OFFICIAL STATEMENT DATED APRIL 20, 2017

NEW ISSUE - Book-Entry Only

In the opinion of McGuireWoods LLP, Bond Counsel, based on existing law and subject to conditions described in the section herein entitled "TAX MATTERS," interest on the Bonds (including any accrued "original issue discount" properly allocable to the owners of the Bonds) is excludable from the gross income of the owners of the Bonds for federal income tax purposes and interest on the Bonds is not treated as a preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for purposes of the alternative minimum tax on corporations, interest on the Bonds is included in computing adjusted current earnings. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the principal amount of the Bonds, the interest thereon, their transfer, and any income derived therefrom, including any profit from the sale or transfer thereof, are exempt from state and local taxes in the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Bonds or the interest thereon. See the information contained herein under the caption "TAX MATTERS."

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

$8,000,000
Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2017A

Dated: Date of Delivery **Due: November 1, as shown inside this cover**

Bond Ratings........................	Moody's Investors Service, Inc.: Aaa S & P Global Ratings: AAA Fitch Ratings: AAA
Redemption	Bonds maturing on or after November 1, 2028, are subject to redemption in whole or in part at par, at any time on or after November 1, 2027. – Page 3
Security.................................	General Obligations of The Maryland-National Capital Park and Planning Commission and of Montgomery County, Maryland
Purpose	Proceeds of the Bonds will be used (i) to finance certain capital park acquisition and development projects in Montgomery County and (ii) to pay, at the discretion of the Secretary-Treasurer, all or a portion of the costs of issuance of the Bonds – Page 2
Interest Payment Dates........	May 1 and November 1 beginning November 1, 2017
Closing/Settlement	On or about May 4, 2017
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.......................	McGuireWoods 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 opinions of McGuireWoods 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.

Maturity Schedule

$8,000,000 Montgomery County General Obligation
Park Acquisition and Development Project Bonds, Series MC-2017A

Maturing November 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP**	Maturing November 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP**
2017	$400,000	2.00%	0.75%	5741402A6	2027	$400,000	5.00%	2.06%	5741402L2
2018	400,000	2.00	0.95	5741402B4	2028	400,000	3.00	2.30†	5741402M0
2019	400,000	2.00	1.03	5741402C2	2029	400,000	3.00	2.50†	5741402N8
2020	400,000	2.00	1.16	5741402D0	2030	400,000	3.00	2.70†	5741402P3
2021	400,000	2.00	1.32	5741402E8	2031	400,000	3.00	2.90†	5741402Q1
2022	400,000	3.00	1.47	5741402F5	2032	400,000	3.00	3.00	5741402R9
2023	400,000	3.00	1.61	5741402G3	2033	400,000	3.00	3.05	5741402S7
2024	400,000	4.00	1.74	5741402H1	2034	400,000	3.00	3.10	5741402T5
2025	400,000	5.00	1.87	5741402J7	2035	400,000	3.00	3.15	5741402U2
2026	400,000	5.00	1.97	5741402K4	2036	400,000	3.00	3.20	5741402V0

† Priced to call date.

* 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 April 20, 2017. The interest rates and prices or yields shown above are furnished by Robert W. Baird & Co., Inc. (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).

** CUSIP (Committee on Uniform Securities Identification Procedures) data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association ("ABA") by S&P Capital IQ. "CUSIP" is a registered trademark of the ABA. CUSIP numbers are included solely for the convenience of the holders of the Bonds. Neither the Commission nor the Successful Bidder takes any responsibility for the accuracy of CUSIP information. The CUSIP number for a specific maturity is subject to change after the issuance of the Bonds in certain circumstances. The Commission has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth herein. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services.

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

COMMISSIONERS

Elizabeth M. Hewlett, Chair
Casey Anderson, Vice Chair

Dorothy F. Bailey	Gerald R. Cichy
William M. Doerner	Norman Dreyfuss
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OFFICERS

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

DEPARTMENT DIRECTORS

Michael F. Riley, Montgomery County Parks Director
Gwen Wright, Montgomery County Planning Director

Ronnie Gathers, Prince George's County Parks and Recreation Director
M. Andree Green, Prince George's County Planning Director

BOND COUNSEL	INDEPENDENT AUDITORS
McGuireWoods, LLP	SB & Company, LLC
Baltimore, Maryland	Hunt Valley, Maryland

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

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 Montgomery 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 Maryland-National Capital Park and Planning 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 Maryland-National Capital Park and Planning Commission and Montgomery County, Maryland. The Maryland-National Capital Park and Planning Commission believes that the information contained in this Official Statement is correct and complete and has no actual 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
$8,000,000
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Montgomery County General Obligation
Park Acquisition and Development Project Bonds, Series MC-2017A

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices hereto, is to set forth certain information concerning the $8,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2017A (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 Division II of the Land Use Article of the Annotated Code of Maryland, as amended (the "Land Use Article"). It is composed of ten members, five from Montgomery County, Maryland ("Montgomery County" or the "County") and five from Prince George's County, Maryland ("Prince George's County"). The members from each county comprise the Planning Board for the respective county.

