	$ 1,053.9	$ 782.2

Source: Prince George's County, Office of Finance.

Debt Amounts and Debt Ratios

Prince George's County Debt Amounts and Debt Ratios - Fiscal Year Ended June 30:

	2008	2009	2010	2011	2012*
Net Tax-Supported General Fund Debt:					
Net Direct ($ millions)	782.9	699.0	705.3	714.4	714.7
Overlapping ($ millions)	48.6	47.0	69.4	67.5	65.3
Net Direct & Overlapping ($ millions)	831.5	746.0	774.7	781.9	780.0
Gross Direct Debt ($ millions)	1,147.0	1,077.0	1,096.2	1,137.6	1,133.3
Population (thousands)	830.5	834.6	863.4	N/A	N/A
Per Capita Income	39,536.0	39,637.0	N/A	N/A	N/A
Assessed Valuation ($ millions)	75,686.9	87,780.5	98,805.1	99,574.2	99,574.2
Estimated Market Value ($ millions)	85,030.0	102,611.5	105,262.6	98,948.4	N/A
County General Fund:					
Revenue ($ millions)	1,457.6	1,454.1	1,541.7	1,552.1	1,552.1
Expenditures and Other Uses ($ millions)	1,486.5	1,474.4	1,489.0	1,509.9	1,509.9
County General Fund Annual Debt Service ($ millions)	71.0	69.9	88.8	89.8	94.9
Gross Direct Debt:					
As a Percent of Assessed Value	1.5%	1.2%	1.1%	1.1%	1.1%
As a Percent of Estimated Actual Value	1.3%	1.0%	1.0%	1.1%	N/A
Per Capita	1,381.1	1,290.4	1,269.6	N/A	N/A
Per Capita Debt as Percent of Per Capita Income	3.5%	3.3%	N/A	N/A	N/A
Net Direct Debt:					
As a Percent of Assessed Value	1.0%	0.8%	0.7%	0.7%	0.7%
As a Percent of Estimated Actual Value	0.9%	0.7%	0.7%	0.7%	N/A
Per Capita	942.7	837.5	816.9	N/A	N/A
Per Capita Debt as Percent of Per Capita Income	2.4%	2.1%	N/A	N/A	N/A
Net Direct and Overlapping Debt:					
As a Percent of Assessed Value	1.1%	0.8%	0.8%	0.8%	0.8%
As a Percent of Estimated Actual Value	1.0%	0.7%	0.7%	0.8%	N/A
Per Capita	1,001.2	893.8	897.3	N/A	N/A
Per Capita Debt as Percent of Per Capita Income	2.1%	1.9%	N/A	N/A	N/A
County General Fund Annual Debt Service as a Percent of:					
Revenue	4.9%	4.8%	5.8%	5.8%	5.8%
Expenditures and Other Uses	4.8%	4.7%	6.0%	5.9%	5.9%

Source: Office of Finance.

N/A: Data elements used in calculation are not all available.

* Estimated

Levies and Tax Collections

Fiscal Year	Assessed Value (Millions)	Tax Rate per $100 Assessed Value	Tax Levy Excluding Adjustments	Collected During Fiscal Year	Percent Collected During Fiscal Year
2012(est.)	$86,946.9	$0.960	$827,199,906	N/A	N/A
2011	97,888.0	0.960	987,400,083	981,984,336	99.5%
2010	98,837.5	0.960	1,001,271,795	995,260,491	99.4
2009	88,580.7	0.960	903,375,110	897,803,030	99.3
2008	75,719.5	0.960	777,425,080	770,467,248	99.3
2007	63,544.4	0.960	660,947,420	656,628,114	99.3

The following table provides a breakdown of the property tax rate into its component parts. The "General" rate is the only listed component that is subject to the limitations of Section 812 of the County Charter. Pursuant to Section 812, the County shall not levy "a real property tax which would result in a total collection of real property taxes greater than the amount collected in fiscal year 1979; [except that the County] may levy a real property tax which would result in a total collection of real property taxes greater than the amount collected in fiscal year 1979 if the real property tax rate does not exceed two dollars and forty cents ($2.40) for each One Hundred Dollars ($100.00) of assessed value." Pursuant to Chapter 80 of the Laws of Maryland of 2000, this maximum rate is to be construed as 40% of the stated rate or $0.96 for each $100 of assessed value of real property. The "Stormwater Management" component pays debt service on bonds issued to provide funds for, and other expenses pertaining to, stormwater management facilities. The WSTC component pays for the County's contribution to WSTC and other related mass transit costs. The "Maryland State" and the "M-NCPPC" components identify taxes collected by the County on behalf of those entities.

Property Tax Rates
(in Dollar/$100 of Assessed Value)

	Prince George's County		Overlapping Taxing Entities		
Fiscal Year	General	Stormwater Management	WSTC	Maryland State	M-NCPPC
2012	$ 0.960	$0.054	$0.026	$0.112	$0.279
2011	0.960	0.054	0.026	0.112	0.279
2010	0.960	0.054	0.026	0.112	0.279
2009	0.960	0.054	0.026	0.112	0.279
2008	0.960	0.054	0.026	0.112	0.279
2007	0.960	0.054	0.026	0.112	0.279

Source: Office of Finance.

TRIM Amendment – Not Applicable to the Commission

The Attorney General of Maryland has opined that real property taxes levied and collected by the County for The Maryland-National Capital Park and Planning Commission are not subject to the limitation imposed by TRIM (described below). Although the Attorney General of Maryland has not ruled on the impact of the TRIM Amendment, the County Attorney is of the opinion that limitations imposed by the TRIM Amendment are not applicable to The Maryland-National Capital Park and Planning Commission.

Section 6-111 of Article 28 states that notwithstanding any provision of charter or law, the taxes authorized by Title 6 and Section 7-106 of Article 28 are not subject to any limitation on the tax rate or tax revenues of Prince George's County.

At the November 1978 General Election, the voters of Prince George's County adopted an amendment to the County Charter limiting future collection of real property taxes. The amendment, which became effective in December 1978, added Section 817B to the Charter. It is generally referred to in the County as "TRIM" (TRIM is an acronym for Tax Reform Initiative by Marylanders). TRIM, as enacted in November 1978, provides that the County Council shall not levy "a real property tax that would result in a total collection of real property taxes greater than the amount collected in fiscal year 1979" ($143.9 million; the "amount limitation"). At the November 1984 General Election, an amendment to TRIM (the "TRIM Amendment") was approved by the voters of the County authorizing the County Council to levy taxes on a maximum rate basis as an alternative to the maximum amount basis. The maximum rate authorized was $2.40 for each $100.00 of assessed value. Under the TRIM Amendment, the County's tax collections are limited to the greater of (1) an amount equal to the 1979 collection or (2) an amount produced by a tax levied at $2.40 per $100.00 of assessed value. If the tax collection in fact produces an excess, the excess must be placed in the contingency fund and, if not used during that fiscal year, must be included in the budget estimated for real property taxes in the following fiscal year.

In order to make real property tax bills simpler and easier to understand, the State legislature enacted a law under Chapter 80 of the Acts of 2000 providing that, beginning in tax year 2001 (fiscal year 2002) property tax for real property shall be applied to 100%, instead of 40% of the value of real property and that the real property tax shall be adjusted to make the impact revenue neutral. The new State law also provides that any limit on real property tax rate in a local law or charter provision shall be construed to mean a rate equal to 40% times the rate stated in the local law or charter provision.

Since fiscal year 1986, the County Council has elected to levy real property taxes calculated on the basis of the maximum rate.

By law, the annual taxable assessment growth of owner-occupied residential property is capped at the lessor of the percentage of increase in the Consumer Price Index for the previous 12 months or 5% of the prior year's taxable assessment.

1996 Charter Amendment - Not Applicable to the Commission

On November 8, 1996, the voters of Prince George's County approved a Charter amendment (currently renumbered as Section 813) which provides that "the County Council shall refer to a referendum of the qualified voters of the County, at the ensuing regular general election for members of the House of Representatives of the United States, any ordinance or resolution levying or charging the amount of any tax or fee in excess of the amount levied in the preceding fiscal year."

The Attorney General of Maryland has issued an opinion that Section 813 does not apply to any taxes and fees levied and collected in Prince George's County for the Commission.

ABSENCE OF MATERIAL LITIGATION

The Commission is currently defending various suits involving claims for damages arising out of the exercise of its functions, including injuries sustained by patrons, employer/employee relations, violation of civil rights, worker's compensation, etc. In the opinion of the Commission's General Counsel, none of the claims being defended by the Commission will materially affect the Commission's ability to perform its obligations to the holders of its bonds and notes.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the purchasers will be furnished with a certificate of the Secretary-Treasurer of the Commission to the effect that, to the best of his knowledge and belief, the Official Statement and any amendment or supplement thereto (except for pricing and other information with respect to the reoffering of the Bonds by the purchasers and information regarding DTC and DTC's book-entry system, as to which no view will be expressed) does not contain, as of the date of sale and as of the date of delivery of the Bonds, any untrue statement of a material fact or omit any statement of a material fact, required to be stated or necessary to be stated in order to make such statements, in light of the circumstances under which they were made, not misleading.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the Commission at competitive bidding on June 7, 2012 in accordance with the Notice of Sale, the form of which is attached to this Official Statement as Appendix C.

This Official Statement does not include information concerning the nature and terms of any reoffering.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. Such opinion will be available at the time of delivery of the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the Commission and of Prince George's County, Maryland, to the payment of which the Commission and Prince George's County, Maryland, have validly pledged their full faith and credit. Such opinion will be substantially in the form of the draft opinion included in this Official Statement (See Appendix B).

TAX MATTERS

State Tax Exemptions

McKennon Shelton & Henn LLP, Bond Counsel to the Commission ("Bond Counsel"), is of the opinion that, by the terms of Article 28, the principal amount of the Bonds, the interest payable thereon, their transfer, and any income derived therefrom, including any profit made in the sale or transfer thereof, shall be and remain exempt from taxation by the State of Maryland and the several counties and municipalities of the State, but no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the income therefrom. Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local laws. Purchasers of the Bonds should consult their own tax advisors to the taxable status of the Bonds in jurisdictions other than Maryland.

Federal Income Taxation

Bond Counsel is of the opinion that, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds in order for interest on the Bonds to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Bonds. These include the following: (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds be rebated to the

United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Commission has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. It is the opinion of Bond Counsel that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

Further, Bond Counsel is of the opinion that interest on the Bonds is not included in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds may be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

In rendering its opinion, McKennon Shelton & Henn LLP will rely without independent investigation on certifications provided by the Commission with respect to certain material facts within the knowledge of the Commission relevant to the tax-exempt status of interest on the Bonds.

See Appendix B hereto for the proposed form of opinion of Bond Counsel.

Tax Accounting Treatment of Discount Bonds

Certain maturities of the Bonds may be issued at an initial public offering price, which is less than the amount payable on such Bonds at maturity (the “Discount Bonds”). The difference between the initial public offering price at which a substantial amount of the Discount Bonds of each maturity was sold and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. In the case of any holder of Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or purchase or repayment at maturity). For federal income tax purposes (i) any holder of a Discount Bond will recognize gain or loss upon the disposition of such Discount Bond (including sale, early redemption, or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the sum of (1) the holder’s original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond, and (ii) the amount of the basis adjustment described in clause (i)(b)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (i) the product of (a) the yield for the Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (b) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (ii) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under applicable regulations, the yield and maturity of a Discount Bond is determined without regard to commercially reasonable sinking fund payments, and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the alternative minimum tax or the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

The prices or yields furnished by the successful bidder for the Bonds as shown on the inside cover of this Official Statement may not reflect the initial public offering prices for the purposes of determining original issue discount for federal income tax purposes.

Purchase, Sale and Retirement

Except as noted below with respect to accrued market discount, the sale or other disposition of a Bond may result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the sale or retirement of a Bond, for federal income tax purposes a holder will recognize capital gain or loss upon the disposition of such Bond (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described above under "Tax Accounting Treatment of Discount Bonds." Such gain or loss will be long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Under present law, both long and short-term capital gains of corporations are taxed at the rates applicable to ordinary income. For noncorporate taxpayers, however, net capital gains will generally be taxed at a maximum rate of 15%, while short-term capital gains and other ordinary income will be taxed at a maximum rate of 35%. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses. Because of the limitation on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. The operation of sunset, effective date and similar timing provisions in current law could result in a change in the tax rates in certain future time periods.

Market Discount

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such Bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is de minimis, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of the Bond, such gain shall be treated as taxable ordinary income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be de minimis if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. In the case of a Bond issued with original issue discount, market discount will be de minimis if the excess of the Bond's revised issue price over the holder's cost of acquiring the Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. For this purpose, a Bond's "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Bond during the period between its original issue date and the date of acquisition by the holder.

Premium

A Series MC-2012A Bond will be considered to have been purchased at a premium if, and to the extent that, the holder's tax basis in the Series MC-2012A Bond exceeds the amount payable at maturity (or, in the case of a Series MC-2012A Bond callable prior to maturity, the amount payable on the earlier call date). Under the tax regulations applicable to the Series MC-2012A Bonds, the amount of the premium is determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Series MC-2012A Bond. The holder will be required to reduce his tax basis in the Series MC-2012A Bond for purposes of determining gain or loss upon disposition of the Series MC-2012A Bond by the amount of amortizable bond premium that accrues determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allocable in respect of any amount of amortizable bond premium on the Series MC-2012A Bonds.

Additional Federal Considerations

There are other federal income tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest income received or accrued and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income taxation purposes; and (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

The foregoing discussion does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Bonds in light of his or her particular circumstances and income tax situation. Each holder of Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Bonds, including the application of state, local, foreign and other tax laws.

Legislative proposals before Congress or that are introduced after issuance and delivery of the Bonds, if enacted, could alter or amend one or more of the federal tax matters referred to above and/or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to obligations issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of such proposals.

INDEPENDENT AUDITOR

The basic financial statements as of June 30, 2011 and for the year then ended included in Appendix A have been audited by CliftonLarsenAllen LLP independent public accountants, as stated in their report appearing herein. The independent auditors were not requested to review or update their report in connection with the issuance of the Bonds, and the Commission did not request such independent auditors' consent to the inclusion of their report in this Official Statement. Such report speaks only as of its indicated date.

FINANCIAL ADVISOR

Davenport & Company LLC has rendered financial advice to the Commission regarding issuance of the Bonds and preparation of this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Arbitrage Group, Inc. (the "Verification Agent") will deliver to the Commission, on or before the date of issuance of the Bonds, its attestation report indicating it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, certain information and assertions provided by the Commission with respect to the Refunded Bonds and the Bonds. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities to pay, when due, the maturing principal of, interest on and related premium, if any, of the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the interest on the Bonds is exempt from federal taxation. The examination performed by the Verification Agent will be based solely upon data, information and documents that the Commission caused to be provided to the Verification Agent. The report of its examination will state that the Verification Agent has no obligation to update the report because of events occurring, or data or information come to its attention, subsequent to the date of the report.

RATINGS

Moody's Investors Service; Standard & Poor's Rating Services, a Division of The McGraw-Hill Companies, Inc.; and Fitch Ratings have assigned ratings to the Bonds as shown on the cover of this Official Statement. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, A Division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, rating agencies base their ratings on the materials and information furnished to them, as well as investigations, studies and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn by one or more of the rating agencies if, in the judgment of one or more such rating agencies, circumstances so warrant.

Any such downward revision or withdrawal of one or more such ratings could have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

In order to assist the initial purchaser of the Bonds in complying with the requirements of paragraph (b)(5) of the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the Commission and the County will execute and deliver, on or before the date of issuance and delivery of the Bonds, separate Continuing Disclosure Certificates, the forms of which are attached to this Official Statement as Appendix D. The Commission and the County will provide, as applicable, annually certain financial information and operating data related to the Commission, updated as of a date no earlier than the last day of the immediately preceding fiscal year, not later than March 31 in each year, commencing March 31, 2013 (the "Report"), and to provide notices of the occurrence of certain enumerated material events. Potential purchasers should note that certain of the fourteen material events listed Section 5(a) in the Commission's Continuing Disclosure Certificate have been included for purposes of compliance with the Rule but are not relevant for the Bonds.

The Commission believes that it is in substantial compliance with its continuing disclosure obligations. Failure by the Commission to comply with its disclosure covenants will not constitute a default with respect to the Bonds.

MISCELLANEOUS

The execution of this Official Statement and its delivery have been duly approved and authorized by the Secretary-Treasurer of the Commission for use in connection with the sale of the Bonds.

The Notice of Sale for the Bonds, which constitutes Appendix C to this Official Statement, sets forth the terms and conditions of the public sale and delivery of, and payment for, the Bonds.

Additional information may be obtained upon request from the office of the Secretary-Treasurer The Maryland-National Capital Park and Planning Commission, Executive Office Building, 6611 Kenilworth Avenue, Riverdale, Maryland 20737, Telephone (301) 454-1540.

The successful bidder will receive a reasonable number of copies of the Official Statement without charge.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

BY:______________________
Joseph C. Zimmerman
Secretary-Treasurer

THE MARYLAND – NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

INDEX TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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, 2010

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

CliftonLarsonAllen

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Independent Auditor's Report

Board of Commissioners
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, the aggregate remaining fund information, and the budgetary comparison for the general fund of The Maryland-National Capital Park and Planning Commission (the Commission) as of and for the year ended June 30, 2011, 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, 2011, 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 January 17, 2012, 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 a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The 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 has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

CliftonLarsonAllen LLP

Calverton, Maryland
January 17, 2012

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, 2011.

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, 2011 by $ 901.8 million (net assets). Of this amount, $259.1 million may be used to meet the Commission's ongoing obligations.

- The Commission's net assets grew by $6.4 million during fiscal year 2011. This is largely a result of: pay-as-you-go funds of $21.7 million in the Capital Projects Funds which has not been spent, $28.8 million of grants and contributions, receipt of property taxes ($4.3 million) lower than the budget, debt principal payments of $16.2 million, increase in the pension liability of $9.6 million and the increase in the OPEB liability of $14.7 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 $51.0 million has been recognized on the Commission's Statement of Net Assets, including $2.2 million in the Business-type activities. For more information, see note 5E of the Notes to the Financial Statements.

- As of June 30, 2011, the Commission's governmental funds reported combined ending fund balances of $303.3 million, an increase of $1.3 million. Of this amount, $198.5 million is unassigned, $25.7 million is assigned and $72.7 million is committed and $6.4 million of fund balance is restricted.

- The Commission's General Fund balance at June 30, 2011 was $137.1 million, an increase of $1.5 million during the year. The unassigned fund balance of $92.8 million is approximately 26.0% of fiscal year 2011 expenditures and transfers out.

- The Montgomery County Capital Projects deficit Fund balance at June 30, 2011 was $2.7 million, a decrease of $2.3 million. The unassigned fund deficit of $ 17.5 million results from a combination of a delayed bond sale, and committed fund balance for long-term contracts, many of which will be funded when expended by reimbursements by Montgomery County Government or by reimbursable grants.

- The Prince George's County Capital Projects Fund balance at June 30, 2011 was $161.6 million, an increase of $0.4 million. The unassigned fund balance of $123.2 million has grown due to major pay-as-you-go funding.

- The assets of the enterprise funds exceeded liabilities by $74.6 million, a decrease of $2.2 million. The Prince George's Enterprise Fund had a decrease in net assets of $2.7 million and the Montgomery Enterprise Fund had an increase in net assets of $0.5 million.

- The Commission's bonds and notes payable decreased by $16.2 million due to scheduled principal payments.

Overview of the Financial Statements

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

Organization and Flow of Financial Section Information

Independent Auditors' Report
Provides the opinion of the Independent Auditors on the fair presentation of the basic financial statements.

Management's Discussion and Analysis
This supplementary information is required for state and local government financial statements, and is intended to provide a narrative introduction, overview, and analysis.

Government-Wide Financial Statements	Fund Financial Statements
Provides information on governmental and business-type activities of the Commission.	*Provides information on the financial position of specific funds of the Commission.*
Exhibits 1 and 2.	***Exhibits 3 to 11.***

Notes to Financial Statements
Provides a summary of significant accounting policies and related disclosures.
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, reconciliations are 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 $901.8 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, 2011 and 2010

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Assets							
Current and Other Assets	$ 405.5	$ 409.6	$ 8.3	$ 6.8	$ 413.8	$ 416.4	-0.6%
Capital Assets	655.6	632.8	75.0	78.4	730.6	711.2	2.7%
Total Assets	1,061.1	1,042.4	83.3	85.2	1,144.4	1,127.6	1.5%
Liabilities							
Current Portion of Long-term Liabilities	26.8	30.3	1.5	1.4	28.3	31.7	-10.7%
Long-term Liabilities	157.6	144.2	4.4	4.6	162.0	148.8	8.9%
Other Liabilities	49.5	49.3	2.8	2.4	52.3	51.7	1.2%
Total Liabilities	233.9	223.8	8.7	8.4	242.6	232.2	4.5%
Net Assets							
Invested in Capital Assets, Net of Related Debt	569.9	536.1	72.8	75.0	642.7	611.1	5.2%
Unrestricted	257.3	282.5	1.8	1.8	259.1	284.3	-8.9%
Total Net Assets	$ 827.2	$ 818.6	$ 74.6	$ 76.8	$ 901.8	$ 895.4	0.7%

Current and other assets decreased by 0.6%, primarily due to a minor decrease in cash and investments. Changes in other liabilities were primarily a result of accrued salaries and benefits. Changes in net assets are discussed later.

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

The remaining balance of $259.1 million of net assets is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors. Changes in this balance are discussed later.