The Commission owns approximately 64,000 acres of parkland, 37,000 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 and the County. Other funding sources include State aid, developer contributions, grant funds, and current revenues from the Commission and the County.

Proceeds of the Bonds will be used to finance certain capital park acquisition and development projects in Montgomery County, and to pay, at the discretion of the Secretary-Treasurer, all or a portion of the costs of issuance of the Bonds, as described herein. See "THE BONDS --Application of Proceeds" herein.

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.

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) Sections 18-201 through 18-211, inclusive, of the Land Use Article, and (ii) a Resolution of the Commission adopted on March 15, 2017.

Security for the Bonds

The Bonds are general obligations of the Commission and Montgomery 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 Montgomery County is required by law (i) to impose 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 19 of the Land Use Article, in Montgomery County which includes all of Montgomery County except for the cities of Rockville and Gaithersburg and the towns of Barnesville, Brookeville, Laytonsville, Poolesville and Washington Grove, and (ii) to remit to the Commission.

Section 18-304(a) of the Land Use Article requires Montgomery County to impose against all property in the portion of the Metropolitan District in Montgomery County assessed for the purposes of county taxation an annual tax of 3.6 cents for each $100 of assessed value of all real property and 9 cents on each $100 of assessed value of all personal property, notwithstanding the fact that no interest may be due on bonds of the Commission or that no bonds of the Commission have been issued. Section 18-304(a) of the Land Use Article provides that the Commission shall use revenues from the tax primarily to pay debt service on all Commission bonds issued for Montgomery County pursuant to the provisions of Section 18-203 of the Land Use Article (and all bonds issued to refund such bonds pursuant to Section 18-207 of the Land Use Article). Any portion of such proceeds not required for such debt service may be used by the Commission for its authorized purposes.

Section 18-204 of the Land Use Article provides that bonds issued by the Commission under Section 18-203 of the Land Use Article 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 18-204(c) of the Land Use Article requires Montgomery 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 Montgomery County. Section 18-209 of the Land Use Article provides that, if the revenues from the taxes authorized to be imposed for the benefit of the Commission are not adequate to pay the principal of and interest on Commission bonds issued pursuant to Title 18 of the Land Use Article, the county guaranteeing the bonds shall impose, in each year that an inadequacy exists, an additional tax (without limitation as to rate or amount) 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 deficiency.

Application of Proceeds

Proceeds of the Bonds will be used (i) to finance certain capital park acquisition and development projects in Montgomery County and (ii) to pay, at the discretion of the Secretary Treasurer, all or a portion of the costs of issuance 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 November 1, 2017, and semiannually thereafter on each May 1 and November 1 until maturity or prior redemption. The Bonds will mature on November 1 in each of the years, in the principal amounts and 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. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

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 which mature on or after November 1, 2028, are subject to redemption prior to their respective maturities at any time on or after November 1, 2027 at the option of the Commission, in whole or in part, in any order of maturities, at par, together with interest accrued thereon to the date fixed for redemption.

If fewer than all of the Bonds shall be called for redemption, the particular maturities of the Bonds to be redeemed shall be selected by the Commission. So long as the Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Bonds to be credited with any partial redemption shall be made as described below under "Book-Entry Only System." At any other time, if fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot or in such other manner as the Registrar and Paying Agent in its discretion may determine.

Notice of Redemption

So long as the Bonds are maintained under a book-entry system, notice of the call for any redemption of the Bonds shall be given as described below under "Book-Entry Only System." At any other time, the Registrar and Paying Agent shall mail notice of the call for any redemption at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Registrar and Paying Agent, but failure to mail any such notice, or any defect in the notice so mailed or in the mailing thereof, shall not affect the validity of the redemption proceedings. Such notice shall include the information required by the Bonds, including any conditions to such redemption. The Bonds so called for redemption will cease to bear interest on the specified redemption date, provided that funds for such redemption are on deposit at that time with the Registrar and Paying Agent or an escrow deposit agent.

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.

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.

<u>The Depository Trust Company</u>

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, 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 and www.dtc.org.

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 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 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 therefore 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.

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 (Montgomery and Prince George's) 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 Montgomery and Prince George's Counties. Areas within the counties that are not part of the Metropolitan District include certain incorporated municipalities: the cities of Rockville and Gaithersburg, and the towns of Washington Grove, Poolesville, Barnesville, Brookeville, and Laytonsville in Montgomery County; 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.

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 over 64,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its current staff consists of over 2,000 year-round career employees. In addition, it employs in its numerous park and recreation programs more than 5,000 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, Vice Chairman, and the Executive Director. 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 of the Finance Committee.

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 planned communities;
- Protection and stewardship of natural, cultural and historic resources;
- Preparation and revision of functional master plans for such activities 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.

Montgomery County Commissioners

Casey Anderson, Esq. a Silver Spring resident, was appointed to the Montgomery County Planning Board in June 2011 and has served as its chair since August of 2014. An attorney and community activist, Mr. Anderson served on the boards of the Washington Area Bicyclist Association, the 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 worked as chief of staff and legislative director to former U.S. Rep. Martin Meehan, as law clerk to Justice Gregory Scott of the Supreme Court of Colorado, and as a government relations executive for AOL Time Warner before co-founding a litigation consulting firm. He holds undergraduate and law degrees from Georgetown University, where he served on the editorial board of the law review, and a graduate degree in journalism from Columbia University.

Gerald R. Cichy, was appointed to the Montgomery County Planning Board in June 2016. Mr. Cichy worked at the Maryland Transit Administration/ Maryland Department of Transportation on projects such as the Corridor Cities Transitway, Purple Line light rail system and regional transit-oriented developments. From 1979 to 1984, he was director of transportation for Montgomery County and collaborated with federal, state and county agencies as well as developer and citizen groups to solve mutual problems. During his tenure, Cichy worked with Planning Department staff to coordinate implementation of master plan transportation projects. Among Cichy's achievements is a patent for a bus rapid transit vehicle with doors directly opening to transit platforms. He is a recipient of the Federal Transit Administration's "Innovative Idea Award" for a 200-mile bus rapid transit system supplementing the Metrorail system in the Washington, DC region. In 2016, he graduated from the Senior Leadership Montgomery program. Cichy holds master degrees in both city and regional planning, and civil engineering from Catholic University. The 77 year-old Rockville resident has lived in Montgomery County for nearly 50 years.

Norman Dreyfuss, Esq. was appointed to the Montgomery County Planning Board in February 2010 and was reappointed for a second term in June 2015. 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.

Natali Fani-Gonzalez was appointed to the Montgomery County Planning Board in October 2014; she is the first Latino and first millennial to serve on the five-member Planning Board. Mrs. Gonzales is the founder and principal of the Rockville based public relations firm, The Matea Group. A human and civil rights activist and entrepreneur, she has been recognized as the Montgomery Women 2015 Rising Star and the 2013 "Leading Women" honoree by The Daily Record . She started her career as a lobbyist for CASA de Maryland, the largest Latino and immigrant organization in the state, and then joined the communications team of the Service Employee International Union Local 32BJ before starting her own public relations firm. Mrs. Fani-Gonzalez graduated from Goucher College with a bachelor's degree in political science and international relations.

Marye Wells-Harley*,* Vice Chairman of the Planning Board, was appointed in July 2009. She was reappointed for a second term in June 2013. 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.

Prince George's County Commissioners

Elizabeth M. Hewlett, Esq. was appointed Chairman of the Prince George's County Planning Board in June 2011 and reappointed in June 2015. She previously served as Chairman of the 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 the Commission, 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. She was recognized as one of the Region's "100 Most Powerful Women" by the Washingtonian Magazine and "Top 100 Women in Maryland" and "Most Influential Marylanders" by The Daily Record. She earned a Bachelor's degree from Tufts University and juris doctorate degree from Boston College Law School. She also completed the post-graduate program for senior executives in state and local government offered by the John F. Kennedy School of Government at Harvard University. She has served on the Metropolitan Washington Council of Governments' Metropolitan Development Policy Committee, and the 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. She was reappointed to a second term in October 2015. 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 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. Ms. Bailey is active in numerous local, regional and national organizations and in 2014, was inducted into the Maryland Women's Hall of Fame.

William M. Doerner, Ph.D was appointed to the Prince George's County Planning Board on November 1, 2016. Mr. Doerner brings a combination of practical and academic experiences in local planning issues to the Commission. He has served the past two years on the Hyattsville Planning Committee and has worked in property appraisal and valuation for both state and county agencies in Florida. While earning his doctoral degree, he designed and taught classes on housing markets and land use regulations. Currently, he works at the Federal Housing Finance Agency (FHFA) where one of his main responsibilities is to produce nationwide house price measures; he also conducts applied research to help inform policy decision making in housing finance. Dr. Doerner has published over a dozen articles in academic journals on a range of topics like finance, housing, property taxation, and policy, and has presented at a number of national and regional conferences. He earned a Ph.D. and M.S. in Economics from Florida State University, and a B.S. in Mathematics-Economics and Urban Studies from Furman University. He was also a Rotary Ambassadorial Scholar in Guatemala, and is fluent in Spanish.

Manuel R. Geraldo, Esq. was appointed to the Prince George's County Planning Board in July 2012 and was reappointed in October 2015. Mr. Geraldo is an accomplished legal professional and principal in the law firm of Robinson & Geraldo, which he organized in 1979. His prior professional positions include Director and General Counsel for the District of Columbia Private Industry Council, litigation and legislative Counsel in the Office of the General Counsel for the U.S. Department of Housing and Urban Development, membership on the Newark Commission on Human Rights, and Executive Director for the Congress of Portuguese Speaking People. Mr. Geraldo was appointed by Maryland Governor Martin O'Malley to the Maryland Board of Airport Zoning Appeals in 2010 and as Chair of the Board in 2012. He also previously served as a Commissioner and as Chair of the Washington Suburban Sanitary Commission. Mr. Geraldo has received numerous awards and recognition as a long-time, committed community activist and volunteer and serves as a Director on the Board of the Prince George's County Community Foundation, a Director for the Portuguese American Leadership Council, Director and Secretary of the Pro Bono Resource Center, and Director of the Maryland Legal Aid Bureau. He earned a bachelor's degree from Seton Hall University, a juris doctorate from Rutgers School of Law, and a master's degree in International and Comparative Law from Georgetown University.