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

A summary of changes in net assets follows:

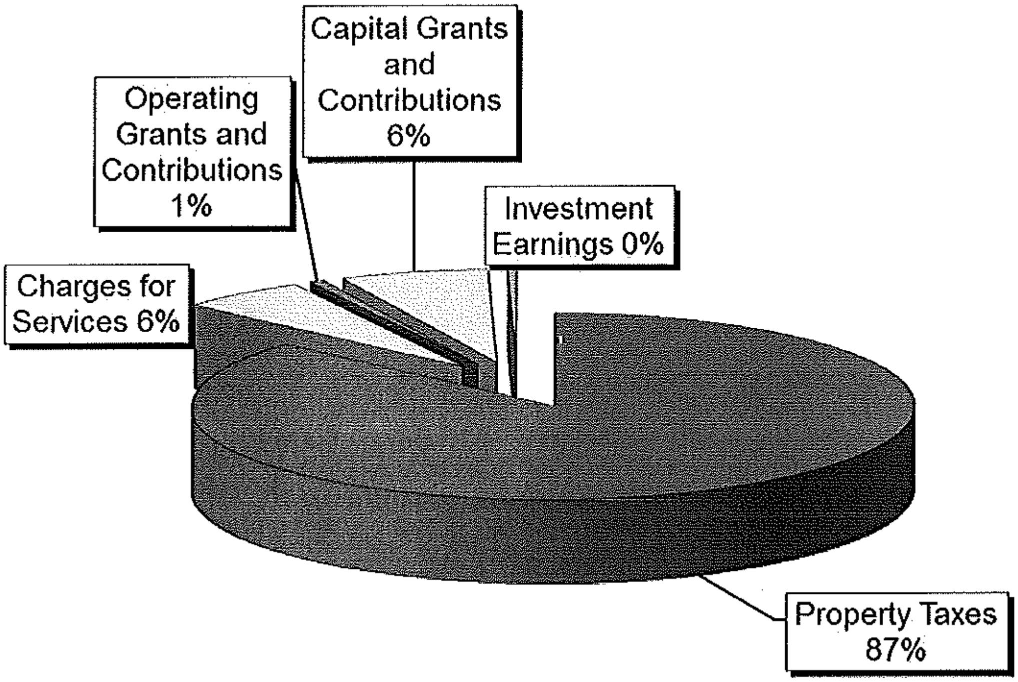
Summary of Changes in Net Assets (in millions)
For the Fiscal Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Program Revenues:							
Charges for Services	$ 22.3	$ 20.7	$ 19.0	$ 18.6	$ 41.3	$ 39.3	5.1%
Operating Grants and Contributions	2.6	2.8	-	0.1	2.6	2.9	-10.3%
Capital Grants and Contributions	26.2	23.7	-	-	26.2	23.7	10.5%
General Revenues:							
Property Taxes	345.8	380.1	-	-	345.8	380.1	-9.0%
Investment Earnings	1.7	2.1	-	-	1.7	2.1	-19.0%
Total Revenues	398.6	429.4	19.0	18.7	417.6	448.1	-6.8%
Expenses:							
General Government	19.0	19.8	-	-	19.0	19.8	-4.0%
County Planning and Zoning	55.9	58.7	-	-	55.9	58.7	-4.8%
Park Operations and Maintenance	232.7	224.8	-	-	232.7	224.8	3.5%
Recreation Programs	68.8	68.4	-	-	68.8	68.4	0.6%
Recreational and Cultural Facilities	-	-	31.0	30.9	31.0	30.9	0.3%
Interest on Long-term Debt	3.8	4.3	-	-	3.8	4.3	-11.6%
Total Expenses	380.2	376.0	31.0	30.9	411.2	406.9	1.1%
Increase (Decrease) in Net Assets Before Transfers	18.4	53.4	(12.0)	(12.2)	6.4	41.2	-84.5%
Transfers	(9.8)	(9.7)	9.8	9.7	-	-	
Increase (Decrease) in Net Assets	8.6	43.7	(2.2)	(2.5)	6.4	41.2	
Net Assets - beginning	818.6	774.9	76.8	79.3	895.4	854.2	
Net Assets - ending	$ 827.2	$ 818.6	$ 74.6	$ 76.8	$ 901.8	$ 895.4	

During the current fiscal year the Commission's net assets increased by $6.4 million. This is largely a result of: pay-as-you-go funds received from the two counties of $21.7 million in the Capital Projects Funds which has not been spent, $28.8 million of grants and contributions, reduction in property taxes ($4.3 million) lower than budgeted, debt principal payments of $16.2 million, increase in the pension liability of $9.6 million, and the increase in the OPEB liability of $14.7 million. Investment earnings were lower due to the falling interest rates during the fiscal year. Charges for services increased in the County Planning and Zoning, in the Park Operations and Maintenance Activities and Rentals and Concessions activities for Recreation programs. This was offset by a reduction in property taxes of $34.3 million.

Governmental activities. Governmental activities increased the Commission's net assets by $8.6 million, thereby accounting for 134% of the total growth in the net assets of the Commission. This increase is primarily attributable to capital grants receipts of $26.2 million, added to an excess of ongoing revenues over ongoing expenses of $0.7 million, which were offset by the transfers to business-type activities of $9.8 million.

Revenues by Source - Governmental Activities



As the above diagram shows, property taxes make up 87% of Commission governmental revenues. Investment earnings decreased due to lower interest rates.

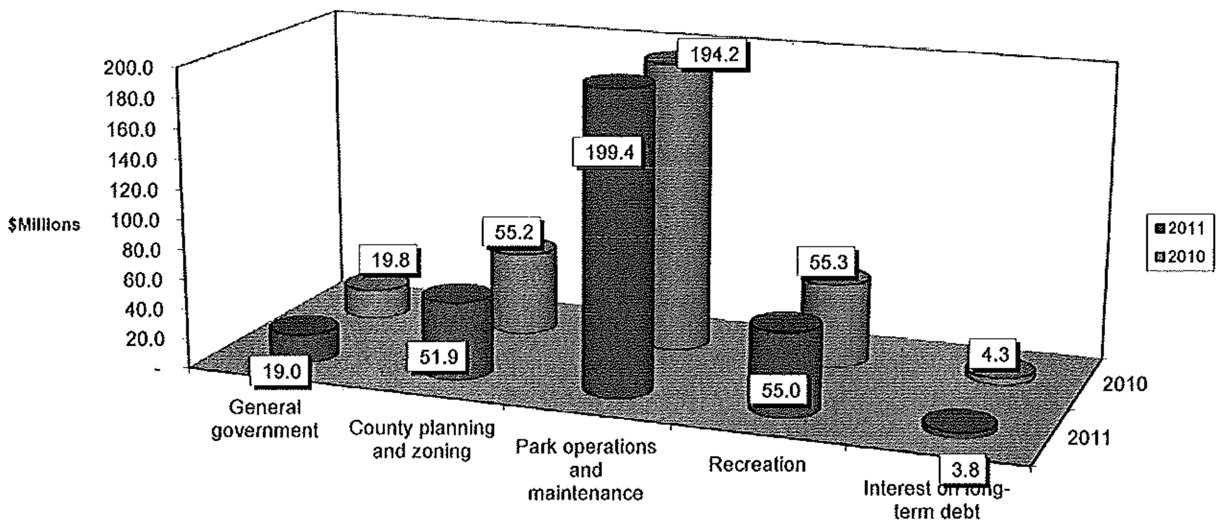
As is reflected in the following chart, the Commission's governmental activities are largely supported by general revenues and in particular property taxes. Charges for services and operating grants cover 6.3% of governmental activities expenses.

The overall net cost of services and total cost of services were approximately the same for FY 2011 compared to FY 2010.

Net Cost of Governmental Activities (000's)
For the Fiscal Years Ended June 30, 2011 and 2010

	2011		2010		Percentage Change 2010 - 2011	
	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	$ 18,966	$ 18,966	$ 19,766	$ 19,766	-4.0%	-4.0%
County Planning and Zoning	55,916	51,898	58,695	55,205	-4.7%	-6.0%
Park Operations and Maintenance	232,698	199,389	224,849	194,243	3.5%	2.6%
Recreation Programs	68,828	55,049	68,428	55,303	0.6%	-0.5%
Interest on Long-term Debt	3,831	3,831	4,295	4,295	-10.8%	-10.8%
Total	$ 380,239	$ 329,133	$ 376,033	$ 328,812	1.1%	0.1%

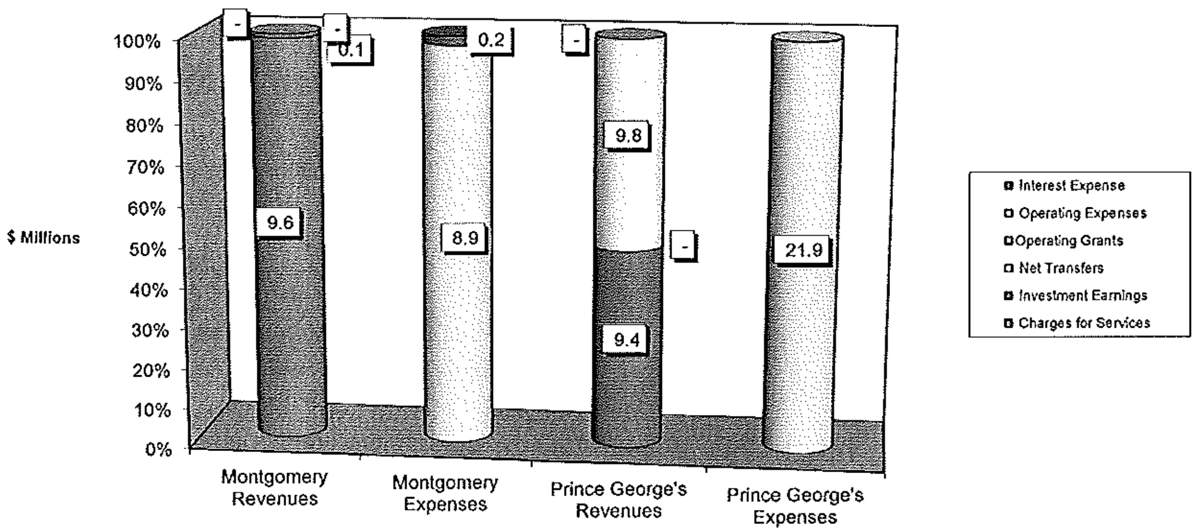
Net Cost by Function - General Government



Business-type Activities. Business-type activities expenses in excess of revenues led to a decrease in the Commission's net assets by $2.2 million.

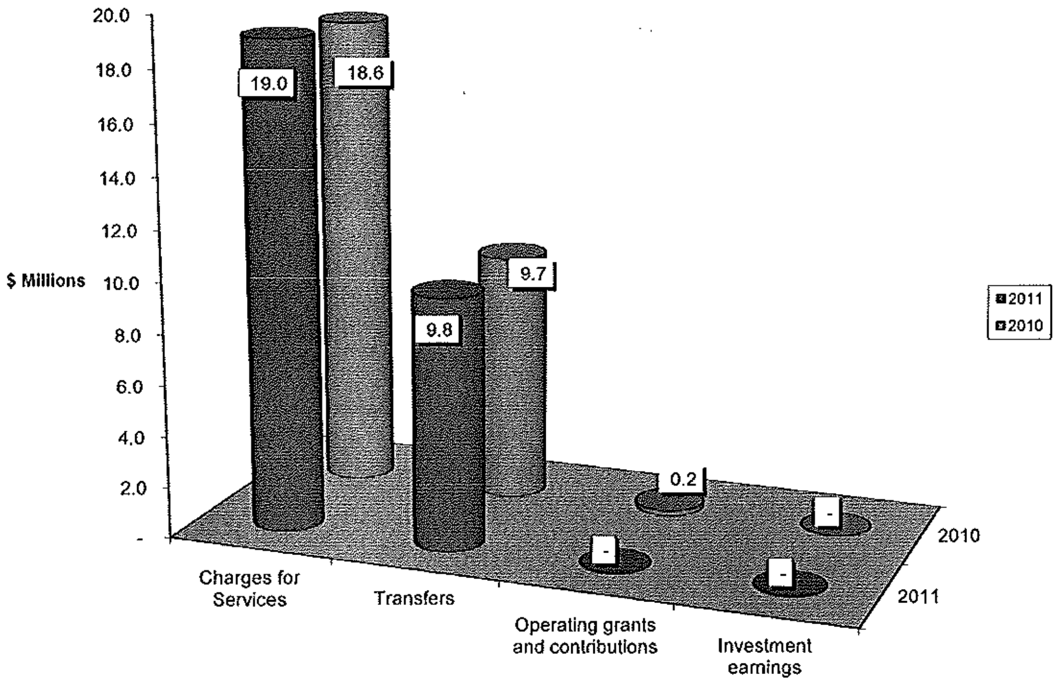
- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services, current operating grants and interest income by $12.0 million.
- Governmental activities contributed $9.8 million to support the enterprise activities. The funding is primarily 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, the Golf Courses, and the Ice Rinks. 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 $303.3 million, an increase of $1.3 million in comparison with the prior year. Approximately 67.6% of this total amount, or $204.9 million, constitutes unassigned fund balance, which is available for spending in future years and provides reserves for unforeseen expenditure needs. $112.0 million of this balance is in the capital project funds. The remaining fund balances are restricted, committed or assigned to indicate that they are not available for new spending as $72.7 million has been committed for contracts and purchase orders, and $25.7 million is assigned to fund fiscal year 2012 expenditures.

The General Fund is the primary operating fund of the Commission. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $92.8 million, while total fund balance was $137.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.0% of the total general fund expenditures and transfers out, while total fund balance represents 38.4% of the same amount.

The fund balance of the Commission's General Fund increased by $1.5 million during the current fiscal year. Key factors that generated this increase are as follows:

- A reduction of $15.9 million was planned in the final budget for fiscal year 2011.
- Property taxes were $4.3 million lower than anticipated, primarily due to decreases in the assessable base.
- Receipts from Charges for Services and Rentals and Concessions were $.5 million lower than anticipated due to the general economic conditions.
- Interest revenues were $.7 million lower than anticipated in the general fund due to lower than budgeted interest rates.
- Interest revenues in the Capital Projects funds were $.7 million lower than anticipated due to lower than budgeted interest rates. These revenues are transferred into the Park Accounts for each county.
- Transfers to the Debt Service funds were $.5 million lower than anticipated due to the postponement of a new bond issue and savings generated by a refunding in the previous year.
- A control of expenditures generated $18.7 million savings to provide funding for future years' budgets.

Encumbrances were $4.9 million higher than in the prior year, representing additional fund balance increases.

The capital project fund for Montgomery County has a total deficit fund balance of $2.7 million and Prince George's County has a surplus fund balance of $161.6 million, all of which represents authorized and funded projects that are not completed. The net change in fund balances during the current year in these funds were a decrease of $2.3 million in Montgomery County, and an increase of $.4 million in Prince George's County primarily due to the $21.3 million in pay-as-you-go funding received from Prince George's County, and construction grants realized of $16.8 million in Montgomery County and $8.6 million in Prince George's County, compared to expenditures of $19.4 million in Montgomery County and $29.8 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 $1.6 million and those for the Prince George's County fund amounted to $0.2 million. The total changes in net assets for the funds is an increase in the Montgomery County fund of $0.5 million and a decrease of $2.7 million in the Prince George's County fund.

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, 2011 and 2010

	Montgomery County		Prince George's County	
	FY2011	FY2010	FY2011	FY2010
Operating Revenues	$ 9,555	$ 9,219	$ 9,440	$ 9,503
Operating Expenses, Excluding Depreciation	7,614	7,764	19,618	19,428
Operating Income (Loss), Excluding Depreciation	1,941	1,455	(10,178)	(9,925)
Depreciation	1,294	1,331	2,305	2,200
Operating Income (Loss)	647	124	(12,483)	(12,125)
Nonoperating Revenue (Expense)	(153)	(189)	17	23
Transfers	-	35	9,789	9,664
Change in Net Assets	$ 494	$ (30)	$ (2,677)	$ (2,438)

Comparative Montgomery County key data are as follows:

Montgomery County Enterprise Fund Key Data (000's)
For the Fiscal Years Ended June 30, 2011 and 2010

	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2011	FY2010	Change	FY2011	FY2010	Change
Event Centers	$ 502	$ 399	$ 103	$ (88)	$ (214)	$ 126
Golf Courses	338	479	(141)	207	264	(57)
Ice Rinks	4,271	3,894	377	835	372	463
Indoor Tennis	1,492	1,491	1	360	367	(7)
Park Facilities	2,952	2,956	(4)	627	666	(39)
Total	$ 9,555	$ 9,219	$ 336	$ 1,941	$ 1,455	$ 486

The Montgomery County Enterprise Fund revenues increased by $336,000, and operating income, excluding depreciation, increased by $486,000. Operating revenues at the two ice rinks have grown due to increased attendance at public sessions and classes. This increase in revenues along with efforts to control costs has led to an increase in Net Income at the Ice Rinks of $463,000. Operating revenues at the Event Centers have increased due to a greater concentration on attracting more business and social events.

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, 2011 and 2010	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2011	FY2010	Change	FY2011	FY2010	Change
Airport	$ 171	$ 202	$ (31)	$ (259)	$ (242)	$ (17)
Equestrian Center/Arena	1,381	1,401	(20)	(2,513)	(2,757)	244
Golf Courses	2,321	2,466	(145)	(1,171)	(1,220)	49
Ice Rinks	584	523	61	(919)	(934)	15
Tennis Bubbles	339	328	11	(699)	(112)	(587)
Trap and Skeet Center	1,413	1,352	61	(44)	(146)	102
Sports and Learning Complex	3,178	3,160	18	(4,005)	(4,199)	194
Bladensburg Marina	53	71	(18)	(568)	(315)	(253)
Total	$ 9,440	$ 9,503	$ (63)	$ (10,178)	$ (9,925)	$ (253)

The Prince George's County Enterprise Fund revenues decreased by $63,000 and the operating loss, excluding depreciation, increased by $253,000. Revenues remained fairly stable at facilities with the exception of the Golf Courses where revenues were lower in FY 2011 due to the general state of the economy. Some of these revenue losses were offset by a reduction in spending for compensation and supplies. Expenses increased overall, primarily due to increased compensation costs resulting in greater losses than in 2010. 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, 2011	Administration Account	Park Account
(Unfavorable) property tax collections	$ (208.4)	$ (547.6)
(Unfavorable) charges for services	(29.2)	(200.9)
(Unfavorable) intergovernmental revenue	(47.6)	(285.6)
(Unfavorable) investment revenue	(47.3)	(124.1)
Favorable other revenue	3.5	86.8
Total unfavorable revenue variance	(329.0)	(1,071.4)
Expenditure savings	903.2	1,842.3
Favorable other financing sources (uses)	-	176.6
Total favorable budgetary variance	$ 574.2	$ 947.5

Property tax collections were below budget due to decreases in the assessable base. Charges for services were almost equal to the budget in the Administration Account and were below budget in the Park Account primarily due to the continued economic slowdown. Investment revenue was below budget due to declining interest rates. Unfavorable intergovernmental revenues are offset by expenditure savings. Other revenue in both funds exceeded the budget. The Administration Account increase was the result of fines collected, and the Park Account increase was primarily the result of permit fees collected in excess of budget. The expenditure savings were primarily the result of managing operations to generate savings to help offset revenue losses. This savings was generated primarily by restructuring and abolishing positions. The favorable other financing uses in the Park Account primarily results from a lower transfer to the Debt Service Fund, due to savings generated by the deferral of a bond issue.

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, 2011	Administration Account	Park Account
Fund balance, budget basis		
Assigned	$ 513.0	$ 798.6
Unassigned	1,558.5	4,392.7
Total Budgetary Fund Balance	$ 2,071.5	$ 5,191.3

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, 2011	Administration Account	Park Account	Recreation Account
(Unfavorable) property tax collections	$ (897.9)	$ (1,773.3)	$ (833.5)
Favorable (unfavorable) charges for services	(168.9)	(222.1)	80.0
(Unfavorable) intergovernmental revenue	109.0	-	-
(Unfavorable) investment revenue	(46.0)	(258.1)	(234.5)
Favorable other revenue	65.7	122.4	19.5
Total favorable revenue variance	(938.1)	(2,131.1)	(968.5)
Expenditure savings	2,239.9	5,904.3	6,968.5
(Unfavorable) other financing sources	-	(46.0)	-
Total favorable budgetary variance	$ 1,301.8	$ 3,727.2	$ 6,000.0

Property tax collections were below budget due to decreases in the assessable base. Charges for services were down in the Administration Account as a result of the continued economic slowdown which impacted fees collected for subdivisions, zoning and urban design applications. Charges for services were also down in the Park Account at historical rental properties but were up in the Recreation Account at sports and athletic facilities. The unfavorable variance in investment revenue in the Administration, Park and Recreation Accounts was due to lower than budgeted interest rates. The expenditure savings were primarily the result of vacant positions in all of the Accounts, efforts to save in other categories to help offset the loss of revenues and non-departmental savings from liquidation of prior year encumbrances of $707,802 in the Administration Account, $104,913 in the Park Account and $231,156 in the Recreation Account. Other financing sources were unfavorable due to lower than budgeted interest rates on cash balances in the capital projects fund. (this income is transferred to the Park Account), offset by the savings from budgeted debt service as a scheduled bond sale was not needed due to large cash balances.