A. Shuanise Washington was appointed to the Prince George's County Planning Board in 2011 and reappointed in 2016. She is the President and Chief Executive Officer of the Congressional Black Caucus Foundation, Inc. (CBCF). Prior to her appointment as CBCF President, she was the Founder and Principal of Washington Solutions, LLC which provided strategic counsel to businesses, governments and non-profit organizations. 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. Commissioner Washington holds leadership positions in a number of national and local community organizations, has received numerous awards, and has been featured in various national and local publications. She holds a bachelor's degree from the University of South Carolina, and a cognate in mathematics.

Officers

Patricia Colihan Barney was appointed Executive Director on February 25, 2010. Prior to her appointment, she served as the Commission's Secretary-Treasurer for 10 years and held other positions in the Finance Department for 15 years. 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, and the Honor Society of Phi Kappa Phi. She is a graduate of Leadership Montgomery and is a past President of the Maryland Government Finance Officers Association. She also serves as Trustee for the Commission's Employees' Retirement System and the Commission's Other Post-Employment Benefits Trust Fund.

Joseph C. Zimmerman was appointed by the Commission as its Secretary-Treasurer in August 2010. Mr. Zimmerman has over thirty-five 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 a 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. He is a member of American Institute of Certified Public Accountants (AICPA), Maryland Association of Certified Public Accountants (MACPA), and Government Finance Officers Associations (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

Michael F. Riley was appointed as Director of the Montgomery County Department of Parks in July 2014. He previously served in several progressively responsible positions with the department for over 30 years, including Deputy Director of Administration and Chief of Park Development. He has a degree in civil and environmental engineering from Clarkson University and is a licensed professional engineer in the State of Maryland. Mr. Riley 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. He is credited with the execution of several successful multi-million dollar public-private partnerships including the Maryland SoccerPlex, Montgomery TennisPlex, and Miracle League of Montgomery County. He also championed the Department's long range strategic plan for parks and recreation: Vision 2030.

Gwen Wright was appointed Director of the Montgomery County Planning Department in July 2013. Ms. Wright also worked for the Montgomery County Planning Department from 1987 to 2008. During this period, she served as the Chief of Countywide Planning, including supervising the Environmental Planning, Transportation Planning and Historic Preservation Sections, as well as serving as Acting Planning Director. Prior to her appointment, Ms. Wright was Chief of the Development Division for the City of Alexandria Department of Planning and Zoning for five years. Ms. Wright began her career in Texas as the Director of Architectural Design and Redevelopment for the Galveston Historical Foundation in Galveston, Texas. She has degrees in Architecture and Architectural History from Yale University and has spoken at numerous national and regional conferences on a wide variety of planning issues. Ms. Wright is co-chair of the Cleveland Park Historical Society Architectural Review Committee. She is a member of Lambda Alpha and a graduate of ULI Washington's Regional Leadership Institute.

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 28 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. Mr. Gathers has connected with Prince George's County communities to develop strategic partnerships, and has worked with staff to emphasize customer service, community engagement, health and wellness programs, and services for youth and seniors.

M. Andree Green Checkley, Esq. was named Director of the Prince George's County Planning Department in January, 2017. Ms. Checkley brings to the Planning Director position more than twenty years of specialized experience in the practice of land use law and policy development, as well as considerable management experience that includes six years as County Attorney for Prince George's County. Prior to her appointment as County Attorney, Ms. Checkley served eleven years as the Commission's Supervising Attorney and lead counsel for its Prince George's County legal team, presiding over a specialized unit dealing primarily with the administrative process and litigation related to zoning, planning and the regulation of real estate development. Her extensive experience also includes private sector practice and litigating land use cases in Maryland's trial and appellate courts. Ms. Checkley earned her Juris Doctorate degree from The American University, Washington College of Law and is a member of the National Bar Association, the American Bar Association, the Maryland State Bar Association, the J. Franklyn Bourne Bar Association, the Prince George's County Bar Association, and the District of Columbia Bar Association. She is a 2014 Graduate of Leadership Greater Washington, holds membership in the Urban Land Institute (ULI), and is active in a number of community organizations.

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. An exception to this rule is that principal and interest on long-term debt are considered expenditures when due. 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 42nd 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 2015. The Commission has submitted its CAFR for review and believes that its CAFR for the fiscal year 2016 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

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 Montgomery 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
2012…	$98,382,645	$15,074,342	$7,461,170	$72,379	$1,082,048	$122,072,584
2013…	105,257,980	18,897,080	7,058,450	(47,889)	1,029,976	132,195,597
2014…	105,623,504	19,802,908	5,816,495	25,480	1,045,232	132,313,619
2015…	110,779,960	23,062,902	7,213,515	112,341	691,538	141,860,256
2016…	115,336,439	30,792,561	7,434,750	77,189	1,906,622	155,547,561

(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)