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, 2011			
	Administration Account	Park Account	Recreation Account
Fund balance, budget basis			
Assigned	$ 4,810.7	$ -	$ 13,149.4
Unassigned	15,954.9	56,233.3	14,692.3
Total Budgetary Fund Balance	$ 20,765.6	$ 56,233.3	$ 27,841.7

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, 2011 amounts to $730.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment and intangibles, park facilities, and roads. The total increase in the Commission's investment in capital assets for the current fiscal year was 2.7% (a 3.6% increase for governmental activities and a 4.3% decrease for business-type activities). The most significant increases are from land acquisitions, construction of recreational facilities, community center renovation/expansion, construction of an irrigation system in a regional park, replacement of playground equipment and trail construction. The only significant capital asset changes in business-type activities consisted of depreciation of existing assets.

Proceeds of general obligation park acquisition and development bonds 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 2011, projects totaling $5.2 million in governmental activities were completed. Among these projects, where most of the costs were incurred in prior years, are the installation and other enhancements at Hamilton Neighborhood Park, the installation of artificial turf at Fairland Recreational Park, and a new irrigation system at Brookside Gardens.

Expenditures on Montgomery County projects totaled $19.4 million in fiscal year 2011, of which $.5 million was for land acquisition and $18.9 million was for development. Land acquisition included $.4 million from the Maryland State Highway Administration. The largest project was the Rock Creek Trail Pedestrian Bridge, with construction costs to date of $6.7 million, of which $1.4 million was in fiscal year 2011 and, the Lake Needwood Dam modifications project with construction costs of $2.2 million all of which was in fiscal year 2011. In addition, expenditures totaling $6.4 million were spent on 15 projects for routine maintenance of parks, roads, buildings and other structures.

Prince George's County projects totaled $29.8 million in fiscal year 2011, of which $3.6 million was for land acquisition and $26.2 million was for development. Land acquisition included $2.5 million for Historic Agricultural Resources Preservation and .9 million was for stream valley park acquisition. Major Park Development expenditures include the Beltsville/Laurel Senior Center with construction costs to date of $6.4 million of which $2.9 million was in fiscal year 2011, the Glenarden Community Center re-construction/addition with construction costs to date of $4.2 million, of which $2.4 million was in fiscal year 2011, the Walker Mill Regional Park with construction costs to date of $2.1 million, of which $1.1 million was in fiscal year 2011, Play equipment replacement costs to date of $4.0 million, of which $1.0 million was in fiscal year 2011, Heurich Community Park with construction costs to date of $1.6 million of which $1.4 million was in FY 2011, and the Southern Regional Technology/Recreation Complex with construction costs to date of $5.2 million, of which $3.9 million was in fiscal year 2011. In addition, expenditures totaling $1.1 million was spent on a community center project.

Commission's Capital Assets

Commission's Capital Assets (net of depreciation) ($000's) June 30, 2011 and 2010							
	June 30, 2011			June 30, 2010			
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Percent Change Total
Land	$ 322,698	$ 19,364	$ 342,062	$ 317,848	$ 19,364	$ 337,212	1.4%
Buildings and improvements	80,995	53,523	134,518	82,832	56,840	139,672	-3.7%
Infrastructure	111,980	-	111,980	115,780	-	115,780	-3.3%
Machinery, equip. & intangibles	22,465	1,747	24,212	24,486	1,761	26,247	-7.8%
Construction in progress	117,512	398	117,910	91,901	398	92,299	27.7%
Total	$ 655,650	$ 75,032	$ 730,682	$ 632,847	$ 78,363	$ 711,210	2.7%

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 $94.8 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 $18.0 million (Montgomery - $4.6 million; Prince George's - $13.4 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled $92.6 million (Montgomery County - $26.7 million and Prince George's County - $65.9 million) at June 30, 2011. Park Bonds debt service expenditures totaled $17.1 million (Montgomery - $4.0 million, Prince George's - $13.1 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 0.26 cents per $100 of assessed valuation for real property and .65 cents per $100 of assessed valuation for personal property for Montgomery County and 1.48 cents per $100 of assessed valuation for real property and 3.70 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, 2011			
	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 $2.2 million at June 30, 2011. These bonds and notes 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 $1.2 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2011, and the related debt service requirements are set forth in the Notes to the Financial Statements.

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) at June 30, 2011 follow ($000's):

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

Commission's Outstanding Debt
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total		Change
	2011	2010	2011	2010	2011	2010	
General obligation bonds	$ 93,194	$ 106,986	$ -	$ -	$ 93,194	$ 106,986	-12.9%
Revenue bonds and notes	-	-	2,209	3,329	2,209	3,329	-33.6%
Notes payable	737	1,694	-	-	737	1,694	-56.5%
Total	$ 93,931	$ 108,680	$ 2,209	$ 3,329	$ 96,140	$ 112,009	-14.2%

Montgomery County Outstanding Debt
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total		Change
	2011	2010	2011	2010	2011	2010	
General obligation bonds	$ 28,475	$ 31,903	$ -	$ -	$ 28,475	$ 31,903	-10.7%
Revenue bonds and notes	-	-	2,209	3,329	2,209	3,329	-33.6%
Notes payable	368	1,041	-	-	368	1,041	-64.6%
Total	$ 28,843	$ 32,944	$ 2,209	$ 3,329	$ 31,052	$ 36,273	-14.4%

Prince George's County Outstanding Debt
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total		Change
	2011	2010	2011	2010	2011	2010	
General obligation bonds	$ 64,719	$ 75,083	$ -	$ -	$ 64,719	$ 75,083	-13.8%
Revenue bonds and notes	-	-	-	-	-	-	0.0%
Notes payable	369	653	-	-	369	653	-43.5%
Total	$ 65,088	$ 75,736	$ -	$ -	$ 65,088	$ 75,736	-14.1%

The Commission's total debt decreased by $15.9 million (14.2%) during the current fiscal year, due to principal payments made as scheduled.

State statutes limit the amount of general obligation debt the Commission may issue to the amount that can be redeemed within 30 years from date of issue by the taxes authorized for payment of the bonds. The legal debt margin for the Commission is $1,630.0 million of debt service for Montgomery County and $983.6 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of $33.2 million and $79.2 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 continues to maintain a solid financial position and stable future outlook supported by the stability of its major revenue source, property taxes which represented 87% of the Governmental Funds revenues in FY 2011. Strong fiscal policies including fund balance reserves, interim financial reporting to monitor revenues and expenditures, and long-term fiscal plans enabled the Commission to respond to the strategies incorporated by the two County Governments in setting the FY 2012 tax rates and adopting the FY 2012 Budget.

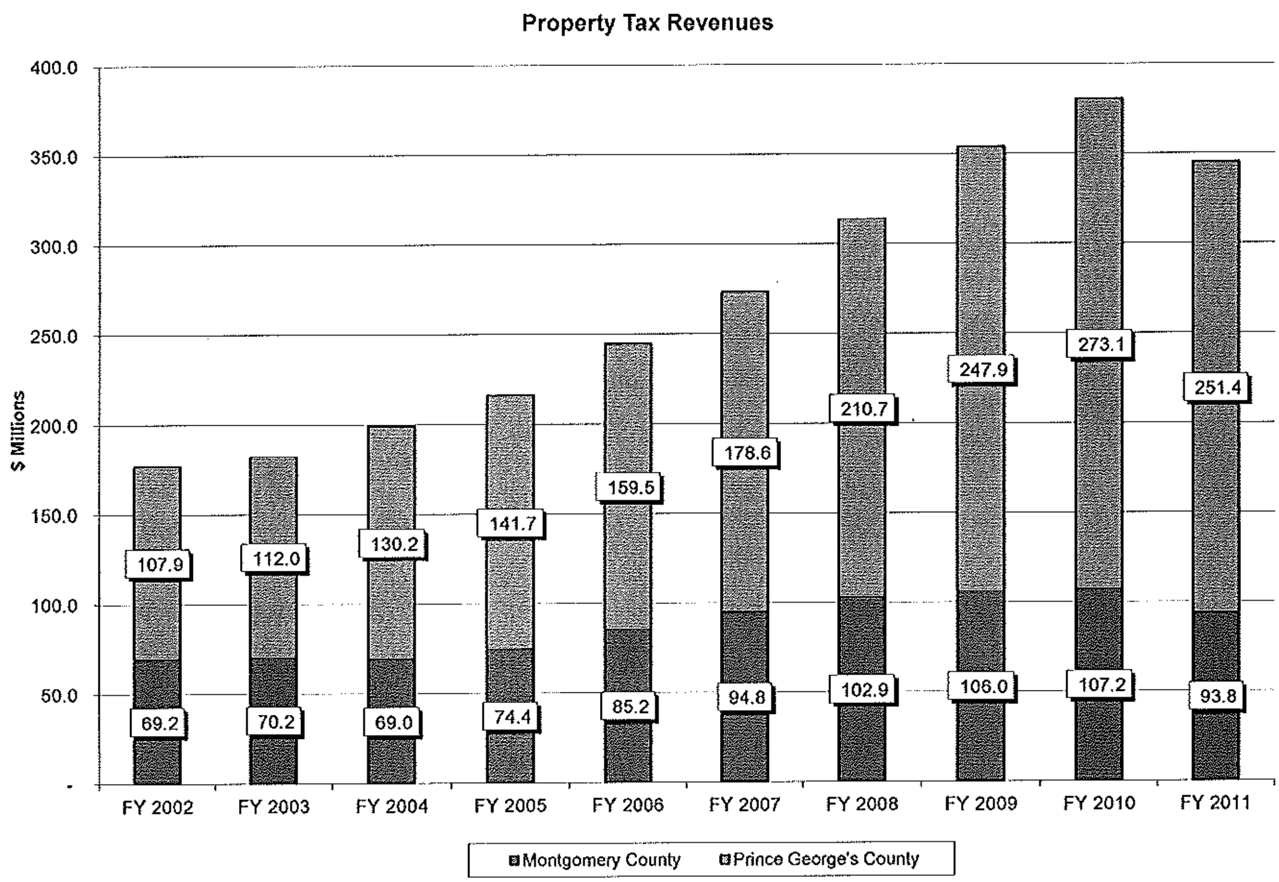
The Commission's property tax rates in the two counties are set based on different fiscal strategies. In Montgomery County, the Commission's property tax rates are set in conjunction with the Montgomery County Government property tax rates, which have resulted in declining Commission tax rates over the past few years. In FY 2012, the Commission's total Montgomery County real property tax rate was increased by .5 of a cent and the personal property tax rate was increased by 1.3 cents. However, the taxable real property assessable base is projected to decrease by 3.3%.

The Commission property tax revenue is budgeted to increase by 4.7% and budgeted expenditures are budgeted to increase 4.1% in the tax supported funds.

In Prince George's County, the Commission's property tax rates were increased in FY 2004 to maintain a level tax rate for the foreseeable future and to fund an aggressive capital improvement program. With the strong assessable base growth in prior years, the property tax revenues increased at a greater rate than expenditures, enabling the Commission to budget a large amount of current revenue to fund the capital improvement program keeping debt levels relatively low and providing capacity to assist the Prince George's County Government in funding programs they deliver to the community which are eligible to be funded by Commission property tax revenues. These expenditures are referred to as project charges. The project charges increased from $16.1 million in FY 2010 to $21.5 million in FY 2011 and for FY 2012, they are budgeted at $22.1 million. In addition, the Commission supported legislation effective in FY 2010 to transfer $30 million from the Commission's Park Account property taxes in FY 2010 and FY 2011 to assist the Prince George's County Government. The transfers were achieved primarily by reducing the pay-as-you-go funding of the capital improvement program and selling bonds at a future date when resources are needed. The budgeted transfer from the Park Account to the Capital Project Fund was reduced from $43.0 million in the FY 2011 Adopted Budget to $10.7 million in the FY 2012 Adopted Budget.

As noted above, the assessable base in Montgomery County has declined due to the economic slow down. The assessable base in Prince George's County shows a decrease between budgeted FY 2011 and FY 2012. 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 or decreasing growth, the assessable base declines at a slower rate which affords the Commission time to adjust its service delivery and spending levels in response to what is economically affordable. When the economy is recovering, the assessments growth rate will lag somewhat.

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 unreserved balance in the General Fund of $112.1 million. Of this amount, $19.3 million is assigned fund balance and $92.8 million is unassigned as of June 30, 2011. Of the unassigned portion, $86.9 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 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, 2011

		Governmental Activities		Business-type Activities		Total
ASSETS						
Equity in Pooled Cash and Investments	$	379,793,948	$	7,186,105	$	386,980,053
Receivables - Taxes, net of allowance for uncollectibles		3,029,403		-		3,029,403
Receivables - Other		799,850		5,750		805,600
Due from County Governments		5,911,540		191,306		6,102,846
Due from Other Governments		7,536,629		-		7,536,629
Inventories		-		914,388		914,388
Deposits and Other		1,994,327		-		1,994,327
Restricted Cash, Cash Equivalents and Investments:						
Unspent Debt Proceeds		6,365,777		-		6,365,777
Capital Assets:						
Land and Construction in Progress		440,210,367		19,761,487		459,971,854
Other Capital Assets, Net of Accumulated Depreciation		215,439,186		55,270,395		270,709,581
Total Assets		1,061,081,027		83,329,431		1,144,410,458
LIABILITIES						
Accounts Payable and Other Current Liabilities		41,705,784		1,327,776		43,033,560
Accrued Interest Payable		1,023,921		15,900		1,039,821
Due to Other Governments		249,597		-		249,597
Deposits and Unearned Revenue		6,500,645		1,450,669		7,951,314
Claims Payable:						
Due within One Year		4,675,859		-		4,675,859
Due in more than One Year		8,983,969		-		8,983,969
Compensated Absences:						
Due within One Year		9,524,659		349,059		9,873,718
Due in more than One Year		9,377,161		727,881		10,105,042
Bonds and Notes Payable:						
Due within One Year		12,569,335		1,176,513		13,745,848
Due in more than One Year		81,361,963		1,032,039		82,394,002
Net Other Post Employment Benefit Obligations						
Due in more than One Year		48,718,399		2,238,798		50,957,197
Net Pension Obligations						
Due in more than One Year		9,167,400		406,300		9,573,700
Total Liabilities		233,858,692		8,724,935		242,583,627
NET ASSETS						
Invested in Capital Assets, Net of Related Debt		569,890,944		72,823,330		642,714,274
Unrestricted		257,331,391		1,781,166		259,112,557
Total Net Assets	$	827,222,335	$	74,604,496	$	901,826,831

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, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	$ 18,965,708	$ -	$ -	$ -	$ (18,965,708)	$ -	$ (18,965,708)
County Planning and Zoning	55,915,753	3,127,500	890,692	-	(51,897,561)	-	(51,897,561)
Park Operations and Maintenance	232,698,656	5,830,735	1,288,151	26,190,310	(199,389,460)	-	(199,389,460)
Recreation Programs	68,827,893	13,388,956	389,580	-	(55,049,357)	-	(55,049,357)
Interest on Long-term Debt	3,830,828	-	-	-	(3,830,828)	-	(3,830,828)
Total Governmental Activities	380,238,838	22,347,191	2,568,423	26,190,310	(329,132,914)	-	(329,132,914)
Business-type Activities:							
Recreational and Cultural Facilities	30,999,452	18,992,169	2,600	-	-	(12,004,683)	(12,004,683)
Total Business-type Activities	30,999,452	18,992,169	2,600	-	-	(12,004,683)	(12,004,683)
Total Government	$ 411,238,290	$ 41,339,360	$ 2,571,023	$ 26,190,310	(329,132,914)	(12,004,683)	(341,137,597)
General Revenues:							
Property Taxes					345,841,894	-	345,841,894
Unrestricted Investment Earnings					1,670,713	31,629	1,702,342
Transfers					(9,789,550)	9,789,550	-
Net General Revenues and Transfers					337,723,057	9,821,179	347,544,236
Change in Net Assets					8,590,143	(2,183,504)	6,406,639
Net Assets - Beginning					818,632,192	76,788,000	895,420,192
Net Assets - Ending					$ 827,222,335	$ 74,604,496	$ 901,826,831

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, 2011

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	$ 167,807,182	$ -	$ 155,064,671	$ 7,934,504	$ 330,806,357
Receivables - Taxes (net of allowance for uncollectibles)	2,989,302	-	-	40,101	3,029,403
Receivables - Other (net of allowance for uncollectibles)	54,152	-	-	13,728	67,880
Due from Other Funds	6,553,971	-	-	-	6,553,971
Due from County Governments	14,671	5,058,942	-	603,675	5,677,288
Due from Other Governments	207,236	3,019,467	4,280,926	29,000	7,536,629
Restricted Cash - Unspent Debt Proceeds	-	-	6,365,777	-	6,365,777
Other	22,579	-	-	39,474	62,053
Total Assets	$ 177,649,093	$ 8,078,409	$ 165,711,374	$ 8,660,482	$ 360,099,358
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 23,007,033	$ 2,190,132	$ 1,871,819	$ 150,437	$ 27,219,421
Accrued Liabilities	10,128,953	-	-	271,292	10,400,245
Retainage Payable	-	1,480,101	2,005,604	-	3,485,705
Due to Other Funds	-	6,553,971	-	-	6,553,971
Due to County Governments	60	-	-	35	95
Deposits and Deferred Revenue	7,444,663	561,000	206,186	930,464	9,142,313
Total Liabilities	40,580,709	10,785,204	4,083,609	1,352,228	56,801,750
Fund Balance:					
Restricted for:					
Parks	-	-	6,365,777	7,201	6,372,978
Committed to:					
Planning	11,345,457	-	-	536,851	11,882,308
Parks	11,021,770	14,818,381	32,069,856	220,933	58,130,940
Recreation	2,597,646	-	-	134,323	2,731,969
Assigned to:					
Planning	5,323,800	-	-	1,746,829	7,070,629
Parks	798,630	-	-	1,973,562	2,772,192
Recreation	13,149,400	-	-	2,688,555	15,837,955
Unassigned:	92,831,681	(17,525,176)	123,192,132	-	198,498,637
Total Fund Balances	137,068,384	(2,706,795)	161,627,765	7,308,254	303,297,608
Total Liabilities and Fund Balances	$ 177,649,093	$ 8,078,409	$ 165,711,374	$ 8,660,482	

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.	646,261,992
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,806,914
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.	43,814,324
Some of the Commission's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	2,641,667
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(170,600,170)
Net Assets of Governmental Activities	$ 827,222,335

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, 2011

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	$ 342,242,643	$ -	$ -	$ 3,012,120	$ 345,254,763
Intergovernmental -					
Federal	50,902	2,607,028	1,134,600	-	3,792,530
State	408,274	2,524,693	7,493,077	-	10,426,044
County	255,804	11,703,200	-	1,429,525	13,388,529
Local	3,149	-	-	7,242	10,391
Charges for Services	8,414,855	-	-	3,199,207	11,614,062
Rentals and Concessions	4,660,473	-	-	5,099,003	9,759,476
Interest	684,932	1,849	701,366	32,949	1,421,096
Contributions	-	(65,418)	-	413,527	348,109
Miscellaneous	635,325	-	223,603	114,725	973,653
Total Revenues	357,356,357	16,771,352	9,552,646	13,308,298	396,988,653
EXPENDITURES					
Current -					
General Government	16,900,334	-	-	-	16,900,334
Planning and Zoning	47,875,869	-	-	3,801,709	51,677,578
Park Operations and Maintenance	183,683,510	-	-	1,440,876	185,124,386
Recreation	57,995,863	-	-	4,926,440	62,922,303
Contributions	-	-	-	2,100,896	2,100,896
Debt Service -					
Principal	56,800	-	-	14,115,957	14,172,757
Interest	-	-	-	3,888,860	3,888,860
Other Debt Service Costs	-	-	-	(95,874)	(95,874)
Capital Outlay -					
Park Acquisition	-	508,501	3,549,184	-	4,057,685
Park Development	-	18,928,445	26,213,628	-	45,142,073
Total Expenditures	306,512,376	19,436,946	29,762,812	30,178,864	385,890,998
Excess (Deficiency) of Revenues over Expenditures	50,843,981	(2,665,594)	(20,210,166)	(16,870,566)	11,097,655
OTHER FINANCING SOURCES (USES)					
Transfers In	1,403,215	350,000	21,304,000	18,559,208	41,616,423
Transfers Out	(50,702,758)	(1,849)	(701,366)	-	(51,405,973)
Total Other Financing Sources (Uses)	(49,299,543)	348,151	20,602,634	18,559,208	(9,789,550)
Net Change in Fund Balances	1,544,438	(2,317,443)	392,468	1,688,642	1,308,105
Fund Balances - Beginning	135,523,946	(389,352)	161,235,297	5,619,612	301,989,503
Fund Balances - Ending	$ 137,068,384	$ (2,706,795)	$ 161,627,765	$ 7,308,254	$ 303,297,608

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, 2011

Amounts reported for governmental activities in the Statement of Activites (Exhibit 2) are different because:		
Net change in fund balances -- total governmental funds (Exhibit 4)		$ 1,308,105
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	$ 38,466,964	
Depreciation Expense	(14,858,862)	
Net adjustment		23,608,102
In the Statement of Activities, donated land activity that has no impact on financial resources is also included in the Statement of Activities.		
Donations	793,130	
Net adjustment		793,130
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.		587,131
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.		
Repayments of Principal	14,172,757	
Net adjustment		14,172,757
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, pension obligation, compensated absences and other expenses.		(23,428,990)
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. The amount is the impact of the net change in the liabilities from the prior year.		(148,603)
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.		(8,301,489)
Change in net assets of governmental activities (Exhibit 2)		$ 8,590,143

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, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance Positive (Negative)
Revenues:				
Property Taxes	$ 346,503,270	$ 346,503,270	$ 342,242,643	$ (4,260,627)
Intergovernmental	753,000	942,400	718,129	(224,271)
Charges for Services	8,718,500	8,718,500	8,414,855	(303,645)
Rentals and Concessions	4,898,000	4,898,000	4,660,473	(237,527)
Interest	1,395,000	1,395,000	684,932	(710,068)
Miscellaneous	337,400	337,400	635,325	297,925
Total Revenues	362,605,170	362,794,570	357,356,357	(5,438,213)
Expenditures/Encumbrances:				
General Government	17,265,960	17,265,960	17,033,218	232,742
County Planning and Zoning	50,626,780	50,513,505	47,603,126	2,910,379
Park Operation and Maintenance	195,651,980	195,607,470	187,860,806	7,746,664
Recreation Programs	65,513,600	65,860,785	58,892,319	6,968,466
Total Expenditures/Encumbrances	329,058,320	329,247,720	311,389,469	17,858,251
Excess of Revenues over Expenditures/Encumbrances	33,546,850	33,546,850	45,966,888	12,420,038
Other Financing Sources (Uses):				
Transfers In	1,120,000	1,120,000	1,403,215	283,215
Transfers Out	(50,550,150)	(50,550,150)	(50,702,758)	(152,608)
Total Other Financing Sources (Uses)	(49,430,150)	(49,430,150)	(49,299,543)	130,607
Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis	$ (15,883,300)	$ (15,883,300)	(3,332,655)	$ 12,550,645
Fund Balances - Budget Basis, Beginning			115,436,166	
Fund Balances - Budget Basis, Ending			$ 112,103,511	

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, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities-
	Recreational and Cultural Activities			Internal
	Montgomery County	Prince George's County	Totals	Service Funds
ASSETS				
Current Assets:				
Equity in Pooled Cash and Investments	$ 3,746,397	$ 3,439,708	$ 7,186,105	$ 48,987,591
Accounts Receivable	5,136	614	5,750	731,971
Due from County Government	181,866	9,440	191,306	234,252
Deposits and Other	-	-	-	125,360
Inventories	137,892	776,496	914,388	-
Total Current Assets	4,071,291	4,226,258	8,297,549	50,079,174
Noncurrent Assets:				
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748,497
Buildings and Improvements	26,999,848	72,270,589	99,270,437	2,767,613
Machinery, Equipment and Intangibles	1,710,615	5,323,596	7,034,211	31,046,657
Construction in Progress	397,888	-	397,888	-
	40,692,819	85,373,316	126,066,135	34,562,767
Less - Accumulated Depreciation	(17,682,747)	(33,351,506)	(51,034,253)	(25,175,206)
Total Capital Assets, Net of Depreciation	23,010,072	52,021,810	75,031,882	9,387,561
Total Noncurrent Assets	23,010,072	52,021,810	75,031,882	9,387,561
Total Assets	27,081,363	56,248,068	83,329,431	59,466,735
LIABILITIES				
Current Liabilities:				
Accounts Payable	221,848	255,640	477,488	540,569
Claims Payable	-	-	-	4,675,859
Accrued Salaries and Benefits	227,526	622,762	850,288	59,843
Compensated Absences	54,016	295,043	349,059	42,950
Interest Payable	15,900	-	15,900	11,840
Revenue Collected in Advance	1,217,404	233,265	1,450,669	-
Current Portion of Revenue Bonds Payable	732,069	-	732,069	-
Current Portion of Revenue Notes Payable	444,444	-	444,444	-
Current Portion of Notes Payable	-	-	-	570,000
Due to Other Government	-	-	-	249,502
Total Current Liabilities	2,913,207	1,406,710	4,319,917	6,150,563
Noncurrent Liabilities:				
Claims Payable	-	-	-	8,983,969
Revenue Bonds Payable	365,367	-	365,367	-
Revenue Notes Payable	666,672	-	666,672	-
Notes Payable	-	-	-	110,000
Compensated Absences	219,875	508,006	727,881	82,983
Net Other Post Employment Benefit Obligations	447,162	1,791,636	2,238,798	324,895
Net Pension Obligation	101,388	304,912	406,300	-
Total Noncurrent Liabilities	1,800,464	2,604,554	4,405,018	9,501,847
Total Liabilities	4,713,671	4,011,264	8,724,935	15,652,410
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	20,801,520	52,021,810	72,823,330	8,707,561
Unrestricted	1,566,172	214,994	1,781,166	35,106,764
Total Net Assets	$ 22,367,692	$ 52,236,804	$ 74,604,496	$ 43,814,325

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, 2011

	Business-type Activities - Enterprise Funds: Recreational and Cultural Activities - Montgomery County	Business-type Activities - Enterprise Funds: Recreational and Cultural Activities - Prince George's County	Business-type Activities - Enterprise Funds: Totals	Governmental Activities-Internal Service Funds
Operating Revenues:				
Intergovernmental	$ -	$ 2,600	$ 2,600	$ -
Sales	703,841	2,305,227	3,009,068	-
Charges for Services	6,137,974	4,458,369	10,596,343	32,067,160
Claim Recoveries	-	-	-	679,140
Rentals and Concessions	2,713,184	2,673,574	5,386,758	-
Total Operating Revenues	9,554,999	9,439,770	18,994,769	32,746,300
Operating Expenses:				
Cost of Goods Sold	344,611	1,540,102	1,884,713	-
Personal Services	3,098,263	11,491,600	14,589,863	1,293,316
Supplies and Materials	522,057	1,509,304	2,031,361	358,640
Claims Incurred	-	-	-	23,334,225
Insurance	-	-	-	8,248,763
Communications	21,288	262,448	283,736	-
Utilities	1,193,244	1,999,104	3,192,348	-
Maintenance	413,341	972,843	1,386,184	-
Contractual Services	610,944	711,812	1,322,756	1,266,730
Other Services and Charges	202,035	743,288	945,323	2,723,187
Administrative Services	1,208,434	387,000	1,595,434	-
Depreciation	1,294,511	2,305,589	3,600,100	2,226,204
Total Operating Expenses	8,908,728	21,923,090	30,831,818	39,451,065
Operating Income (Loss)	646,271	(12,483,320)	(11,837,049)	(6,704,765)
Nonoperating Revenues (Expenses):				
Investment Earnings	14,907	16,722	31,629	249,617
Interest Expense, net of Amortization	(167,634)	-	(167,634)	(42,348)
Loss on Disposal of Asset	-	-	-	(1,803,993)
Total Nonoperating Revenue (Expense)	(152,727)	16,722	(136,005)	(1,596,724)
Income (Loss) before Transfers	493,544	(12,466,598)	(11,973,054)	(8,301,489)
Transfers	-	9,789,550	9,789,550	-
Change in Net Assets	493,544	(2,677,048)	(2,183,504)	(8,301,489)
Total Net Assets - Beginning	21,874,148	54,913,852	76,788,000	52,115,814
Total Net Assets - Ending	$ 22,367,692	$ 52,236,804	$ 74,604,496	$ 43,814,325

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, 2011

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Cash Flows from Operating Activities:				
Receipts from Customers and Users	$ 9,713,304	$ 9,244,285	$ 18,957,589	$ 32,202,839
Payments to Suppliers	(2,846,216)	(7,833,472)	(10,679,688)	(34,851,342)
Payments to Employees	(2,724,258)	(10,306,800)	(13,031,058)	(1,115,718)
Payments for Interfund Services Used	(399,700)	-	(399,700)	(899,200)
Payments for Administrative Charges	(1,208,434)	(387,000)	(1,595,434)	-
Net Cash Provided (Used) by Operating Activities	2,534,696	(9,282,987)	(6,748,291)	(4,663,421)
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	-	9,789,550	9,789,550	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(30,188)	(238,842)	(269,030)	(2,431,673)
Principal Paid on Bonds and Notes Payable	(1,152,647)	-	(1,152,647)	(900,212)
Interest Paid	(135,571)	-	(135,571)	(42,348)
Payment Received on Long Term Note	180,000	-	180,000	-
Net Cash Used by Capital and Related Financing Activities	(1,138,406)	(238,842)	(1,377,248)	(3,374,233)
Cash Flows from Investing Activities:				
Interest on Investments	14,907	16,722	31,629	249,617
Net Decrease in Cash and Cash Equivalents	1,411,197	284,443	1,695,640	(7,788,037)
Cash and Cash Equivalents, July 1	2,335,200	3,155,265	5,490,465	56,775,628
Cash and Cash Equivalents, June 30	$ 3,746,397	$ 3,439,708	$ 7,186,105	$ 48,987,591

Exhibit 9
continued

	Business-type Activities- Enterprise Funds			
	Recreational and Cultural Activities			Governmental Activities- Internal Service Funds
	Montgomery County	Prince George's County	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 646,271	$ (12,483,320)	$ (11,837,049)	$ (6,704,765)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,294,511	2,305,589	3,600,100	2,226,204
Effect of Changes in Operating Assets and Liabilities in:				
Accounts Receivable	(1,559)	(1,072)	(2,631)	(645,658)
Due from Other Government	(1,866)	-	(1,866)	102,197
Inventories, at Cost	1,945	39,786	41,731	-
Accounts Payable	67,456	(134,357)	(66,901)	(860,683)
Claims Payable	-	-	-	1,140,270
Accrued Salaries and Benefits	104,346	365,009	469,355	40,078
Compensated Absences	32,904	(13,620)	19,284	26,703
Interest Payable	(7,800)	-	(7,800)	(11,603)
Net Pension Obligation	101,388	304,912	406,300	(83,382)
Net Other Post Employment Obligations	135,370	528,499	663,869	107,218
Revenue Collected in Advance	161,730	(194,413)	(32,683)	-
Total Adjustments	1,888,425	3,200,333	5,088,758	2,041,344
Net Cash Provided (Used) by Operating Activities	$ 2,534,696	$ (9,282,987)	$ (6,748,291)	$ (4,663,421)

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, 2011

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 969,466	$ 16,974,867	$ 2,726,186
Cash	109,446	-	-
Fixed Income Securities	129,645,952	-	-
International Fixed Income Securities	31,142,341	-	-
Venture Capital/Alternative Investments	14,630,846	-	-
Corporate Stock	277,080,791	-	-
International Corporate Stock	131,644,050	-	-
Real Estate Investments	26,814,937	-	-
Short Term Investments	17,770,123	-	-
Mutual Funds	11,152,969	-	-
Collateral for Securities Lending Transactions	67,213,393	-	-
Accounts Receivable	1,522,413	-	-
Land Held for Other Governments	-	60,244,017	-
Other	87,804	-	-
Total Assets	709,784,531	77,218,884	2,726,186
LIABILITIES			
Investment Payable	12,826,672	-	-
Accounts Payable	1,173,536	1,117	2,040,953
Claims Payable	769,283	-	-
Obligation for Collateral Received under Securities Lending Transactions	68,717,118	-	-
Deposits	-	-	685,233
Total Liabilities	83,486,609	1,117	2,726,186
NET ASSETS			
Assets Held in Trust for:			
Land Held for Other Governments	-	60,244,017	-
Pension Benefits	615,127,402	-	-
Other Postemployment Benefits	11,170,520	-	-
Other Purposes	-	16,973,750	-
Total Net Assets	$ 626,297,922	$ 77,217,767	$ -

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, 2011

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	$ 34,493,387	$ -
Plan Members	4,698,246	-
Plan Members for Current Benefits	1,080,766	-
Private Donations	-	50,704
Total Contributions	40,272,399	50,704
Receipts from Commission Debt Service Funds	-	2,100,897
Federal Grants - Medicare	374,205	-
Investment Earnings:		
Interest	7,641,454	72,118
Dividends	1,721,507	-
Net Increase in the Fair Value of Investments	106,660,543	-
Total Investment Earnings	116,023,504	72,118
Less Investment Advisory and Management Fees	(2,466,640)	-
Net Income from Investing Activities	113,556,864	72,118
Securities Lending Activity		
Securities Lending Income	166,614	-
Securities Lending Fees	(62,248)	-
Net Income from Securities Lending Activity	104,366	-
Total Net Investment Income	113,661,230	72,118
Total Additions and Investment Income	154,307,834	2,223,719
DEDUCTIONS		
Benefits	43,090,075	-
Refunds of Contributions	359,239	-
Administrative Expenses	1,366,148	-
Other	-	59,911
Total Deductions	44,815,462	59,911
Change in Net Assets	109,492,372	2,163,808
Net Assets - Beginning	516,805,550	75,053,959
Net Assets - Ending	$ 626,297,922	$ 77,217,767

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

(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

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 these units 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.

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.

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").

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 net assets as of June 30, 2011.

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. Amounts not received within 60 days are reported as deferred revenue. 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 years 2010 and 2011, the Commission suspended the 8 year phase-in of the 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". The Commission has budgeted funds to resume the phase-in during FY 2012.

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 $1,611,432 at June 30, 2011. 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 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:

Assets	Years
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.

In the Government-wide financial statements, and proprietary fund types in the fund financial statements, compensated absences are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. When annual and sick leave are used or taken by employees, the expense is charged directly to the employees' cost center. Compensated absences for leave liabilities for employees charged to proprietary funds, 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 for all employees 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 Balances - The Commission's policy is to maintain an adequate General Fund fund balance to provide liquidity in the event of an economic downturn and this policy is an important part of sound fiscal management. The Commission has adopted Resolution No. 06-21, a financial standard to maintain a minimum unrestricted fund balance of the General Fund so that at each fiscal year end this balance shall not be less than 3% to 5% of the current year's expenditures.

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, "Fund *Balance Reporting and Governmental Fund Type Definitions*", establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. In fiscal year 2010, the Commission categorized fund balances in the Balance Sheet – Governmental Funds as reserved and unreserved. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds and has classified fund balances into the following five categories:

• **Nonspendable** – Items that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

• **Restricted** – Items that are restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

• **Committed** – Items that have been committed for specific purposes pursuant to constraints imposed by a formal action (i.e. resolution) by the entity's "highest level decision-making authority", which the Commission considers actions taken by the Chairman and Vice-Chairman to be the highest level. These committed amounts could be changed by reversing the same type of action the Commission employed to previously commit the funds. The formal action should occur prior to the end of the reporting period.

• **Assigned** – Amounts reflecting a government's intended use of resources for specific purposes require less formal actions. Also, the Chairman and Vice-Chairman can delegate assignment authority to the upper levels of management (i.e. Executive Director) within the Commission.

• **Unassigned** – This category is for any balances that have no restrictions placed upon them.

The Commission reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The Commission reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Fund Balance in the General Fund Accounts is broken down as follows:

	Montgomery County		Prince George's County			
	Administration	Park	Administration	Park	Recreation	Total
Committed	$ 4,523,667	$3,824,165	$ 6,821,790	$ 7,197,605	$ 2,597,646	24,964,873
Assigned	513,050	798,630	4,810,750	-	13,149,400	19,271,830
Unassigned	1,558,478	4,392,708	15,954,866	56,233,342	14,692,287	92,831,681
Total Fund Balance	$ 6,595,195	$9,015,503	$27,587,406	$63,430,947	$30,439,333	$ 137,068,384

Encumbrances

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the General and Capital Project funds are classified as committed. These encumbrances, along with encumbrances of balances in funds that are restricted, committed or assigned, are not separately classified in the financial statements, and are summarized as follows:

General Fund - Montgomery County	8,347,832
General Fund - Prince George's County	16,617,040
Capital Projects Fund - Montgomery County	14,818,381
Capital Projects Fund - Prince George's County	32,069,856
Non-Major Governmental Funds	892,107

(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	$	321,949,911
Buildings and improvements		202,774,946
Infrastructure		232,186,065
Machinery, Equipment and Intangibles		59,049,105
Accumulated Depreciation on Buildings, Improvements and Machinery, Equipment and Intangibles		(287,209,994)
Construction in Progress		117,511,959
Total	$	646,261,992

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	$	11,999,335
Due in More than One Year		81,251,963
Net Other Post Employment Benefit Obligations		48,393,504
Net Pension Obligations		9,167,400
Compensated Absences		
Due Within One Year		9,481,709
Due in More than One Year		9,294,178
Accrued Interest Payable		1,012,081
Totals	$	170,600,170

(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 2011 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, 2011 is as follows. The following account information is reported in Note 6.

	Montgomery County		Prince George's County			Total
	Administration Account	Park Account	Administration Account	Park Account	Recreation Account	General Fund
Adjustment to Expenditures						
To Increase -						
Encumbrances -						
June 30, 2010	$ 3,535,854	$ 1,863,790	$ 7,977,862	$ 5,009,084	$ 1,701,190	$ 20,087,780
To Decrease -						
Encumbrances -						
June 30, 2011	(4,523,667)	(3,824,165)	(6,821,790)	(7,197,605)	(2,597,646)	(24,964,873)
Total Adjustment	(987,813)	(1,960,375)	1,156,072	(2,188,521)	(896,456)	(4,877,093)
Net Change in Fund Balance:						
GAAP Basis	(608,078)	1,457,162	606,050	3,748,230	(3,658,926)	1,544,438
Budget Basis	$ (1,595,891)	$ (503,213)	$ 1,762,122	$ 1,559,709	$ (4,555,382)	$ (3,332,655)

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2011, totaled $1,121,221,197. The Commission's unrestricted pool of deposits and investments ($407,650,572) 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 a deficit of $1,568,193 and the bank balance was $1,773,253. In addition, the Commission held cash at various locations totaling $251,242. Effective December 31, 2010, Section 343 of the Dodd-Frank Act amends the Federal Deposit Insurance Act to include noninterest-bearing transactions accounts as a new temporary deposit insurance account category. Therefore, at June 30, 2011 the entire cash carrying amount is fully insured, without limit.

In addition, the Commission had Certificates of Deposit with a carrying value (including accrued interest) of $111,386,319 at June 30, 2011. The certificates, with an average life of 246.73 days, were covered by collateral of $112,972,219, 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, 2011. 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 $34,149,615. Of these deposits $7,918 relates to cash and investments restricted for construction.

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.

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, 2011 were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Municipal Bonds	$ 1,225,188	0.72
U.S. Treasury Bills	5,132,672	239.82
U.S Treasury Notes	15,133,247	320.67
Federal Farm Credit Bank	18,727,261	173.60
Federal Agricultural Mortgage Corporation Notes	29,506,481	19.83
Maryland State Investment Pool	43,184,333	46.00
Federal National Mortgage Association Notes	49,234,755	247.81
Federal Home Loan Mortgage Association Notes	50,138,989	117.60
Federal Home Loan Bank Notes	57,514,442	278.76
Total Fair Value	$ 269,797,368	
Portfolio Weighted Average Maturity		170.76

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 – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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 $7,918 (0.1%) 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:

Diversification by Investment Type	Maximum Percent of Portfolio*
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

Diversification by Institution	Maximum Percent of Portfolio*
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 currently 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, 2011, was $17,862,018. Cash deposits in the bank account totaled $91,895 that was insured and collateralized. At June 30, 2011, ERS held $17,770,123 of cash equivalents in its custodial investment accounts.

As of June 30, 2011, ERS's cash equivalents were exposed to custodial credit risk as follows:

Uninsured and held by custodial bank not in ERS's name	$ 82,073

Investments - The Board of Trustees ("Board") of ERS is authorized by the Trust Agreement dated July 26, 1972 and most recently amended September 16, 2009 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. The Commission approves new 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:

U. S. Equities	35 %
Non-U.S. Equities	20
U.S. Core Fixed Income	15
U.S. Long Duration Fixed income	10
Alternative Investments	8
U.S. High Yield Fixed Income	7
U.S.Real Estate (Private)	5
Total	100 %

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 and mid-capitalization stocks".

Non-U.S. Equity

- Cash equivalent exposure is limited to 5%.
- 80% to 100% should be invested in "developed markets".
- 0% to 20% 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, 2010 was 7.50 years with the Merrill Lynch BB/B and the Barclays Aggregate at 4.76 and 5.19 years, respectively.
- The fixed income composite is expected to maintain an aggregate weighting of at least a single A.
- The fixed income composite may contain an allocation to opportunistic investments and distressed securities.
- Build America Bonds issued by Montgomery County and Prince George's County are prohibited.

Real Estate Guidelines

- Cash equivalent exposure is limited to 10%.
- The maximum allocation by geographic region and property type is limited to 150% of its weight in the index and a minimum of 50% of its weight in the index.
- No individual property investment is expected to exceed 7.5% of the real estate composite at any time.
- The valuation objective is to accurately estimate the net asset value on a daily basis. The Valuation Consultant (VC) obtains an independent third-party appraisal for each property at least every 12 months. Monthly, the VC provides a list of property values that is based on a portfolio overview, updated discounted cash flow models, and/or limited scope, restricted appraisals and any facts regarding any event that occurs (i.e. lease or sale) that could impact property value.

Alternative Investment Guidelines

- Investments will be structured privately in the form of limited partnerships and diversified among the following investment types: energy, mining, timber, agriculture, and infrastructure.
- The portfolio is expected to be diversified by geographic location with the following weightings: U.S. (65%-75%), Non-U.S. Developed (15%-20%), and Non-U.S. Emerging (10%-15%).
- The fund will be diversified by vintage year making primary investments during 2010, 2011, and 2012, each being equally weighted at 33% (with a range from 30% to 35%).
- No single partnership commitment is expected to be more than 20% of the real assets composite or more than 20% of the portfolio of a fund-of-funds manager.

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.