Fiscal Year	General Governmental	Planning and Zoning	Park Operations (2)	Park Acquisition and Development (3)	Debt Service	Total
2012…	$7,437,374	$20,017,212	$72,015,639	$22,203,783	$3,931,186	$125,605,194
2013…	7,412,325	20,244,086	76,555,380	21,279,331	4,187,548	129,678,670
2014…	7,965,161	20,735,143	81,852,149	22,189,951	4,177,801	136,920,205
2015…	8,872,291	20,649,754	86,884,376	24,912,223	5,071,183	146,389,827
2016…	7,469,148	23,526,052	88,581,038	37,503,965	4,483,593	161,563,796

(1) Includes General, Capital Projects, Debt Service, and Special Revenue Funds.
(2) Contributions to Enterprise Funds are included in Park Operations.
(3) Includes contribution to Advance Land Acquisition Trust Fund
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 Montgomery County General Fund - Park Account for five fiscal years 2012 through 2016. Also shown are the budgeted revenues and expenditures for the fiscal year ending June 30, 2017 and projected revenues and expenditures for the fiscal year ended June 30, 2017.

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Montgomery 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	Projected Actual
	2012	2013	2014	2015	2016	2017	06/30/2017
Revenues:							
Taxes	$71,398,786	$77,724,077	$77,558,047	$83,626,126	$85,610,387	$88,964,950	$88,964,950
Interest	(5,456)	(66,956)	(33,762)	81	(19,835)	5,000	44,000
Fees, Charges and Other	4,340,666	5,327,822	5,695,923	6,214,141	6,938,497	7,238,156	7,186,669
Total Revenues	75,733,996	82,984,943	83,220,208	89,840,348	92,529,049	96,208,106	96,195,619
Expenditures and Encumbrances:							
Park Management and Design	14,171,445	17,471,946	18,669,543	18,894,436	19,351,340	23,022,720	22,604,093
Natural Resources	6,885,414	7,085,359	7,670,251	8,512,977	9,485,432	9,133,771	9,269,951
Facilities Maintenance	9,948,231	10,537,332	11,005,020	11,341,479	11,517,350	11,844,367	11,676,316
Regions	18,963,783	19,463,579	21,318,291	21,802,008	22,139,075	23,376,126	22,541,007
Park Police	10,593,000	11,745,862	13,073,713	13,464,002	14,467,666	14,160,643	14,446,971
Support Services	9,688,312	10,372,246	9,072,077	11,300,319	10,959,305	10,951,898	10,951,880
Total Expenditures and Encumbrances	70,250,185	76,676,324	80,808,895	85,315,221	87,920,168	92,489,525	91,490,218
Other Financing Sources (Uses):							
Debt Service Fund	(3,457,183)	(4,433,012)	(3,881,641)	(4,789,723)	(4,256,316)	(4,846,969)	(4,846,969)
Other, Net	(346,611)	(469,754)	(493,630)	753,840	1,076,338	(325,000)	(345,000)
Total	(3,803,794)	(4,902,766)	(4,375,271)	(4,035,883)	(3,179,978)	(5,171,969)	(5,191,969)
Excess (deficiency of revenues and Other sources over expenditures, encumbrances and other uses	1,680,017	1,405,853	(1,963,958)	489,244	1,428,903	(1,453,388)	(486,568)
Beginning Fund Balance	5,188,676	6,868,693	8,274,546	6,310,588	6,799,832	8,228,735	8,228,735
Ending Fund Balance	$6,868,693	$8,274,546	$6,310,588	$6,799,832	$8,228,735	$6,775,347	$7,742,167

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

Fiscal Year 2016 Operating Results and 2017 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. The Commission's Budget Office provides input to the County to incorporate in long-term projections. These tools assist management with fiscal planning. Periodic reviews of these reports and estimates, coupled with overall stringent financial management, have consistently resulted in the Commission's spending less than the budgeted amounts.

For fiscal year 2016, the aggregate of the General Fund-Park Account revenues (including transfers) was $141,472 more than the budgeted amount and expenditures (including transfers) were $1,931,613 less than the budgeted amount for Montgomery County. The increase in revenues was primarily due to a FEMA grant received as a snowstorm reimbursement. Expenditure savings were primarily generated by restructuring and abolishing positions. The Montgomery County General Fund-Park Account Total Budgetary Fund Balance was $8,228,735 at June 30, 2016. The Fund Balance consisted of unassigned funds totaling $6,775,347, and assigned funds designated of $1,453,388.

The fiscal outlook for the Commission's Montgomery County – Park Fund for fiscal year 2017 is expected to be positive. The Commission's 2017 adopted budget reflects about a 4.7% increase in the real property assessable base in the Metropolitan District, which funds the Park Account operations and debt service with stable growth in the property taxes and controls on expenditures, the Commission is projecting to end fiscal year 2017 in a solid financial position.

The Commission's fund balance policy requires a contingency reserve of 3% of expenditures. The fiscal year 2017 adopted budget complies with this policy.

Property Taxes

Property taxes are levied and collected for the Commission by Montgomery 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 June in Montgomery 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.

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Rates and Levies

The following table sets forth the Montgomery County tax rates and tax levies allocated to the Commission for each of the five most recent fiscal years ended June 30 and fiscal year 2017 through January 2017.