Derivatives Policy Statement- A Derivatives Policy Statement identifies and allows common derivative investments and strategies, which are consistent with the Investment Policy Statement. The guidelines identify transaction-level and portfolio-level risk control procedures and documentation requirements. Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have commercial paper credit ratings of at least A1 or equivalent rating. The duration and other risk exposure limits specified in the managers' guidelines are expected to be satisfied on an ongoing basis. 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. Derivative securities such as "plain vanilla" collateralized mortgage obligations (CMOs) and structured notes are allowed. CMOs which are not "plain vanilla" are restricted to 5% of a manager's portfolio. Any use of derivatives not listed above is prohibited without written approval of the Board. At June 30, 2011, the System held derivatives with fair market values of approximately $1,837 with an underlying notional market value of -$2,625,961. Gains and losses are determined based on quoted market values and recorded in the statement of changes in plan net assets. The objective of Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" is to enhance the usefulness and comparability of derivative instrument information reported by state and local governments.

The following uses of derivatives are prohibited:

- **Leverage.** Derivatives shall not be used to magnify exposure to an asset beyond that which would be allowed by the guidelines.
- **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.

Typically, investment advisors enter into foreign exchange contracts to make payment for international investments. Foreign exchange contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. The investment advisor uses these contracts primarily for its international investments to settle pending trades. To reduce the risk of counterparty nonperformance, the investment advisors generally enter into these contracts with institutions meeting high standards of credit worthiness. The realized and unrealized gain/loss on contracts is included in the ERS' net assets and represents the fair value of the contracts on June 30, 2011. The ERS' contracts to purchase and sell by foreign currencies were as follows:

Foreign Exchange Contracts Settled as of June 30, 2011:

Currency	Purchases	Realized Gain/(Loss)	Sells	Realized Gain/(Loss)
Australian dollar	$ 362,072	$ (1,035)	$ (1,803,153)	$ (1,114)
Brazilian real	1,552,821	(1,075)	(9,714)	(120)
British pound sterling	6,464,297	(34,069)	(32,516)	51
Canadian dollar	-	-	(2,572,316)	(9,645)
Czech koruna	114,472	(1,147)	(18,394)	(90)
Danish krone	-	-	(147,168)	531
Euro	3,308,381	(466)	(5,732,116)	8,794
Hong Kong dollar	3,242,215	(1,137)	(304,587)	30
Iceland krona	-	-	(3,507)	(543)
Japanese yen	736,601	2,303	(117,864)	(52)
Mexican peso	151,010	394	(58,906)	(124)
Norwegian krone	496,492	(1,026)	(101,706)	(6)
Singapore dollar	605,698	(2413	(180,346)	61
South Korean won	694,136	(810)	-	-
Swedish krona	397,926	52	(21,547)	43
Swiss franc	42,235	(483)	(1,558,245)	3,189
Turkish Lira	-	-	(116,504)	(144)

Foreign Exchange Contracts Pending June 30, 2011:

Currency	Purchases	Unrealized Gain/(Loss)	Sells	Unrealized Gain/(Loss)
Canadian dollar	$ 290,760	$ (250)	$ -	$ -
Czech dollar	-	-	(70,288)	(3)
Euro	959,986	(1,953)	(391,183)	417
Hong Kong dollar	-	-	(1,100,341)	(158)
Japanese yen	102,598	(254)	-	-
Mexican peso	-	-	(122,334)	(364)

ERS's investments at June 30, 2011 were as follows:

Investment Type	Fair Value
Common stock	$ 399,983,597
Preferred stock	1,096,083
Convertible equity	1,463,463
Venture Capital and Partnerships	14,630,846
Government bonds	18,576,166
Government agencies	14,719,346
Provincial bonds	3,329,047
Corporate bonds	67,324,559
Corporate convertible bonds	3,673,870
Exchange equity traded fund	2,507,827
Government mortgage-backed securities	19,726,187
Government-issued commercial mortgage-backed	324,881
Commercial mortgage-backed	4,951,753
Asset backed securities	1,700,000
Non-government backed CMOs	2,290,293
Index linked government bonds	5,024,458
Fixed income mutual funds	22,821,604
Real estate	26,814,937
Cash & cash equivalent derivative-options	1,837
Short term investment funds	13,113,589
Securities lending short term collateral investment pool	67,213,393
Cash	4,654,697
Total Investments	$ 695,942,433

Custodial Credit Risk - Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 ERS requires that all investments be clearly marked as to ownership and to the extent possible, shall be registered in the name of the ERS.

Of the ERS' $695.9 million in investments at June 30, 2011, $67.2 million were cash collateral reinvestment securities acquired by the custodian, whom is also the lending agent/counterparty. This is consistent with the ERS' securities lending agreement in place with the custodian.

The fair value of loaned securities collateralized by cash collateral as of June 30, 2011 and cash collateral received from borrowers as of June 30, 2010 are presented by type below:

Collateral	Fair Value
Global equities	$ 6,835,091
U.S. agencies	551,428
U.S. corporate fixed	12,199,329
U.S. equities	27,491,536
U.S. government fixed	20,136,009
Total	$ 67,213,393

Interest Rate Risk – Each investment manager has duration targets and bands that control interest rate risk; however, the ERS has no policy relating to interest rate risk.

As of June 30, 2011, the ERS had the following fixed income investments and short term investments with the following maturities:

Investment Type	Fair Value	Weighted Average Maturity-Years
Asset backed securities	1,700,000	21.905464
Commercial mortgage-backed	4,951,753	28.294274
Corporate bonds	67,324,558	12.999462
Corporate convertible bonds	3,673,870	22.037408
Equity exchange traded funds	2,507,827	N/A
Fixed income mutual funds	22,821,604	N/A
Government agencies	14,719,346	10.859632
Government bonds	18,576,166	15.311719
Government mortgage backed securities	19,726,187	26.554355
Gov't issued commercial mortgage-backed	324,881	9.242050
Index linked government bonds	5,024,458	13.675478
Municipal/Provincial bonds	3,329,047	26.052405
Non-government backed CMOs	2,290,293	30.088504
Short term investment funds	13,113,589	N/A
Totals	180,083,579	
Portfolio Weighted Average Maturity		16.650338

Collateralized Mortgage Obligations - Collateralized Mortgage Obligations 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. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The repayments of principal and interest from the pass-through securities are used to retire the bonds in an established order of maturity. The ERS held $2,290,293 in CMOs at June 30, 2011.

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 $1,700,000 in ABS at June 30, 2011.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by a nationally recognized statistical rating agency such as Standard & Poor's Services. Individual manager guidelines require investment managers to follow certain controls, documentation and risk management procedures. Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have commercial paper credit ratings of at least A1 or equivalent rating.

Individual investment manager guidelines include limitations on the percentage of securities below investment grade and various types of securities including derivatives. A Derivatives Policy Statement identifies and allows common derivative investments and strategies which are consistent with the Investment Policy Statement.

Credit Quality Ratings as of June 30, 2011:

Credit Quality Distribution for Services		% of Total Portfolio
Agency	Government	6.040%
Agency	AAA	1.569%
Agency	AA	0.082%
Agency	A	0.240%
Agency	BBB	0.036%
Agency	BB	0.037%
Agency	CCC	0.024%
Agency	Not Rated	0.119%
Asset Backed Securities	AAA	0.092%
Asset Backed Securities	AA	0.056%
Asset Backed Securities	A	0.004%
Asset Backed Securities	BB	0.022%
Asset Backed Securities	B	0.030%
Asset Backed Securities	CCC	0.017%
Asset Backed Securities	Not Rated	0.024%
Commercial Mortgage-Backed	AAA	0.487%
Commercial Mortgage-Backed	AA	0.043%
Commercial Mortgage-Backed	Not Rated	0.182%
Non-Government Backed C.M.O.s	AAA	0.156%
Non-Government Backed C.M.O.s	AA	0.003%
Non-Government Backed C.M.O.s	A	0.022%
Non-Government Backed C.M.O.s	BBB	0.009%
Non-Government Backed C.M.O.s	B	0.083%
Non-Government Backed C.M.O.s	CCC	0.023%
Non-Government Backed C.M.O.s	Not Rated	0.032%
Corporate Bonds	AAA	0.013%
Corporate Bonds	AA	0.510%
Corporate Bonds	A	1.930%
Corporate Bonds	BBB	2.056%
Corporate Bonds	BB	0.868%
Corporate Bonds	B	0.941%
Corporate Bonds	CCC	0.065%
Corporate Bonds	CC	0.052%
Corporate Bonds	Not Rated	3.238%
Corporate Convertible Bonds	A	0.111%
Corporate Convertible Bonds	BB	0.197%
Corporate Convertible Bonds	B	0.180%
Corporate Convertible Bonds	CCC	0.020%
Corporate Convertible Bonds	Not Rated	0.019%
Municipal/Provincial Bonds	AAA	0.068%
Municipal/Provincial Bonds	AA	0.253%
Municipal/Provincial Bonds	A	0.123%
Municipal/Provincial Bonds	Not Rated	0.035%
Government Mortgage Backed Securities	AAA	0.011%
Government Mortgage Backed Securities	Not Rated	0.191%
Gov't-issued Commercial Mortgage-Backed	AAA	0.038%
Other Fixed Income	Not Rated	3.267%
Short Term Investment Funds	Not Rated	1.884%

Foreign Currency Risk – The ERS does not have a policy for foreign currency risk. Foreign currency is intentionally unhedged.

The ERS' exposure to foreign currency risk at June 30, 2011, was as follows:

Investment Type	Currency	Fair Value
Government Bonds	Canadian dollar	$ 289,868
Government Bonds	Euro	28,487
Government Bonds	Mexican peso	346,103
Government Agencies	Brazilian real	857,811
Government Agencies	Indonesian rupiah	965,678
Government Agencies	South Korean won	376,678
Government Agencies	Philippine peso	306,800
Corporate Bonds	Australian dollar	218,137
Corporate Bonds	South Korean won	289,701
Corporate Bonds	Mexican peso	156,771
Common Stock	Brazilian real	1,282,650
Common Stock	Swiss franc	1,052,743
Common Stock	Czech koruna	268,074
Common Stock	Euro	10,663,442
Common Stock	British pound sterling	4,006,753
Common Stock	Hong Kong dollar	6,017,328
Common Stock	Japanese yen	5,757,636
Common Stock	South Korean won	372,622
Common Stock	Mexican peso	416,304
Common Stock	Norwegian krone	2,647,950
Common Stock	Swedish krona	1,321,254
Common Stock	Singapore dollar	626,601
Cash	British pound sterling	1,966
Cash	Australian dollar	2,733
Total		$ 38,274,090

Cash Received as Securities Lending Collateral

The following table details the net income from securities lending for the period ending June 30, 2011:

Security lending income	$ 166,614
Less security lending fees	(62,248)
Net securites lending income	$ 104,366

The ERS accounts for securities lending transactions in accordance with GASB No. 28 Accounting and Financial Reporting for Securities Lending Transactions, which established standards of accounting and financial reporting for securities lending transactions.

The Board of Trustees authorized the lending of fixed income securities, which activity is managed by the custodian bank. The Board of Trustees authorized a securities lending loan cap of 30% effective October 6, 2010 with an increase to 50% effective February 1, 2011. 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, 2011.

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 130 days in 2011.

Cash open collateral is invested in a short term investment pool, the Core USA Collateral Section, which had an interest sensitivity of 21 days as of this statement date. 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. Securities lending earnings are credited to the ERS' accounts on approximately the fifteenth day of the following month.

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, 2011:

Securities Lent	Fair Value	Cash Collateral Received*
Fixed income securities	$ 32,886,766	$ 33,585,673
Domestic equities	27,491,536	28,006,619
Global equities	6,835,091	7,124,826
Total	$ 67,213,393	$ 68,717,118

*The securities collateral value is based on the ERS' 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 $17,551 in money market funds at June 30, 2011. The trust participates in the Commission's pooled cash for payment of benefits, and had equity in pooled cash balance of $969,466. Investments in mutual funds totaled $11,152,969.

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 2011 are as follows:

Asset Class	Minimum	Maximum
Equity Funds		
Index Fund	90%	100%
Cash and Equivalents	2%	10%

The Trust's investments in mutual funds at June 30, 2011 were as follows:

Investment Type	Fair Value
Equity Index Fund	$ 11,152,969

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

Statement of Net Assets		
Equity in Pooled Cash and Investments	$	386,980,053
Restricted Cash, Cash Equivalents and Investments - Unspent Bonds Proceeds		6,365,777
Statement of Net Assets - Fiduciary Funds		
Equity in Pooled Cash and Investments - Pension Trust Funds		969,466
Equity in Pooled Cash and Investments - Private Purpose Trust Funds		16,974,867
Equity in Pooled Cash and Investments - Agency Funds		2,726,186
Cash and Marketable Securities - Pension Trust Funds		639,991,455
Collateral for Securities Lending Transactions - Pension Trust Funds		67,213,393
Total	$	1,121,221,197
They are composed of:		
Cash in Banks of Commission	$	(1,568,193)
Cash of Employees' Retirement System Pension Trust Fund		91,895
Cash in Other Post Employment Benefits Fund		-
Cash in Other Locations - Commission		251,242
Money Market Deposits of Commission		34,149,615
Money Market Deposits in Other Post Employment Benefits Fund		17,551
Certificates of Deposit of Commission		111,386,319
Fixed Income Securities In Commission's Investment Pool		269,797,367
Mutual funds in Other Post Employment Benefits Fund		11,152,969
Investments of Employees' Retirement System Pension Trust Fund		
Equity Investments		402,543,143
Fixed Income Securities		180,083,579
Real Estate		26,814,937
Venture Capital and Partnerships		14,630,846
Cash		4,654,697
Cash & Cash Equivalent Derivative-Options		1,837
Collateral for Securities Lending Transactions		67,213,393
Total	$	1,121,221,197

(B) Capital Assets

A summary of governmental activities capital assets at June 30, 2011 is as follows:

	July 1, 2010	Increases	Decreases	Transfers/ Contributions	June 30, 2011
Capital assets not being depreciated					
Land	$ 317,847,593	$ 4,850,815	$ -	$ -	$ 322,698,408
Construction in progress	91,900,451	32,610,297	(1,803,993)	(5,194,796)	117,511,959
Total capital assets not being depreciated	409,748,044	37,461,112	(1,803,993)	(5,194,796)	440,210,367
Other capital assets, being depreciated					
Buildings and improvements	201,946,631	181,943	-	3,413,985	205,542,559
Infrastructure	230,405,254	-	-	1,780,811	232,186,065
Machinery, equipment and intangibles	86,705,928	4,048,713	(658,879)	-	90,095,762
Total other capital assets	519,057,813	4,230,656	(658,879)	5,194,796	527,824,386
Less accumulated depreciation for:					
Buildings and improvements	(119,114,498)	(5,433,614)	-	-	(124,548,112)
Infrastructure	(114,624,826)	(5,580,884)	-	-	(120,205,710)
Machinery, equipment and intangibles	(62,219,689)	(6,070,568)	658,879	-	(67,631,378)
Total accumulated depreciation	(295,959,013)	(17,085,066)	658,879	-	(312,385,200)
Total other capital asset, net	223,098,800	(12,854,410)	-	5,194,796	215,439,186
Governmental activities capital assets, net	$ 632,846,844	$ 24,606,702	$ (1,803,993)	$ -	$ 655,649,553

Summaries of business-type activities capital assets at June 30, 2011, made up of two major enterprise funds, are as follows:

	July 1, 2010	Increases	Decreases	June 30, 2011
Montgomery County Enterprise Fund				
Capital assets not being depreciated:				
Land	$ 11,584,468	$ -	$ -	$ 11,584,468
Construction in progress	397,888	-	-	397,888
Total capital assets not being depreciated	11,982,356	-	-	11,982,356
Capital assets being depreciated				
Buildings and improvements	26,999,848	-	-	26,999,848
Machinery, equipment and intangibles	1,680,427	30,188	-	1,710,615
Total capital assets being depreciated	28,680,275	30,188	-	28,710,463
Less accumulated depreciation for:				
Buildings and improvements	(15,028,211)	(1,245,578)	-	(16,273,789)
Machinery, equipment and intangibles	(1,360,025)	(48,933)	-	(1,408,958)
Total accumulated depreciation	(16,388,236)	(1,294,511)	-	(17,682,747)
Total capital assets being depreciated, net	12,292,039	(1,264,323)	-	11,027,716
Capital assets, net	$ 24,274,395	$ (1,264,323)	$ -	$ 23,010,072
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, equipment and intangibles	5,106,641	238,842	(21,887)	5,323,596
Total capital assets being depreciated	77,377,230	238,842	(21,887)	77,594,185
Less accumulated depreciation for:				
Buildings and improvements	(27,401,853)	(2,071,630)	-	(29,473,483)
Machinery, equipment and intangibles	(3,665,951)	(233,959)	21,887	(3,878,023)
Total accumulated depreciation	(31,067,804)	(2,305,589)	21,887	(33,351,506)
Total capital assets being depreciated, net	46,309,426	(2,066,747)	-	44,242,679
Capital assets, net	$ 54,088,557	$ (2,066,747)	$ -	$ 52,021,810
Total Business-type activities	$ 78,362,952	$ (3,331,070)	$ -	$ 75,031,882

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

Governmental activities:	
General Government	$ 346,452
County Planning and Zoning	626,343
Park Operations and Maintenance	13,859,250
Recreation Programs	2,253,021
Total depreciation expense - governmental activities	$ 17,085,066
Total depreciation expense - business-type activities:	
Recreational and Cultural Facilities	$ 3,600,100

Construction Commitments - The Commission is committed to $46,888,237 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, 2011. The Montgomery County Capital Projects Fund has a payable balance of $6,553,971 to the Montgomery County Parks Fund. The short term borrowing is to remove a cash shortfall in the Capital Projects Fund.

The Commission had the following interfund transfers during fiscal year 2011:

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	$ 700,000	$ -	$ -	$ 1,578,000	$ -	$ 2,278,000
General Fund - Park Account	-	350,000	21,304,000	16,981,208	-	38,635,208
General Fund - Recreation Account	-	-	-	-	9,789,550	9,789,550
Special Revenue Fund	-	-	-	-	-	-
Capital Projects	703,215	-	-	-	-	703,215
Total Transfers In	$ 1,403,215	$ 350,000	$ 21,304,000	$ 18,559,208	$ 9,789,550	$ 51,405,973
Transfers Out						
General Fund - Park Account	$ 700,000	$ 1,849	$ 701,366	$ -	$ -	$ 1,403,215
Debt Service Fund	16,981,208	-	-	-	-	16,981,208
Capital Projects	21,654,000	-	-	-	-	21,654,000
Special Revenue Fund	1,578,000	-	-	-	-	1,578,000
Enterprise Fund	9,789,550	-	-	-	-	9,789,550
Total Transfers Out	$ 50,702,758	$ 1,849	$ 701,366	$ -	$ -	$ 51,405,973

A majority of the transfers were used to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds ($16,981,208) and current funding for Capital Projects ($21,654,000)

Proprietary fund transfers are made up of the following:

Interfund Transfers:	Prince George's County Enterprise Fund	Total Proprietary Funds
Transfers In		
General Fund - Recreation Account	9,789,550	9,789,550
Total Transfers In	$ 9,789,550	$ 9,789,550

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 $2,100,896 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 2014. Each agreement provides for termination in the event of nonappropriation of funds.

Future minimum commitments under operating leases at June 30, 2011 are as follows ($000's):

	Operating Leases		
Year Ending June 30	Total	Montgomery County	Prince George's County
2012	2,480	518	1,962
2013	2,652	385	2,267
2014	2,508	309	2,199
2015	1,066	309	757
Total minimum lease payments	$ 8,706	$ 1,521	$ 7,185

In fiscal year 2011, expenditures in the General Fund included $1,614,814 relating to the rental of office space and $1,134,527 relating to rental and other charges for rented equipment.

(E) Long-Term Obligations

Notes and Loans Payable - Notes payable and loans are only reported at the Government-wide level. Payments required to maturity on notes payable at June 30, 2011 are as follows ($000's):

		Montgomery County		Prince George's County	
		Governmental		Governmental	
Year Ending June 30	Total	Principal	Interest	Principal	Interest
2012	$ 646	$ 368	$ 5	$ 258	$ 15
2013	113	-	-	110	3
Total payments	$ 759	$ 368	$ 5	$ 368	$ 18

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 2011, debt service payments approximated 0.26 cents per $100 of real property and 0.65 cents per $100 of personal property for Montgomery County and 1.48 cents for real property and 3.70 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for operating and maintaining the park system of the respective counties.

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

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

Montgomery County General Obligation Bonds

Fiscal Year	Governmental Activities Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	Total ALA Payments
2012	2,515	904	3,419	240	79	319
2013	2,620	824	3,444	240	71	311
2014	2,345	747	3,092	235	61	296
2015	2,380	672	3,052	230	51	281
2016	1,835	603	2,438	120	45	165
2017-2021	9,085	2,030	11,115	600	157	757
2022-2026	4,700	679	5,379	480	40	520
2027-2031	1,230	68	1,298	-	-	-
Totals	$ 26,710	$ 6,527	$ 33,237	$ 2,145	$ 504	$ 2,649

Prince George's County General Obligation Bonds

Fiscal Year	Governmental Activities Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	Total ALA Payments	Total Commission General Obligation Bonds
2012	9,188	2,485	11,673	-	-	-	15,411
2013	9,410	2,189	11,599	-	-	-	15,354
2014	7,912	1,910	9,822	-	-	-	13,210
2015	7,240	1,610	8,850	-	-	-	12,183
2016	6,568	1,302	7,870	-	-	-	10,473
2017 - 2021	19,758	3,097	22,855	-	-	-	34,727
2022 - 2026	5,315	671	5,986	-	-	-	11,885
2027 - 2031	535	23	558	-	-	-	1,856
Totals	$ 65,926	$ 13,287	$ 79,213	$ -	$ -	$ -	$ 115,099

Outstanding General Obligation Bonds - General obligation bonds outstanding at June 30, 2011, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY 2012 Serial Payment	Original Issue	Outstanding at June 30, 2011
Montgomery County						
Park Acquisition and Development Bonds						
Series CC-2 (Note 1)	3.7819	12/01/02	12/01/22	$ 860	$ 12,155	$ 5,690
Series FF-2	3.8457	11/15/04	12/01/24	160	4,000	3,040
Series HH-2 Current refunding	3.1807	07/15/05	07/01/14	370	5,445	1,410
Series I I-2	3.9651	03/15/07	04/01/27	185	4,700	3,960
Series LL-2 Advance and Current Refunding	2.4059	05/21/09	11/01/20	730	8,405	7,780
Series MM-2	3.4803	05/21/09	11/01/28	210	5,250	4,830
				2,515	39,955	26,710
Advance Land Acquisition Bonds						
ALA Refunding Bonds of 2002, Series DD-2	3.4748	12/01/02	12/01/14	160	1,550	625
ALA Bonds of 2004 Series	3.8457	11/15/04	12/01/24	80	2,000	1,520
				240	3,550	2,145
Total Montgomery County General Obligation Bonds				$ 2,755	$ 43,505	$ 28,855
Prince George's County						
Park Acquisition and Development Bonds						
Series W-2	6.4000	06/25/98	07/01/12	$ 365	$ 7,325	$ 745
Series BB-2 Advance Refunding	3.3944	12/01/02	07/01/14	1,725	21,110	5,805
Series EE-2 (Note 1)	3.2824	03/15/04	01/15/24	2,710	37,525	24,360
Series GG-2 Currrent Refunding	3.1053	07/15/05	07/01/12	1,080	13,685	2,130
Series JJ-2	4.3180	05/15/07	05/01/27	355	8,900	7,480
Series KK-2 Current Refunding	3.2004	04/10/08	05/01/18	1,688	17,300	12,395
Series NN-2 Advance Refunding	2.4212	03/04/10	05/01/21	1,265	14,080	13,010
				9,188	119,925	65,925
Total Prince George's County General Obligation Bonds				$ 9,188	$ 119,925	$ 65,925

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 $2,208,552 (net of a deferred amount of $32,063) at June 30, 2011, are accounted for in the Montgomery County Enterprise Fund. Debt service expenditures for the revenue bonds and notes totaled $1,282,843 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, 2011, 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
2012	1,176	83	1,259
2013	842	35	877
2014	222	6	228
Total	$ 2,240	$ 124	$ 2,364

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 $32,063 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2011, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY2012 Serial Payment	Original Issue	Outstanding at June 30, 2011
Montgomery County						
Revenue Bonds and Notes						
Little Bennett Golf Course						
(net of deferred amount)	3.3705 %	12/09/03	11/01/12	$ 384	$ 3,154	$ 750
Wheaton Ice Rink	3.3706	12/09/03	05/01/12	348	2,799	348
Cabin John Ice Rink	5.1600	04/24/99	11/01/13	444	6,000	1,111
				$ 1,176	$ 11,953	$ 2,209

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

Series	Redemption Date	Montgomery County
Series Z-2	November 1, 2011	$ 12,150,000

Changes in Long-term Liabilities – Changes in long-term liabilities for the year ended June 30, 2011, were as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Montgomery County					
General Obligation Park Bonds Payable	$ 29,680,000	$ -	$ 2,970,000	$ 26,710,000	$ 2,515,000
General Obligation ALA Bonds Payable	2,680,000	-	535,000	2,145,000	240,000
Deferred charges, net of premiums, on General Obligation Bonds	(456,745)	-	(76,923)	(379,822)	-
Notes Payable - Governmental	927,029	-	615,536	311,493	311,493
Loan Payable to Montgomery County	113,600	-	56,800	56,800	56,800
Accrued Compensated Absences	7,407,710	4,107,177	3,539,316	7,975,571	3,539,316
Net Other Post Employment Benefit Obligations	15,032,911	5,694,085	-	20,726,996	-
Net Pension Obligations	-	3,934,859	-	3,934,859	-
Long-term Liabilities	55,384,505	13,736,121	7,639,729	61,480,897	6,662,609
Prince George's County					
General Obligation Park Bonds Payable	76,246,154	-	10,320,957	65,925,197	9,187,535
General Obligation ALA Bonds Payable	290,000	-	290,000	-	-
Deferred charges, net of premiums, on General Obligation Bonds	(1,452,983)	-	(247,106)	(1,205,877)	-
Notes Payable - Governmental	653,182	-	284,675	368,507	258,507
Accrued Compensated Absences	11,207,058	5,704,533	5,985,342	10,926,249	5,985,343
Net Other Post Employment Benefit Obligations	19,624,281	8,367,122	-	27,991,403	-
Net Pension Obligations	-	5,232,541	-	5,232,541	-
Long-term Liabilities	106,567,692	19,304,196	16,633,868	109,238,020	15,431,385
Total Long-term Liabilities	$ 161,952,197	$ 33,040,317	$ 24,273,597	$ 170,718,917	$ 22,093,994

Business type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Montgomery County					
Revenue Bonds and Notes Payable	$ 3,393,261	$ -	$ 1,152,647	$ 2,240,614	$ 1,176,513
Unamortized Discount on Revenue Bonds and Notes	(64,125)	-	(32,063)	(32,062)	-
Accrued Compensated Absences	240,987	86,920	54,016	273,891	54,016
Net Other Post Employment Benefit Obligations	311,792	135,370	-	447,162	-
Net Pension Obligations	-	101,388	-	101,388	-
Long-term Liabilities	3,881,915	323,678	1,174,600	3,030,993	1,230,529
Prince George's County					
Accrued Compensated Absences	816,669	281,423	295,043	803,049	295,043
Net Other Post Employment Benefit Obligations	1,263,137	528,499	-	1,791,636	-
Net Pension Obligations	-	304,912	-	304,912	-
Long-term Liabilities	2,079,806	1,114,834	295,043	2,899,597	295,043
Total Long-term Liabilities	$ 5,961,721	$ 1,438,512	$ 1,469,643	$ 5,930,590	$ 1,525,572

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	$ 9,524,659	$ 349,059	$ 9,873,718
Due in more than One Year	9,377,161	727,881	10,105,042
Bonds and Notes Payable:			
Due within One Year	12,569,335	1,176,513	13,745,848
Due in more than One Year	81,361,963	1,032,039	82,394,002
Net Other Post employment Benefit Obligations			
Due in more than One Year	48,718,399	2,238,798	50,957,197
Total Long-term Liabilities	$ 161,551,517	$ 5,524,290	$ 167,075,807

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 excess liability 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 2009 and 2010 but in fiscal year 2011 there was one claim over $250,000. No insurance coverages were reduced in fiscal year 2011.

The Commission's employees and retirees have various options in their selection of health insurance benefits. The Commission self-insures the following medical plans: two exclusive provider organizations (EPO) which is a Health Maintenance Organization (HMO) without a PCP as a gatekeeper, a point of service (POS), and a Medicare complement 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, Medicare Part D and retiree contributions) were for all group health benefits in fiscal year 2011. 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 2011 totaled $4,083,568. 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:

		Medical		Risk Management
Unpaid Claims, June 30, 2009	$	1,998,695	$	10,174,138
Incurred Claims, Fiscal Year 2010		15,335,221		4,111,857
Claims Paid, Fiscal Year 2010		(15,646,896)		(3,453,457)
Unpaid Claims, June 30, 2010		1,687,020		10,832,538
Incurred Claims, Fiscal Year 2011		17,302,140		5,229,656
Claims Paid, Fiscal Year 2011		(17,307,958)		(4,083,568)
Unpaid Claims, June 30, 2011	$	1,681,202	$	11,978,626

The medical column excludes expenses that are fully insured.

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

		Medical		Risk Management		Total
Due within One Year	$	1,681,202	$	2,994,657	$	4,675,859
Due in more than One Year		-		8,983,969		8,983,969
Total	$	1,681,202	$	11,978,626	$	13,659,828

(B) Related Party Transactions

The Commission was involved in the following related party transactions during fiscal year 2011:

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

State Law Mandatory Fund Balance Transfer	$	30,000,000
Reimbursements to County Council for planning, zoning, and audio/visual		918,000
Dept. of Environ. Resources Zoning Enforcement and Inspection		1,891,600
Property Tax Collection Fees		78,500
Office Space Rental at the County Administrative Building		745,684
Geographic Information Systems - GIS		340,500
Peoples Zoning Counsel (Stan Derwin Brown)		199,200
Department of Environmental Resources - Water and Sewer Planning		155,300
Economic Development for Enterprise Zone		65,000
EDC - General Plan Goals		350,000
Permits & Inspection for M-NCPPC-DER		2,536,200
Permits & Inspection & Permitting - DPW&T		1,620,000
Redevelopment Authority		1,016,700
DPW&T - Director's Office		254,700
DPW&T Engineering, Snow Plowing, Etc.		686,900
Property Tax Collection Fees (Parks & Recreation)		353,700
Gorgeous Prince George's - Tree Planting		250,000
Prince George's Community College		2,500,000
Green Programs- Office of Central Services (OCS)		50,000
Prince George's County - Police Department		159,800
Prince George's County - Fire Department		43,200
Prince George's County - Health Department/Wellness Program		500,000
Prince George's County - Library Recreation Program		4,809,400
Total	$	49,524,384

Of this amount, $17,722,100 is in Accounts Payable at June 30, 2011.

(C) Contingencies

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

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

(D) Employees' Retirement System and Pension Plans

Defined Benefit Pension Plan

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

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

Actuarial Methods for Defined Benefit Pension Plan - The actuarial value of assets calculates gains or losses on the basis of the actuarially assumed interest rate and recognizes one-fifth of the cumulative gains or losses not yet recognized. This year's asset value is based on the July 1, 2010 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, 2010. 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, 2010, is as follows ($000's):

Actuarial Valuation of Plan Assets	$	609,903
Actuarial Accrued Liability		763,860
Funded Ratio		79.8%
Unfunded Actuarial Accrued Liability		153,957
Annual Covered Payroll		140,407
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll		109.7%

The net assets available for benefits at June 30, 2011 totaled $615,127,402.

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

The following table shows the components of the Commission's annual pension cost for the year, the amount actually contributed to the plan, and the calculation of the year end net pension obligation (dollar amounts in thousands).

Annual required contribution (expense)	$ 35,206,700
Contribution made	25,633,000
Increase in Net Pension contribution	9,573,700
Net Pension obligation, beginning of year	-
Net Pension obligation, end of year	$ 9,573,700

The Commission's annual pension cost (APC) and net pension obligation (NPO) to the System for fiscal years, 2009, 2010 and 2011 are presented below ($000):

	2009	2010	2011
Annual Pension Cost (APC)	$ 14,933	$ 17,615	$ 25,633
Percentage of APC Contributed	100%	100%	73%
Net Pension Obligation (NPO)	-	-	9,574

In FY 2011 the Commission contributed 73% of the adjusted annual required contribution and has an NPO of $9,573,700 at year-end.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 healthcare benefits, a single-employer defined benefit healthcare plan, 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 787 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. Separate financial statements are not issued for the Trust.

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. Prior to fiscal year 2008, 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)	$ 23,871
Interest on net OPEB obligation	1,144
Adjustment to annual required contribution	(1,080)
Annual OPEB cost (Expense)	23,935
Contribution made	9,210
Increase in Net OPEB contribution	14,725
Net OPEB obligation, beginning of year	36,232
Net OPEB obligation, end of year	$ 50,957

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 years 2009, 2010 and 2011 is presented below ($000):

	2009	2010	2011
Annual Required Contribution (ARC)	$ 21,306	$ 23,049	$ 23,935
Percentage of ARC Contributed	50%	31%	39%
Net OPEB Obligation	20,386	36,232	57,957

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Actuarial Methods for Retiree Health Care Benefits Plan - The actuarial value of assets is the fair value of the investments. This year's asset value is based on the July 1, 2010 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, 2010. 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 an eight year period, and thereafter at 7.5% a year compounded annually.
>
> **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 2011 was estimated at 9.0% for prescription drugs and medical costs, and 5.0% for dental and vision. Declining rates of increase were used, with 2020 and later rates at 4.5% for all costs.

The funded status of the plan as of the most recent actuarial date, July 1, 2010, is as follows ($000's):

Actuarial Valuation of Plan Assets	$	8,553
Actuarial Accrued Liability		311,709
Funded Ratio		2.74%
Unfunded Actuarial Accrued Liability		303,156
Annual Covered Payroll		137,245
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll		220.9%

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, 2011

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Total Pension Trust Funds
ASSETS			
Equity in Pooled Cash and Investments	$ -	$ 969,466	$ 969,466
Cash	91,895	17,551	109,446
Fixed Income Securities	129,645,952	-	129,645,952
International Fixed Income Securities	31,142,341	-	31,142,341
Venture Capital/Alternative Investments	14,630,846	-	14,630,846
Corporate Stock	277,080,791	-	277,080,791
International Corporate Stock	131,644,050	-	131,644,050
Real Estate Investments	26,814,937	-	26,814,937
Short Term Investments	17,770,123	-	17,770,123
Mutual Funds	-	11,152,969	11,152,969
Collateral for Securities Lending Transactions	67,213,393	-	67,213,393
Accounts Receivable	1,522,413	-	1,522,413
Other	87,804	-	87,804
Total Assets	697,644,545	12,139,986	709,784,531
LIABILITIES			
Investments Payable	12,826,672	-	12,826,672
Accounts Payable	973,353	200,183	1,173,536
Claims Payable	-	769,283	769,283
Obligation for Collateral Received under Securities Lending Transactions	68,717,118	-	68,717,118
Total Liabilities	82,517,143	969,466	83,486,609
NET ASSETS			
Assets Held in Trust for:			
Pension Benefits	615,127,402	-	615,127,402
Other Postemployment Benefits	-	11,170,520	11,170,520
Total Net Assets	$ 615,127,402	$ 11,170,520	$ 626,297,922

Combining Schedules of Changes in Net Assets
Pension Trust Funds
For the Year Ended June 30, 2011

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Totals
ADDITIONS:			
Contributions:			
Employer	$ 25,633,000	$ 8,860,387	$ 34,493,387
Plan Members	4,698,246	-	4,698,246
Plan Members for Current Benefits	-	1,080,766	1,080,766
Total Contributions	30,331,246	9,941,153	40,272,399
Federal Grants - Medicare	-	374,205	374,205
Investment Earnings:			
Interest	7,641,445	9	7,641,454
Dividends	1,517,461	204,046	1,721,507
Net increase in the Fair Value of Investments	104,247,167	2,413,376	106,660,543
Total Investment Earnings	113,406,073	2,617,431	116,023,504
Less Investment Advisory and Management Fees	(2,466,640)	-	(2,466,640)
Net Income from Investing Activities	110,939,433	2,617,431	113,556,864
Securities Lending Activity			
Securities Lending Income	166,614	-	166,614
Securities Lending Fees	(62,248)	-	(62,248)
Net Income from Securities Lending Activity	104,366	-	104,366
Total Net Investment Earnings	111,043,799	2,617,431	113,661,230
Total Additions and Investment Earnings	141,375,045	12,932,789	154,307,834
DEDUCTIONS:			
Benefits	32,774,717	10,315,358	43,090,075
Refunds of Contributions	359,239	-	359,239
Administrative expenses	1,366,148	-	1,366,148
Total Deductions	34,500,104	10,315,358	44,815,462
Change in Net Assets	106,874,941	2,617,431	109,492,372
Net Assets - Beginning	508,252,461	8,553,089	516,805,550
Net Assets - Ending	$ 615,127,402	$ 11,170,520	$ 626,297,922

(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, 2011

	General Fund Accounts Administration	General Fund Accounts Park	General Fund Accounts Total	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Investments	$ 8,261,925	$ 6,494,859	$ 14,756,784	$ -	$ 3,252,561	$ 18,009,345
Receivables - Taxes (net of allowance for uncollectibles)	221,527	609,663	831,190	-	21,827	853,017
Receivables - Other	4,759	42,724	47,483	-	13,728	61,211
Due from Other Funds	-	6,553,971	6,553,971	-	-	6,553,971
Due from County Government	-	-	-	5,058,942	260,840	5,319,782
Due from Other Governments	-	59,202	59,202	3,019,467	29,000	3,107,669
Other	12,388	-	12,388	-	-	12,388
Total Assets	$ 8,500,599	$ 13,760,419	$ 22,261,018	$ 8,078,409	$ 3,577,956	$ 33,917,383
LIABLITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 422,775	$ 1,122,097	$ 1,544,872	$ 2,190,132	$ 56,508	$ 3,791,512
Accrued Liabilities	1,086,538	2,873,382	3,959,920	-	4,538	3,964,458
Retainage Payable	-	-	-	1,480,101	-	1,480,101
Due to Other Funds	-	-	-	6,553,971	-	6,553,971
Due to County Government	60	-	60	-	35	95
Deposits and Deferred Revenue	396,031	749,437	1,145,468	561,000	888,164	2,594,632
Total Liabilities	1,905,404	4,744,916	6,650,320	10,785,204	949,245	18,384,769
Fund Balance:						
Restricted for::						
Parks	-	-	-	-	7,227	7,227
Committed to:						
Planning	4,523,667	-	4,523,667	-	536,851	5,060,518
Parks	-	3,824,165	3,824,165	14,818,381	219,833	18,862,379
Assigned to:						
Planning	513,050	-	513,050	-	1,505,511	2,018,561
Parks	-	798,630	798,630	-	359,289	1,157,919
Unassigned:	1,558,478	4,392,708	5,951,186	(17,525,176)	-	(11,573,990)
Total Fund Balances	6,595,195	9,015,503	15,610,698	(2,706,795)	2,628,711	15,532,614
Total Liabilities and Fund Balances	$ 8,500,599	$ 13,760,419	$ 22,261,018	$ 8,078,409	$ 3,577,956	$ 33,917,383

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2011

	General Fund Accounts			Capital	Other Governmental	Total Governmental
	Administration	Park	Total	Projects	Funds	Funds
REVENUES						
Property Taxes	$ 23,012,587	$ 69,049,034	$ 92,061,621	$ -	$ 1,785,987	$ 93,847,608
Intergovernmental:						
Federal	-	1,114	1,114	2,607,028	-	2,608,142
State	-	94,801	94,801	2,524,693	-	2,619,494
County	102,357	15,300	117,657	11,703,200	1,086,805	12,907,662
Local	-	3,149	3,149	-	7,242	10,391
Charges for Services	320,831	783,753	1,104,584	-	2,162,874	3,267,458
Rentals and Concessions	-	1,667,286	1,667,286	-	135,977	1,803,263
Interest	42,734	(4,105)	38,629	1,849	13,897	54,375
Contributions	-	-	-	(65,418)	369,432	304,014
Miscellaneous	3,478	172,419	175,897	-	71,634	247,531
Total Revenues	23,481,987	71,782,751	95,264,738	16,771,352	5,633,848	117,669,938
EXPENDITURES						
Current:						
General Government	7,551,162	-	7,551,162	-	-	7,551,162
Planning and Zoning	14,282,503	-	14,282,503	-	3,801,709	18,084,212
Park Operations and Maintenance	-	66,685,995	66,685,995	-	957,045	67,643,040
Contributions	-	-	-		1,157,414	1,157,414
Debt Service:						
Principal	28,400	28,400	56,800	-	3,505,000	3,561,800
Interest	-	-	-	-	1,086,255	1,086,255
Other Debt Service Costs	-	-	-	-	2,092	2,092
Capital Outlay:						
Park Acquisition	-	-	-	508,501	-	508,501
Park Development	-	-	-	18,928,445	-	18,928,445
Total Expenditures	21,862,065	66,714,395	88,576,460	19,436,946	10,509,515	118,522,921
Excess (Deficiency) of Revenues over Expenditures	1,619,922	5,068,356	6,688,278	(2,665,594)	(4,875,667)	(852,983)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	701,849	701,849	350,000	5,491,043	6,542,892
Transfer Out	(2,228,000)	(4,313,043)	(6,541,043)	(1,849)	-	(6,542,892)
Total Other Financing Sources (Uses)	(2,228,000)	(3,611,194)	(5,839,194)	348,151	5,491,043	-
Net Change in Fund Balances	(608,078)	1,457,162	849,084	(2,317,443)	615,376	(852,983)
Fund Balances - Beginning	7,203,273	7,558,341	14,761,614	(389,352)	2,013,335	16,385,597
Fund Balances - Ending	$ 6,595,195	$ 9,015,503	$ 15,610,698	$ (2,706,795)	$ 2,628,711	$ 15,532,614