Property Tax Rates and Levies Allocated to the Commission

Fiscal Year	Administration(1)(3)	Park Operations (1)(3)	Advance Land Acquisition(1)(2)(3)	Total(1)(3)	Tax Levy
2012…	$ 0.0170/0.0430	$ 0.0480/0.1200	$ 0.0010/0.0030	$ 0.0660/0.1660	$ 98,068,320
2013…	0.0180/0.0450	0.0540/0.1350	0.0010/0.0030	0.0730/0.1830	106,088,181
2014…	0.0180/0.0450	0.0530/0.1330	0.0010/0.0030	0.0720/0.1810	105,671,395
2015…	0.0170/0.0430	0.0560/0.1400	0.0010/0.0030	0.0740/0.1860	111,224,664
2016…	0.0180/0.0450	0.0552/0.1380	0.0010/0.0025	0.0742/0.1855	115,877,295
2017[(4)].	0.0170/0.0425	0.0548/0.1370	0.0010/0.0025	0.0728/0.1820	118,766,194

(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 shown are for Real/Personal.
(4) Tax levy through January 2017.
Source: Maryland State Department of Assessments & Taxation

Tax Collections

The following table sets forth certain pertinent information regarding Montgomery County's tax levies and tax collections allocated to the Commission for each of the five most recent fiscal years ended June 30 and fiscal year 2017 through January 2017.

Property Tax Levies and Collections Allocated to the Commission

Fiscal Year	Total Tax Levy	Current Tax Collections (1)	Percent of Levy Collected	Collections in Subsequent Years (1)	Total Collections
2012…	$ 98,068,320	$ 98,064,266	100.0%	$ 4,054	$ 98,068,320
2013…	106,088,181	105,178,075	99.1%	424,153	105,602,228
2014…	105,671,395	105,042,397	99.4%	144,002	105,186,399
2015…	111,224,664	110,366,064	99.2%	318,058	110,684,122
2016…	115,877,295	114,942,121	99.2%	(260,409)	114,681,712
2017[(2)]…	118,159,679	114,794,762	97.2%	-	114,794,762

Note: Includes Advance Land Acquisition taxes which are not accounted for in the General Fund.
(1) Amounts represent collections received, including overpayments, net of refunds made.
(2) Current tax collections through January 2017.
Source: Montgomery County Government.

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.

Exemptions

Exemptions from property taxes are granted pursuant to State law by the State Department of Assessments and Taxation.

Budget

Title 18 of the Land Use Article 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 Montgomery and Prince George's 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 1. In Prince George's County, County Executive transmittal must be made to the County Council by April 1. 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 shall approve the portion of the budget allocable to their respective county by June 1 of each year. In each case, the respective County Council must impose taxes 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 submitted to the respective County Executive within three calendar 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. Within 30 days after the respective County Executive returns the budget, each County Council may reapprove or restore any budget item over the disapproval of the County Executive. In both Montgomery County and Prince George's County, such reapproval 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

Title 18 of the Land Use Article 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 County Executive and County Council of Prince George's County prior to January 15 of each year. The CIP 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 six-year programs or capital budgets of the county and other units. Each county governing body may amend, revise or modify the CIP. Any such amendment, revision or modification may not become final until at least 30 days after it is submitted to the Commission for written comment.

The capital budget of the Commission for each fiscal year shall include only projects that fully conform with the part of the CIP applicable to that year. No capital project may be undertaken, in whole or in part, which is not in conformity with the part of the CIP applicable to that year unless the CIP has been 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 Montgomery County capital plan for fiscal years 2017 through 2022 is summarized below (in thousands of dollars):

	2017	2018	2019	2020	2021	2022
Expenditures:						
Land Acquisition	$6,420	$6,420	$6,670	$6,670	$6,670	$6,670
Development	24,169	23,684	22,504	25,295	28,975	20,691
Total*	$30,589	$30,104	$29,174	$31,965	$35,645	$27,361
Funding Sources:						
Bonds-Commission	$7,218	$7,244	$7,238	$6,707	$7,217	$5,640
Bonds-County	11,703	11,230	11,648	10,970	12,430	11,950
Contributions-Developers	900	600	700	500	250	200
Current Revenue-Commission	350	350	350	350	350	350
Current Revenue-County	3,133	2,738	3,438	3,438	4,398	4,398
Enterprise-Commission	1,300	1,050	800	6,000	6,000	800
Program Open Space ("POS")	3,778	3,562	4,000	3,000	4,000	3,023
Other	2,207	3,330	1,000	1,000	1,000	1,000
Total*	$30,589	$30,104	$29,174	$31,965	$35,645	$27,361

* Excludes Revenues 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 plans to issue general obligation debt of approximately $10,000,000 during fiscal years 2017/2018 for Montgomery 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, CorVel Corporation, 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. The State law was amended effective October 2015 to modify the liability of the Commission for common law torts, such as negligence. Liability is limited to $400,000 for an individual claim, and $800,000 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, 2016, the Commission's Risk Management Fund had net assets of $17,500,318 of which $5,684,312 was for Montgomery County and $11,816,006 was for Prince George's County. The Commission's approved budget for fiscal year 2017 includes an appropriation of $3,235,155 for Montgomery County risk management costs and $4,617,255 for Prince George's County for a total of $7,852,410 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 January 2017, the Commission had approximately 7,077 employees, which included 2,038 full- and part-time merit employees and 4,956 seasonal employees, 61 contractual (temporary employees), and 22 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 merit system 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 38% 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 is in full contract negotiations with the FOP as their three-year contract expired January 31, 2017. 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, 2018 however, the Commission is negotiating with MCGEO for fiscal year 2018 wage reopener.