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, 2011

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 23,220,970	$ 23,220,970	$ 23,012,587	$ (208,383)
Intergovernmental -				
State	150,000	150,000	-	(150,000)
County	-	-	102,357	102,357
Charges for Services	350,000	350,000	320,831	(29,169)
Interest	90,000	90,000	42,734	(47,266)
Miscellaneous	-	-	3,478	3,478
Total Revenues	23,810,970	23,810,970	23,481,987	(328,983)
Expenditures/Encumbrances:				
Commissioners' Office	1,022,660	1,022,660	1,020,596	2,064
Central Administrative Services -				
Department of Human Resources and Management	1,968,900	1,958,900	1,956,379	2,521
Department of Finance	3,174,450	3,174,450	3,171,373	3,077
Legal Department	1,038,850	1,038,850	946,204	92,646
Support Services	444,700	444,700	441,087	3,613
Merit System Board	47,650	57,650	57,032	618
Total Central Administrative Services	6,674,550	6,674,550	6,572,075	102,475
Planning Department -				
Park and Planning Director's Office	486,200	486,200	435,368	50,832
Management Services	3,777,600	3,777,600	3,633,442	144,158
Urban Design	1,298,800	1,298,800	1,219,903	78,897
Environmental Planning	1,873,600	1,873,600	1,818,160	55,440
Transportation Planning	1,352,100	1,352,100	1,462,403	(110,303)
Community-Based Planning	2,137,300	2,137,300	2,053,900	83,400
Development Review	900,100	900,100	884,504	15,596
Center for Research and Information Systems	2,199,200	2,199,200	2,137,767	61,433
Support Services	1,880,980	1,880,980	1,819,130	61,850
Grants	150,000	150,000	-	150,000
Total Planning Department	16,055,880	16,055,880	15,464,577	591,303
Non-Departmental	-	-	(207,370)	207,370
Total Expenditures/Encumbrances	23,753,090	23,753,090	22,849,878	903,212
Excess of Revenues over Expenditures/Encumbrances	57,880	57,880	632,109	574,229
Other Financing Sources (Uses):				
Transfers In (Out) -				
Park Account	(700,000)	(700,000)	(700,000)	-
Special Revenue Fund - Dev. Review	(1,528,000)	(1,528,000)	(1,528,000)	-
Total Other Financing Sources (Uses)	(2,228,000)	(2,228,000)	(2,228,000)	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (2,170,120)	$ (2,170,120)	(1,595,891)	$ 574,229
Fund Balance - Budget Basis, Beginning			3,667,419	
Fund Balance - Budget Basis, Ending			$ 2,071,528	

Note 6D

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, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$ 69,596,600	$ 69,596,600	$ 69,049,034	$ (547,566)
Intergovernmental -				
Federal	-	-	1,114	1,114
State	400,000	400,000	94,801	(305,199)
Other	-	-	3,149	3,149
County	-	-	15,300	15,300
Charges for Services	807,000	807,000	783,753	(23,247)
Rentals and Concessions	1,845,000	1,845,000	1,667,286	(177,714)
Interest	120,000	120,000	(4,105)	(124,105)
Miscellaneous	85,600	85,600	172,419	86,819
Total Revenues	72,854,200	72,854,200	71,782,751	(1,071,449)
Expenditures/Encumbrances:				
Director of Montgomery Parks	780,500	780,500	825,554	(45,054)
Park Information and Customer Service	939,100	-	-	-
Special Programs	640,000	-	-	-
Management Services	822,000	2,985,700	3,423,269	(437,569)
Facilities Management	873,000	-	-	-
Park Planning and Stewardship	2,960,500	2,960,500	2,929,967	30,533
Research and Technology	1,658,900	-	-	-
Park Development	2,385,600	2,385,600	2,431,793	(46,193)
Park Police	11,288,500	11,288,500	10,270,062	1,018,438
Horticultural Resources	5,272,900	7,125,900	7,126,677	(777)
Central Maintenance	10,759,900	10,726,804	10,451,071	275,733
Public Affairs and Community Service	-	2,028,396	1,984,249	44,147
Northern Region	7,949,900	7,022,600	6,907,376	115,224
Southern Region	11,499,000	10,573,300	10,672,330	(99,030)
Support Services	11,220,280	11,172,280	11,289,776	(117,496)
Grants	400,000	400,000	102,472	297,528
Property Management	1,067,000	1,067,000	920,917	146,083
Non-Departmental	-	-	(660,743)	660,743
Total Expenditures/Encumbrances	70,517,080	70,517,080	68,674,770	1,842,310
Excess of Revenues over Expenditures/Encumbrances	2,337,120	2,337,120	3,107,981	770,861
Other Financing Sources (Uses):				
Transfers In/Out-				
Capital Projects Funds	170,000	170,000	1,849	(168,151)
Debt Service Fund	(4,307,800)	(4,307,800)	(3,963,043)	344,757
Capital Projects Funds - Development	(350,000)	(350,000)	(350,000)	-
Administration Account	700,000	700,000	700,000	-
Total Other Financing Sources (Uses)	(3,787,800)	(3,787,800)	(3,611,194)	176,606
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (1,450,680)	$ (1,450,680)	(503,213)	$ 947,467
Fund Balance - Budget Basis, Beginning			5,694,551	
Fund Balance - Budget Basis, Ending			$ 5,191,338	

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2011

	General Fund Accounts				Capital	Other Governmental	Total Governmental
	Administration	Park	Recreation	Total	Projects	Funds	Funds
ASSETS							
Equity in Pooled Cash and Investments	$ 37,972,627	$ 70,322,290	$ 44,755,481	$ 153,050,398	$ 155,064,671	$ 4,681,943	$ 312,797,012
Receivables - Taxes (net of allowance for uncollectibles)	329,572	1,047,520	781,020	2,158,112	-	18,274	2,176,386
Receivables - Other	3,519	1,159	1,991	6,669	-	-	6,669
Due from County Government	14,671	-	-	14,671	-	342,835	357,506
Due from Other Governments	119,598	8,875	19,561	148,034	4,280,926	-	4,428,960
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	6,365,777	-	6,365,777
Other	10,191	-	-	10,191	-	39,474	49,665
Total Assets	$ 38,450,178	$ 71,379,844	$ 45,558,053	$ 155,388,075	$ 165,711,374	$ 5,082,526	$ 326,181,975
LIABLITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 9,209,097	$ 4,233,247	$ 8,019,817	$ 21,462,161	$ 1,871,819	$ 93,929	$ 23,427,909
Accrued Liabilities	1,260,448	2,580,927	2,327,658	6,169,033	-	266,754	6,435,787
Retainage Payable	-	-	-	-	2,005,604	-	2,005,604
Deposits and Deferred Revenue	393,227	1,134,723	4,771,245	6,299,195	206,186	42,300	6,547,681
Total Liabilities	10,862,772	7,948,897	15,118,720	33,930,389	4,083,609	402,983	38,416,981
Fund Balance:							
Restricted for::							
Parks	-	-	-	-	6,365,777	(26)	6,365,751
Committed to:							
Planning	6,821,790	-	-	6,821,790	-	-	6,821,790
Parks	-	7,197,605	-	7,197,605	32,069,856	1,100	39,268,561
Recreation	-	-	2,597,646	2,597,646	-	134,323	2,731,969
Assigned to:							
Planning	4,810,750	-	-	4,810,750	-	241,318	5,052,068
Parks	-	-	-	-	-	1,614,273	1,614,273
Recreation	-	-	13,149,400	13,149,400	-	2,688,555	15,837,955
Unassigned:	15,954,866	56,233,342	14,692,287	86,880,495	123,192,132	-	210,072,627
Total Fund Balances	27,587,406	63,430,947	30,439,333	121,457,686	161,627,765	4,679,543	287,764,994
Total Liabilities and Fund Balances	$ 38,450,178	$ 71,379,844	$ 45,558,053	$ 155,388,075	$ 165,711,374	$ 5,082,526	$ 326,181,975

Note 6F

PRINCE GEORGE'S COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2011

	General Fund Accounts				Capital	Other Governmental	Total Governmental
	Administration	Park	Recreation	Total	Projects	Funds	Funds
REVENUES							
Property Taxes	$ 42,591,567	$ 151,616,903	$ 55,972,552	$ 250,181,022	$ -	$ 1,226,133	$ 251,407,155
Intergovernmental:							
Federal	119,598	(107,622)	37,712	49,788	1,134,600	-	1,184,388
State	-	4,000	309,473	313,473	7,493,077	-	7,806,550
County	79,135	59,012	-	138,147	-	342,720	480,867
Charges for Services	568,599	116,086	6,625,586	7,310,271	-	1,036,333	8,346,604
Rentals and Concessions	-	2,101,964	891,223	2,993,187	-	4,963,026	7,956,213
Interest	173,995	266,855	205,453	646,303	701,366	19,052	1,366,721
Contributions	-	-	-	-	-	44,095	44,095
Miscellaneous	65,694	309,246	84,488	459,428	223,603	43,091	726,122
Total Revenues	43,598,588	154,366,544	64,126,487	262,091,619	9,552,646	7,674,450	279,318,715
EXPENDITURES							
Current:							
General Government	9,349,172	-	-	9,349,172	-	-	9,349,172
Planning and Zoning	33,593,366	-	-	33,593,366	-	-	33,593,366
Park Operations and Maintenance	-	116,997,515	-	116,997,515	-	483,831	117,481,346
Recreation	-	-	57,995,863	57,995,863	-	4,926,440	62,922,303
Contributions	-	-	-	-	-	943,482	943,482
Debt Service:							
Principal	-	-	-	-	-	10,610,957	10,610,957
Interest	-	-	-	-	-	2,802,605	2,802,605
Other Debt Service Costs	-	-	-	-	-	(97,966)	(97,966)
Capital Outlay:							
Park Acquisition	-	-	-	-	3,549,184	-	3,549,184
Park Development	-	-	-	-	26,213,628	-	26,213,628
Total Expenditures	42,942,538	116,997,515	57,995,863	217,935,916	29,762,812	19,669,349	267,368,077
Excess (deficiency) of Revenues over Expenditures	656,050	37,369,029	6,130,624	44,155,703	(20,210,166)	(11,994,899)	11,950,638
OTHER FINANCING SOURCES (USES)							
Transfers In	-	701,366	-	701,366	21,304,000	13,068,165	35,073,531
Transfer Out	(50,000)	(34,322,165)	(9,789,550)	(44,161,715)	(701,366)	-	(44,863,081)
Total Other Financing Sources (Uses)	(50,000)	(33,620,799)	(9,789,550)	(43,460,349)	20,602,634	13,068,165	(9,789,550)
Net Change in Fund Balances	606,050	3,748,230	(3,658,926)	695,354	392,468	1,073,266	2,161,088
Fund Balances - Beginning	26,981,356	59,682,717	34,098,259	120,762,332	161,235,297	3,606,277	285,603,906
Fund Balances - Ending	$ 27,587,406	$ 63,430,947	$ 30,439,333	$ 121,457,686	$ 161,627,765	$ 4,679,543	$ 287,764,994

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, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$ 43,489,500	$ 43,489,500	$ 42,591,567	$ (897,933)
Intergovernmental -				
Federal	-	-	119,598	119,598
County	203,000	89,725	79,135	(10,590)
Charges for Services	737,500	737,500	568,599	(168,901)
Interest	220,000	220,000	173,995	(46,005)
Miscellaneous	-	-	65,694	65,694
Total Revenues	44,650,000	44,536,725	43,598,588	(938,137)
Expenditures/Encumbrances:				
Commissioners' Office	2,881,700	2,881,700	2,848,669	33,031
Central Administrative Services -				
Department of Human Resources and Management	1,998,900	1,988,900	1,986,340	2,560
Department of Finance	3,234,400	3,234,400	3,231,264	3,136
Legal Department	961,400	961,400	876,155	85,245
Support Services	444,700	444,700	441,087	3,613
Merit System Board	47,650	57,650	57,032	618
Total Central Administrative Services	6,687,050	6,687,050	6,591,878	95,172
Planning Department -				
Director's Office	4,673,482	4,673,482	4,265,511	407,971
Development Review	7,601,709	7,601,709	7,529,659	72,050
Community Planning North	4,485,625	4,485,625	4,058,724	426,901
Community Planning South	3,109,536	3,109,536	2,763,501	346,035
Information Management	5,172,472	5,172,472	5,062,924	109,548
Countywide Planning	7,425,576	7,425,576	7,268,205	157,371
Support Services	1,964,500	1,964,500	1,803,291	161,209
Grants	138,000	24,725	144,323	(119,598)
Total Planning Department	34,570,900	34,457,625	32,896,138	1,561,487
Non-Departmental	-	-	(550,219)	550,219
Total Expenditures/Encumbrances	44,139,650	44,026,375	41,786,466	2,239,909
Excess (Deficiency) of Revenues over Expenditures/Encumbrances	510,350	510,350	1,812,122	1,301,772
Other Financing Sources (Uses):				
Transfers In (Out) -				
Special Revenue Fund	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ 460,350	$ 460,350	1,762,122	$ 1,301,772
Fund Balance - Budget Basis, Beginning			19,003,494	
Fund Balance - Budget Basis, Ending			$ 20,765,616	

Note 6H

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$ 153,390,200	$ 153,390,200	$ 151,616,903	$ (1,773,297)
Intergovernmental -				
Federal	-	(107,522)	(107,522)	-
State	-	4,000	4,000	-
County	-	59,012	59,012	-
Charges for Services	315,100	315,100	116,086	(199,014)
Rentals and Concessions	2,125,100	2,125,100	2,101,964	(23,136)
Interest	525,000	525,000	266,855	(258,145)
Miscellaneous	186,800	186,800	309,246	122,446
Total Revenues	156,542,200	156,497,690	154,366,544	(2,131,146)
Expenditures/Encumbrances:				
Director's Office	643,300	643,300	457,761	185,539
Park Police	16,580,500	16,580,500	16,440,243	140,257
Support Services	11,777,500	11,777,500	10,945,141	832,359
Park Planning and Development	6,410,800	6,410,800	6,320,554	90,246
Information Technology and Communication	4,142,100	4,142,100	4,488,263	(346,163)
Facility Operations -				
Administration - Deputy Director	482,300	482,300	345,155	137,145
Admininistrative Services - Park	1,430,800	1,430,800	1,190,294	240,506
Management Supervision - Public Affairs & Marketing	1,831,400	1,831,400	1,598,231	233,169
Maintenance and Development	25,567,800	25,567,800	24,239,413	1,328,387
Natural and Historical Resources	2,792,500	2,792,500	2,499,532	292,968
Arts and Cultural Heritage	1,928,500	1,928,500	1,720,757	207,743
Total Facility Operations	34,033,300	34,033,300	31,593,382	2,439,918
Area Operations -				
Northern Area	6,361,300	6,361,300	6,017,248	344,052
Central Area	6,659,100	6,659,100	5,674,608	984,492
Southern Area	5,511,000	5,511,000	5,204,888	306,112
Total Area Operations	18,531,400	18,531,400	16,896,744	1,634,656
Grants	-	(44,510)	(44,510)	-
Non-Departmental	33,016,000	33,016,000	32,088,458	927,542
Total Expenditures/Encumbrances	125,134,900	125,090,390	119,186,036	5,904,354
Excess of Revenues over Expenditures/Encumbrances	31,407,300	31,407,300	35,180,508	3,773,208
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Interest	950,000	950,000	701,366	(248,634)
Debt Service - Park Fund	(13,220,800)	(13,220,800)	(13,018,165)	202,635
Capital Projects Funds - Development	(21,304,000)	(21,304,000)	(21,304,000)	-
Total Other Financing Sources (Uses)	(33,574,800)	(33,574,800)	(33,620,799)	(45,999)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (2,167,500)	$ (2,167,500)	1,559,709	$ 3,727,209
Fund Balance - Budget Basis, Beginning			54,673,633	
Fund Balance - Budget Basis, Ending			$ 56,233,342	

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 56,806,000	$ 56,806,000	$ 55,972,552	$ (833,448)
Intergovernmental -				
Federal	-	37,712	37,712	-
State	-	309,473	309,473	-
Charges for Services	6,508,900	6,508,900	6,625,586	116,686
Rentals and Concessions	927,900	927,900	891,223	(36,677)
Interest	440,000	440,000	205,453	(234,547)
Miscellaneous	65,000	65,000	84,488	19,488
Total Revenues	64,747,800	65,094,985	64,126,487	(968,498)
Expenditures/Encumbrances:				
Director's Office	2,497,300	2,497,300	2,173,964	323,336
Deputy Director	306,500	306,500	260,002	46,498
Public Affairs & Marketing	884,700	884,700	728,630	156,070
Support Services	5,855,500	5,855,500	4,653,725	1,201,775
Total Director's Office	9,544,000	9,544,000	7,816,321	1,727,679
Facility Operations:				
Sports/Athletic/Outreach Program	7,770,950	7,770,950	8,064,375	(293,425)
Natural and Historical Resources	4,558,500	4,558,500	4,214,992	343,508
Arts and Cultural Heritage	3,575,550	3,575,550	3,280,873	294,677
Grants	-	347,185	347,185	-
Total Facility Operations	15,905,000	16,252,185	15,907,425	344,760
Area Operations:				
Deputy Director	438,950	438,950	386,845	52,105
Northern Area	7,767,300	7,767,300	7,327,615	439,685
Central Area	7,775,900	7,775,900	6,564,061	1,211,839
Southern Area	7,690,950	7,690,950	6,051,169	1,639,781
Child Care and Special Projects	7,660,700	7,660,700	7,133,107	527,593
Total Area Operations	31,333,800	31,333,800	27,462,797	3,871,003
Non-Departmental	8,730,800	8,730,800	7,705,776	1,025,024
Total Operating Expenditures/Encumbrances	65,513,600	65,860,785	58,892,319	6,968,466
Excess of Revenues over Expenditures/Encumbrances	(765,800)	(765,800)	5,234,168	5,999,968
Other Financing Sources (Uses):				
Transfers In (Out) -				
Enterprise	(9,789,550)	(9,789,550)	(9,789,550)	-
Total Other Financing Sources (Uses)	(9,789,550)	(9,789,550)	(9,789,550)	-
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (10,555,350)	$ (10,555,350)	(4,555,382)	$ 5,999,968
Fund Balance - Budget Basis, Beginning			32,397,069	
Fund Balance - Budget Basis, Ending			$ 27,841,687	

Required Supplementary Information for Defined Benefit Pension Plan (Unaudited)

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

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

SCHEDULE OF FUNDING PROGRESS (000'S)

	July 1, 2008	July 1, 2009	July 1, 2010
Actuarial Valuation of Plan Assets	$ 633,700	$ 541,519	$ 609,903
Actuarial Accrued Liability	662,225	726,000	763,860
Funded Ratio	95.7%	74.6%	79.8%
Actuarial Value of Assets in Excess of Actuarial Accrued Liability	(28,525)	(184,481)	(153,957)
Annual Covered Payroll	132,241	142,591	140,407
Actuarial Value of Assets in Excess of Actuarial Accrued Liability as a Percentage of Covered Payroll	-21.6%	-129.4%	-109.7%

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.

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

SCHEDULE OF FUNDING PROGRESS (000'S)

	July 1, 2008	July 1, 2009	July 1, 2010
Actuarial Valuation of Plan Assets	$ 2,817	$ 7,475	$ 8,553
Actuarial Accrued Liability	257,492	266,473	311,709
Funded Ratio	1.09%	2.81%	2.74%
Unfunded Actuarial Accrued Liability	254,675	258,998	303,156
Annual Covered Payroll	131,074	142,681	137,245
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	194.3%	181.5%	220.9%

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.

FORM OF OPINION OF BOND COUNSEL
[DATE OF DELIVERY]

The Maryland-National Capital
Park and Planning Commission
Executive Office Building
6611 Kenilworth Avenue
Riverdale, Maryland 20737

Ladies and Gentlemen:

In connection with the issuance by The Maryland-National Capital Park and Planning Commission (the "Commission") of $__________of its Prince George's County General Obligation Park Acquisition and Development Refunding Bonds, Series PGC-2012A (the "Bonds"), we have examined:

(i) Article 28 of the Annotated Code of Maryland (2010 Replacement Volume and 2011 Supplement, as amended) (the "Act");

(ii) Resolution No. 12-__ adopted by the Commission on April 18, 2012 (the "Resolution");

(iii) the form of Bond;

(iv) relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"); and

(v) other proofs submitted to us relative to the issuance and sale of the Bonds.

The terms of the Bonds are contained in the Resolution and the Bonds.

We have made no investigation of, and are rendering no opinion regarding, the title to real or personal property.

In rendering this opinion, we have relied without independent investigation on certifications provided by the Commission with respect to certain material facts within the knowledge of the Commission.

Based upon the foregoing, it is our opinion that:

(a) The Commission is a validly created and existing public body of the State of Maryland, and the County is a validly created and existing body politic and corporate of the State of Maryland.

(b) The Bonds are valid and legally binding general obligations of the Commission, issued on the full faith and credit of Prince George's County, Maryland (the "County"). The Bonds are payable in the first instance from proceeds of limited annual ad valorem property taxes that the County is required by Section 6-106(b) of the Act to levy and collect in the Maryland-Washington Metropolitan District in the County (the "District") and to remit to the Commission, but these proceeds may be supplemented, if necessary, by annual ad valorem taxes which may be levied upon all assessable property within the District; if these proceeds, as supplemented, prove inadequate for the required debt service, the County has guaranteed the payment of the interest when due and the principal at maturity of the Bonds and, to provide for such payments, is further empowered and directed to levy annual ad valorem taxes upon all assessable property within the corporate limits of the County.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy such ad valorem taxes, if necessary, in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) By the terms of the Act, the principal amount of the Bonds, the interest payable thereon, their transfer, and any income derived therefrom, including any profit made in the sale or transfer thereof, shall be and remain exempt from taxation by the State of Maryland and the several counties and municipalities of the State, but no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the income thereon.