- 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 80 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.

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, 2016, 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)	$18,044
Interest on net OPEB obligation	5,168
Adjustment to annual required contribution	(4,020)
Annual OPEB cost (Expense)	19,192
Less Contribution made	16,847
Increase in Net OPEB obligation	2,345
Net OPEB obligations, beginning of the year	72,728
Net OPEB obligation, end of year	$75,073

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 2014, 2015 and 2016 and estimates for fiscal years 2017 and 2018 are presented below ($000):

	2014	**2015**	**2016**	**Est. 2017**	**Est. 2018**
Annual Required Contribution (ARC)	$19,943	$20,585	$19,192	$20,037	$20,566
Percentage of ARC Contributed	93%	77%	88%	100%	100%
Net OPEB Obligation	68,044	72,728	75,073	72,976	73,848

An actuarial valuation of the plan was performed as of July 1, 2016. Based on the assumptions and qualifications stated therein, the OPEB report concluded that the fiscal year 2017 annual required contribution (ARC) for the Commission is $24,822,302 and the related unfunded actuarial liability (UAL) is $254,321,327. The budgetary impact in fiscal year 2017 to meet the OPEB obligation after considering the amounts needed to make current benefit payments is $20,909,000.

Employees' Retirement System

The Commission has a contributory retirement system (the "System") for its employees that consist of five defined benefit Plans: A, B, C, D, and E. The majority of Commission full-time and part-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 7% of base pay.

Plan B was 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 4% of base wages up to the Social Security Wage Base, and 7% of base wages in excess of the Social Security Wage Base. Retirement benefits are integrated with Social Security and members fully vest after five years of credited service with the exception of Commissioners and Appointed Officials who receive full and immediate vesting. Membership in Plan B closed effective December 31, 2012.

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 members contribute 9% of their base pay.

Plan D, with a participant contribution rate of 8%, 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. Plan E is mandatory for all full-time and part-time general career employees, Commissioners and Appointed Officials hired on or after January 1, 2013. Plan E participants contribute 4% of base wages up to the Social Security Wage Base, and 8% of base wages in excess of the Social Security Wage Base. Plan E is integrated with Social Security and members fully vest after ten years of credited service with the exception of Commissioners and Appointed Officials who receive full and immediate vesting.

The investments of Plans A, B, C, D and E 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 twenty professional investment managers: Aberdeen Asset Management, Inc. of Stamford, Connecticut; Blackrock Institutional Trust Company of New York, New York; Capital Group of New York, New York; Chicago Equity Partners, LLC of Chicago, Illinois; C.S. McKee, L.P. of Pittsburg, Pennsylvania; Earnest Partners International of Atlanta, Georgia; Eaton Vance Management of Boston, Massachusetts; Golub Capital of New York, New York; Grosvenor Capital Management, LP, New York; JP Morgan Asset Management of New York; Loomis Sayles & Company of Boston, Massachusetts; Neuberger Berman of Chicago, Illinois; Oaktree Capital Management of New York, New York; Principal Global Investors of Des Moines, Iowa; RhumbLine Advisors of Boston, Massachusetts; State Street Global Advisors of Boston, Massachusetts; Wilshire Associates Incorporated of Pittsburgh, Pennsylvania; The Northern Trust Company of Chicago, Illinois; Voya Investment Management of New York (was ING Investment), New York; 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 investment 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 2016 were audited by SB & Company, LLC of Hunt Valley, Maryland.

The Retirement System's actuarial valuation as of July 1, 2016 was performed by Boomershine Consulting Group of Ellicott City, Maryland. As of that date, there was an unfunded actuarial accrued liability of $93,018,695 and a funded ratio of 90.2% (as a percentage of actuarial value of assets).

The following table presents the Commission's actual contributions for the four most recent fiscal years including the contribution made July 1, 2016 for fiscal year 2017.

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	$28,750,323	100.0%
2015	28,149,976	100.0
2016	27,191,305	100.0
2017	20,268,189	100.0

Prior to the establishment of the Maryland-National Capital Park and Planning Commission Employee's Retirement System (ERS) in 1972, employees of the Commission were members of the Maryland State Retirement and Pension System (MSRS). The Commission entered into an agreement with the State to pay off the unfunded present value of the benefits as of June 30, 1985 over a period of 35 years. Pension costs for these employees/retirees were $142,230 in 2012, $200,000 in 2013, $200,000 in 2014, $200,072 in 2015 and $211,150 in fiscal year 2016. The final payment is scheduled to be made in fiscal year 2020.

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 18-203 of the Land Use Article, 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, forests, roads, and other public ways, grounds and spaces, and for the purposes of public recreation, including the construction of public recreation centers, community buildings or other public buildings necessary to house a public recreation program. The Commission is not required to obtain the approval of either county before issuing bonds under Section 18-203. Such bonds may be in the form and denominations determined by the Commission, and must mature within 50 years from the date of issue. The bonds may be sold by competitive or negotiated sale in the manner, for a price and at rates the Commission determines to be in its best interests. Bonds may be redeemable prior to maturity at prices in excess of their par value.

Bonds issued for park acquisition and development under Section 18-203 of the Land Use Article 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 the tax authorized to be imposed in the respective county and pledged to pay the bonds. In calculating the limit, the Commission may assume (i) continued future imposition 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 18-401 of the Land Use Article 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 for public uses, including State highways, streets and roads, mass transit facilities, including busways and light rail facilities, schools, libraries, parks and recreation centers, government buildings, health service facilities, elder care facilities 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 18-203 of the Land Use Article, already described, concerning the making of such calculation and Section 18-202 of the Land Use Article, relating to form, interest rate, sale, redemption, guaranty, and liability, are applicable to the Advance Land Acquisition Bonds. The County Council of Montgomery County shall impose an annual tax on all property assessed for purposes of county taxation an annual 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 is imposed in any year, then the County Council of Montgomery County shall continue to impose 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 imposed if money is available 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 shall impose 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.

Section 18-207 of the Land Use Article authorizes the Commission 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.

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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, 2016.

The Maryland-National Capital Park and Planning Commission
Bonded Debt as of June 30, 2016

	Montgomery County (1)			Prince George's County		
Fiscal Years Ending June 30	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2017	$ 3,105,000	$ 1,653,980	$ 4,758,980	$ 8,021,946	$ 2,805,126	$ 10,827,072
2018	3,395,000	1,540,260	4,935,260	6,231,181	2,280,061	8,511,242
2019	3,590,000	1,411,035	5,001,035	4,500,000	2,067,706	6,567,706
2020	3,265,000	1,273,610	4,538,610	4,530,000	1,883,581	6,413,581
2021	3,330,000	1,144,760	4,474,760	4,575,000	1,692,931	6,267,931
2022	2,985,000	1,022,760	4,007,760	3,320,000	1,499,531	4,819,531
2023	3,045,000	904,660	3,949,660	3,415,000	1,342,181	4,757,181
2024	2,705,000	790,804	3,495,804	3,510,000	1,194,631	4,704,631
2025	2,775,000	686,966	3,461,966	2,750,000	1,043,331	3,793,331
2026	2,520,000	596,834	3,116,834	2,860,000	918,531	3,778,531
2027	2,580,000	525,163	3,105,163	2,955,000	819,431	3,774,431
2028	2,345,000	462,949	2,807,949	2,515,000	716,781	3,231,781
2029	2,395,000	399,748	2,794,748	2,610,000	647,861	3,257,861
2030	2,150,000	336,786	2,486,786	2,725,000	569,563	3,294,563
2031	2,210,000	274,253	2,484,253	2,825,000	487,813	3,312,813
2032	2,275,000	208,981	2,483,981	2,925,000	396,000	3,321,000
2033	2,350,000	137,063	2,487,063	3,035,000	300,938	3,335,938
2034	1,685,000	72,219	1,757,219	3,145,000	202,300	3,347,300
2035	750,000	34,500	784,500	1,295,000	92,225	1,387,225
2036	775,000	11,625	786,625	1,340,000	46,900	1,386,900
Total....	$50,230,000	$13,488,956	$63,718,956	$69,083,127	$21,007,424	$90,090,551

(1) Includes Debt Service for the Advance Land Acquisition, which is supported by its own taxing authority and rate.

The Maryland-National Capital Park and Planning Commission
Montgomery County Bonded Debt
As Adjusted for the Issuance of the Bonds
Total Debt Service

Fiscal Years Ending June 30	Total Debt Service(1)	General Obligation Park Acquisition and Development Project Bonds, Series MC-2017A		Adjusted Total Debt Service (1)
		Principal	Interest (2)	
2017	$4,758,980	$ 0	$ 0	$4,758,980
2018	4,935,260	400,000	241,933	5,577,193
2019	5,001,035	400,000	236,000	5,637,035
2020	4,538,610	400,000	228,000	5,166,610
2021	4,474,760	400,000	220,000	5,094,760
2022	4,007,760	400,000	212,000	4,619,760
2023	3,949,660	400,000	202,000	4,551,660
2024	3,495,804	400,000	190,000	4,085,804
2025	3,461,966	400,000	176,000	4,037,966
2026	3,116,834	400,000	158,000	3,674,834
2027	3,105,163	400,000	138,000	3,643,163
2028	2,807,949	400,000	118,000	3,325,949
2029	2,794,748	400,000	102,000	3,296,748
2030	2,486,786	400,000	90,000	2,976,786
2031	2,484,253	400,000	78,000	2,962,253
3032	2,483,981	400,000	66,000	2,949,981
3033	2,487,063	400,000	54,000	2,941,063
3034	1,757,219	400,000	42,000	2,199,219
2035	784,500	400,000	30,000	1,214,500
2036	786,625	400,000	18,000	1,204,625
2037	400,000	400,000	6,000	406,000
Total.....	$63,718,956	$8,000,000	$2,605,933	$74,324,889

(1) Totals may