(e) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Bonds in order for interest on the Bonds to remain excludable from gross income for federal income tax purpose, including restrictions that must be complied with throughout the term of the Bonds. These include the following: (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Commission has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not included in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. For purposes of calculating the corporate alternative minimum tax, however, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceeds its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds may be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof. The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

Appendix C

NOTICE OF SALE

$11,370,000*
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
Prince George's County
General Obligation
Park Acquisition and Development Refunding Bonds, Series PGC-2012A

Electronic Bids only will be received until 11:00 A.M.,
Local Baltimore, Maryland Time, on June 7, 2012

by The Maryland-National Capital Park and Planning Commission (the "Commission"), for the purchase of the above-named issue of bonds (the "Bonds") of the Commission, to be dated the date of their delivery and to be issued pursuant to the authority of the laws of Maryland governing said Commission as the same appear in Section 6-101 and Section 6-104 of Article 28 of the Annotated Code of Maryland (2010 Replacement Volume and 2011 Supplement) ("Article 28") and a Resolution of the Commission adopted on April 18, 2012. The Bonds will bear interest from date of delivery, payable January 15, 2013, and semi-annually thereafter on each July 15 and January 15 until maturity.

The Bonds are NOT "qualified tax-exempt obligations" within the meaning of Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended.

The payment of the principal of and interest on all of the Bonds will be unconditionally guaranteed by Prince George's County, Maryland (the "County").

Maturities: The Bonds shall be issued only in fully registered form without coupons. One bond certificate representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity with DTC. The Bonds will be separately numbered from No. 1 upward, and will mature in numerical order, as set forth below, in consecutive annual installments beginning on January 15, 2013 in the amounts and years set forth in the following table:

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2013	$35,000	2019	$880,000
2014	1,725,000	2020	875,000
2015	1,645,000	2021	865,000
2016	935,000	2022	865,000
2017	915,000	2023	865,000
2018	895,000	2024	870,000

*Preliminary, subject to change.

The Maryland-National Capital Park and Planning Commission
will act as Registrar and Paying Agent.

As promptly as reasonably possible after the bids are received, the Chairman, the Vice Chairman or Secretary-Treasurer of the Commission will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the Chairman or the Vice Chairman or the Secretary-Treasurer of the Commission of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL OFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW.

Electronic Bids: Notice is hereby given that electronic proposals will be received via ***PARITY®***, in the manner described below, until 11:00 A.M., local Baltimore, Maryland time, on June 7, 2012.

Bids may be submitted electronically pursuant to this Notice until 11:00 A.M., local Baltimore, Maryland time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in ***PARITY®*** conflict with this Notice, the terms of this Notice shall control. For further information about ***PARITY®***, potential bidders may contact ***PARITY®*** at (212) 849-5021.

Disclaimer: Each prospective electronic bidder shall be solely responsible to submit its bid via ***PARITY®*** as described above. Each prospective electronic bidder shall be solely responsible to make necessary arrangements to access ***PARITY®*** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the Commission nor ***PARITY®*** shall have any duty or obligation to provide or assure access to ***PARITY®*** to any prospective bidder, and neither the Commission nor ***PARITY®*** shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, ***PARITY®***. The Commission is using ***PARITY®*** as a communication mechanism, and not as the Commission's agent, to conduct the electronic bidding for the Bonds. The Commission is not bound by any advice and determination of ***PARITY®*** to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their submission of bids via ***PARITY®*** are the sole responsibility of the bidders; and the Commission is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or withdrawing a bid for the Bonds, the prospective bidder should telephone ***PARITY®*** at (212) 849-5021 and notify the Commission's Financial Advisor, Davenport & Company LLC, by facsimile at (866) 932-6660.

Electronic Bidding Procedures: Electronic bids must be submitted for the purchase of the Bonds (all or none) via ***PARITY®***. Bids will be communicated electronically to the Commission at 11:00 A.M. local Baltimore, Maryland time, on June 7, 2012. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via ***PARITY®***, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are communicated electronically via ***PARITY®*** to the Commission, each bid will constitute an irrevocable offer to purchase the Bonds on the Terms therein provided. For purposes of the electronic bidding process, the time as maintained on ***PARITY®*** shall constitute the official time.

Security: All of the Bonds will be general obligations of the Commission and of the County for the payment, in accordance with their terms, of the principal of and interest on which the Commission and the County will each pledge their respective full faith and credit and taxing power. The Bonds will be payable as to both principal and interest first from limited ad valorem property taxes which the County is required by law to levy in the portion of the Maryland-Washington Metropolitan District (the "District") established by Title 3 of Article 28 located in the County and remit to the Commission. To the extent that the aforesaid taxes levied for the benefit of the Commission are inadequate in any year for the payment of such principal and interest, Section 6-102 of Article 28 provides that the County shall levy an additional tax upon all assessable property within the portion of the District in the County, and if, the proceeds of such additional tax are still inadequate for such purposes, upon all assessable property within the corporate limits of the County.

Bid Specifications: Proposals for purchase of the Bonds must be for all the bonds herein described and must be submitted electronically pursuant to this Notice of Sale until 11:00 A.M., local Baltimore, Maryland time on June 7, 2012. Bidders must pay not less than par and not more than 112% of par and accrued interest. In their proposals, bidders are requested to specify the annual rate or rates of interest to be borne by the bonds. Bidders are requested to name the interest rate or rates in multiples of 1/8 or 1/20 of 1%. Bidders may specify more than one rate of interest to be borne by the Bonds, but all Bonds maturing on the same date must bear interest at the same rate. Bonds on successive maturity dates may bear the same interest rate. No bond shall bear more than one rate of interest, which rate shall be uniform for the life of the Bond. The difference between the minimum and maximum interest rates may not exceed 3.0% and the highest permitted coupon is 5.00%. No proposal to purchase the Bonds at a price less than par and accrued interest will be entertained.

Award of Bid: The successful bidder will be determined based on the lowest interest cost to the Commission. The lowest interest cost shall be determined in accordance with the true interest cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the date of the Bonds, and to the price bid, excluding interest accrued to the date of delivery of the Bonds. Where the proposals of two or more bidders result in the same lowest interest cost, the Bonds may be apportioned between such bidders, but if this shall not be acceptable, the Commission shall have the right to award all of the Bonds to one bidder. The Commission reserves the right to reject any or all proposals and to waive any irregularities in any of the proposals. The Secretary-Treasurer's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 4:00 P.M. on the sale date. All bids shall remain firm until an award is made.

Good Faith Deposit: The successful bidder for the Series MC-2012A Bonds is required to submit a good faith deposit (the "Good Faith Deposit") in the amount of $113,700. The winning bidder for the Bonds is required to submit such Good Faith Deposit payable to the order of the Commission in the form of a wire transfer in federal funds as instructed by the Commission. The winning bidder shall submit the Good Faith Deposit not more than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the Commission the federal funds reference number. If the winning bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the Commission the sum of $113,700 as liquidated damages due to the failure of the winning bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

The Good Faith Deposit so wired will be retained by the Commission until the delivery of the Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Bonds or the Good Faith Deposit will be retained by the Commission as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such Bonds in compliance with the terms of this Notice of Sale and of its bid. No interest on the Good Faith Deposit will be paid by the Commission. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the Bonds.

Registration of Bonds: When delivered, one Bond representing each maturity of each series of the Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of the Depository Trust Company, as registered owner of the Bonds.

CUSIP Numbers; Expenses of the Bidder: It is anticipated that CUSIP numbers will be assigned to each maturity of the Bonds, but neither the failure to type or print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Bonds. The successful bidder will be responsible for applying for and obtaining, subject to the CUSIP Service Bureau policy and procedures, CUSIP numbers for the Bonds promptly upon award of the bid. All expenses of typing or printing CUSIP numbers for the Bonds will be paid for by the Commission; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Series MC-2012A Bonds.

Procedures for Sale and Principal Amount Changes: The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual payment on the Bonds as set forth in this Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount" of each annual payment, respectively, collectively, the "Preliminary Amount") may be revised before the receipt and opening of sealed bids and (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount" of each annual payment, respectively, the "Revised Amount") WILL BE PUBLISHED ON THE THOMSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NEWS SERVICE NOT LATER THAN 9:30 A.M. (LOCAL BALTIMORE, MARYLAND TIME) ON THE DATE OF SALE. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

As promptly as reasonably possible after the bids are opened, the Chairman of the Board or his designee will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the Chairman of the Board or his designee of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THEIR RESPECTIVE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST REASONABLY EXPECT TO SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE RESPECTIVE SERIES OF THE BONDS FROM EACH MATURITY THEREOF AT THE INITIAL REOFFERING PRICES. Such Initial Reoffering Prices, among other things, will be used by the Commission to calculate the final aggregate principal amount of the Bonds and the final principal amount of each annual payment on the Bonds (the "Final Aggregate Principal Amount" and the "Final Principal Amount" of each annual payment, respectively, and collectively, the "Final Amounts"). In determining the Final Amounts, the Commission expects that the Revised Amounts will be changed as necessary to effect the greatest economic advantage of the refunding described above, or to accommodate other refunding objectives of the Commission, but the Revised Aggregate Principal Amount will not change by more than 12%. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS. The dollar amount and premium, if any, specified in the bid of the successful bidder will be adjusted proportionately to reflect any reduction or increase in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the original issue premium, if any, but will not change the selling compensation per $1,000 of par amount of bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering prices. The interest rates specified by the successful bidder for each maturity and the initial reoffering prices in its bid for bonds will not change. ALL BIDS

SHALL REMAIN FIRM FOR FIVE (5) HOURS AFTER THE TIME SPECIFIED FOR THE OPENING OF BIDS. An award of the Bonds, if made, will be made by the Chairman of the Board or his designee within such five (5) hour period of time. The Final Amounts will be communicated to the successful bidder as soon as possible, but not later than 4:00 p.m. the day the Bonds are awarded.

The Commission reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by TM3 News Service by notice given not later than 1:00 p.m., local Baltimore, Maryland time, on the last business day prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any Alternative Sale Date will be announced via TM3 News Service at least 48 hours prior to such Alternative Sale Date. In addition, the Commission reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids established, notice of the Alternative Sale Date will be announced via TM3 News Service not less than 48 hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a sealed bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for the changes announced by TM3 News Service at the time the sale date and time are announced.

Official Statement: Not later than seven (7) business days after the date of sale, the Commission will deliver to the successful bidder an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the successful bidder for the Bonds, at or before the close of business on the date of the sale, the Commission will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds of such issue by the successful bidder therefor, if any, as may be specified and furnished in writing by such bidder (the “Reoffering Information”). If no such information is specified and furnished by the successful bidder, the Official Statement will include the interest rate or rates on the Bonds resulting from the bid of such successful bidder. The successful bidder shall be responsible to the Commission and its officials for such Reoffering Information furnished by such bidder, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds. The successful bidder will also be furnished, without cost, with a reasonable number of copies of the Official Statement (and any amendments or supplements thereto).

Legal Opinion: The Bonds described above will be issued and sold subject to approval as to legality by McKennon Shelton & Henn LLP, Bond Counsel, whose approving opinion will be delivered, upon request, to the successful bidder for the bonds without charge. Such opinion will be substantially in the form included in Appendix B to the Preliminary Official Statement referred to below.

Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Secretary-Treasurer will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Delivery and Payment: It shall be a condition of the obligation of the successful bidder to accept delivery of and pay for the Bonds, that, simultaneously with or before delivery and payment for the Bonds, said bidder shall be furnished, without cost, with a certificate of the Secretary-Treasurer of the Commission to the effect that, to the best of the knowledge of the Secretary-Treasurer, the Official Statement and any amendment or supplement thereto (except for the Reoffering Information provided by the successful bidder, as to which no view will be expressed) does not contain, as of the date of sale and as of the date of delivery of the Bonds, any untrue statement of a material fact, required to be stated or necessary to be stated, to make such statements, in light of the circumstances under which they were made, not misleading.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COMMISSION A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE BONDS AT THE INITIAL REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF THE BONDS WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT SUCH INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at (or below) the Initial Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Delivery of the Bonds, without expense, will be made by the Commission to the purchaser within thirty (30) days from the date of sale, or as soon as practicable thereafter, at New York, New York, and, thereupon, said purchaser will be required to accept delivery of the Bonds purchased and pay the balance of the purchase price thereon in federal or other immediately available funds. The Bonds will be accompanied by the customary closing documents including a no-litigation certificate effective as of the date of delivery.

Contacts: A Preliminary Official Statement, which is in form "deemed final" as of its date by the Commission for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement, together with this Notice of Sale, may be obtained from Joseph C. Zimmerman, Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Riverdale, Maryland 20737, (301) 454-1540 or Davenport & Company LLC, 8600 LaSalle Road, Suite 324, Towson, Maryland 21286, (410) 296-9426.

Right to Change Notice of Sale and Postpone Offering: The Commission reserves the right to change the Notice of Sale and to postpone, from time to time, the date established for the receipt of bids. In the event of a postponement, the new date and time of sale will be announced via TM3-News Service at least 24 hours prior to the time proposals are to be submitted. On any such alternative sale date, bidders may submit electronic bids for the purchase of the Bonds in conformity with the provision of this Notice of Sale, except for any changes to this Notice of Sale, the change of the date of sale and the changes described in the next sentence. If the date fixed for receipt of bids is postponed, the expected date of delivery of the Bonds also may be postponed. Such changes, if any, will be announced via TM3-News Service at the time any alternative sale date is announced.

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION

By: Françoise M. Carrier
Chairman

Appendix D

FORM OF COMMISSION
CONTINUING DISCLOSURE CERTIFICATE

With respect to the $_________ Prince George's County General Obligation Park Acquisition and Development Refunding Bonds, Series PGC-2012A (the "Bonds"), issued by The Maryland-National Capital Park and Planning Commission (the "Commission" or "Issuer"), pursuant to the resolution adopted by the Commission on April 18, 2012 (the "Resolution"), the Issuer covenants in this Continuing Disclosure Certificate (this "Disclosure Certificate") as follows:

1. This Disclosure Certificate is being executed and delivered by the Commission for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

2. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person treated as the owner of any Bonds for federal income tax purposes.

"County" shall mean Prince George's County, Maryland.

"Dissemination Agent" shall mean any person designated by the Commission to act as its agent hereunder.

"EMMA" shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

"Listed Events" or "Significant Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)1 of the Securities Exchange Act of 1934, as amended.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Maryland.

3. (a) The Issuer shall, or shall cause the Dissemination Agent to, no later than March 31 of each year, commencing March 31, 2013, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

If audited financial statements are not available on the date specified above, unaudited financial statements shall be provided on such date, and audited financial statements shall be provided when available. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, or shall cause the Dissemination Agent to, send a notice to the MSRB in substantially the form attached as Exhibit A.

4. (a) The Issuer's Annual Report shall contain or include by reference the Issuer's audited financial statements for the prior fiscal year, prepared in accordance with generally accepted accounting principles, and financial information and operating data of the Issuer (as of June 30 of each year) including but not limited to:

(i) information regarding revenues and expenditures of the Issuer for County activities (including information regarding the General Fund and property taxes);

(ii) information regarding the outstanding debt of the Issuer and, to the extent such information was included in the Official Statement, the outstanding bonded debt of the County; and

(iii) information regarding the capital budget of the Issuer for the County.

(b) The Issuer's Annual Report shall contain or include by reference the most recent audited financial statements, and financial information and operating data for the County (as of June 30 of each year) as set forth in Schedule 1 to the extent such information was included in the Official Statement.

(c) Any or all of the items listed in subsection (a) and (b) of this Section 4 may be included by specific reference to other documents, including official statements of debt issues of the Issuer or the County which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

5. (a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) modifications to rights of owners of the Bonds; if material;

(iv) bond calls, if material, and tender offers;

(v) defeasances;

(vi) rating changes;

(vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(viii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(ix) unscheduled draws on credit enhancements reflecting financial difficulties;

(x) substitution of credit or liquidity providers, or their failure to perform;

(xi) release, substitution or sale of property securing repayment of the Bonds, if material;

(xii) bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Certain of the above-enumerated events do not, and are not expected to, apply to the Bonds.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall, or shall cause the Dissemination Agent to, as soon as possible, not in excess of ten (10) business days after the occurrence of such Listed Event, promptly file a notice with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(iv) and (v) need not be given under this subsection any earlier than the notice (if any) of the underlying event that is given to Holders of affected Bonds.

(c) The Issuer will cease providing the information and notice described herein upon the prior redemption or payment in full of all of the Bonds. If the Issuer ceases providing information, the Issuer may give notice of such termination in the same manner as for a Listed Event under Section 5(b).

6. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. In addition, the Issuer may terminate its obligations under this Disclosure Certificate if and when the Issuer would no longer remain an obligated person with respect to the Bonds within the meaning of the Rule.

7. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

8. The Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided, however, there will be no amendment or waiver unless the following conditions are satisfied:

(i) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(ii) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a covenant contained herein, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 5(c).

9. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically certified in this Disclosure Certificate, the Issuer shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. The Issuer shall be given written notice at the address set forth below of any claimed failure by the Issuer to perform its obligations and covenants herein, and the Issuer shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the Issuer shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action and must be filed in the Circuit Court for Prince George's County, Maryland. Written notice to the Issuer shall be given to the Secretary-Treasurer,

The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Suite 304, Riverdale, Maryland 20737.

11. The Disclosure Certificate constitutes an undertaking by the Issuer that is independent of the issuer's obligations with respect to the Bonds; and any failure of the Issuer to fulfill a covenant in the Disclosure Certificate shall not constitute or give rise to a breach or default under the Bonds.

IN WITNESS THEREOF, I have hereto set my hand this ____ day of ____, 2012.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

____
Secretary-Treasurer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	The Maryland-National Capital Park and Planning Commission
Name of Bond Issue:	$________ Prince George's County General Obligation Park Acquisition and Development Refunding Bonds, Series PGC-2012A
Date of Issuance:	June ____, 2012

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated June ____, 2012. The Issuer anticipates that the Annual Report will be filed by ___________________.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Date: ______________

By:_______________________________________
Secretary-Treasurer

SCHEDULE 1

Prince George's County, Maryland Annual Report

a. Summary of revenue, expenditures and changes in fund balance/retained earnings of all County Funds
b. Information regarding tax revenues of all County funds
c. Information regarding assessed and estimated actual value of taxable property
d. Information regarding direct and overlapping debt
e. Information regarding real and personal property taxes, assessments, levies and collections
f. Summary of gross and direct debt service requirements
g. Description of material litigation, if any

FORM COUNTY CERTIFICATE
REGARDING CONTINUING DISCLOSURE

I, ________________., the Director of Finance of Prince George's County, Maryland (the "County") do hereby certify that, upon the reasonable advance request of The Maryland-National Capital Park and Planning Commission (the "Commission"), the County, within 275 days of the end of each of its fiscal years, will provide to the Commission: (i) the most recent audited financial statements of the County, if prepared, and (ii) financial information and operating data set forth in Schedule I regarding the County generally of the type included in the final Official Statement of the Commission relating to the Bonds (hereinafter defined) in order to assist the Commission in complying with its obligations under the Continuing Disclosure Certificate executed by the Commission in connection with its issuance of the $____________ Prince George's County General Obligation Park Acquisition and Development Refunding Bonds, Series PGC-2012A (the "Bonds"). The County may provide such requested information by notifying the Commission, upon the reasonable advance request by the Commission for such information, that the information has previously been supplied to the Securities and Exchange Commission, or the Municipal Securities Rulemaking Board.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of Prince George's County, Maryland, as of this ______ day of June, 2012.

(SEAL) ____

Director of Finance
Prince George's County, Maryland

SCHEDULE 1

Prince George's County, Maryland Annual Report

a. Summary of revenue, expenditures and changes in fund balance/retained earnings of all County Funds.
b. Information regarding tax revenues of all County funds.
c. Information regarding assessed and estimated actual value of taxable property.
d. Information regarding direct and overlapping debt
e. Information regarding real and personal property taxes, assessments, levies and collections.
f. Summary of gross and direct debt service requirements.
g. Description of material litigation, if any.

Appendix E

REFUNDED BONDS

Appendix E

REFUNDED BONDS OUTSTANDING AS OF MAY 25, 2012*

$2,380,000
Prince George's County Park Acquisition and Development
General Obligation Refunding Bonds, Series BB-2
Dated December 1, 2002

To be redeemed on July 1, 2012

Maturing	Outstanding Principal	Rate of Interest	Call Price	CUSIP
07/01/2013	$1,675,000	3.80%	101%	574157L50
07/01/2014	705,000	4.00	101	574157L68

$22,650,000
Prince George's Park Acquisition and Development
General Obligation Project and Refunding Bonds, Series EE-2
Dated March 15, 2004

To be redeemed on January 15, 2014

Maturing	Outstanding Principal	Eligible Principal †	Rate of Interest	Call Price	CUSIP
01/15/2013	$3,970,000	NA	3.10%	NON-CALL	574157M75
01/15/2014	2,920,000	NA	5.00	NON-CALL	574157M83
01/15/2015	3,205,000	$885,000	5.00	100%	574157M91
01/15/2016	3,200,000	885,000	5.00	100	574157N25
01/15/2017	3,190,000	885,000	5.00	100	574157N33
01/15/2018	885,000	885,000	5.00	100	574157N41
01/15/2019	880,000	880,000	5.00	100	574157N58
01/15/2020	880,000	880,000	5.00	100	574157N66
01/15/2021	880,000	880,000	4.00	100	574157N74
01/15/2022	880,000	880,000	4.00	100	574157N82
01/15/2023	880,000	880,000	4.125	100	574157N90
01/15/2024	880,000	880,000	4.125	100	574157P23

* Subject to market conditions at the time of sale, selected maturities may change and the Commission may determine to redeem all, some or none of the eligible bonds listed above. There can be no assurance that bonds finally selected for refunding will be all of those set forth above.

† The portion of the outstanding principal eligible for redemption prior to maturity on January 15, 2014.

Note: CUSIP is a registered trademark of and the CUSIP numbers set forth above are copyrighted by the American Bankers Association. CUSIP numbers provided herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and the Commission does not take responsibility for the accuracy thereof. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau.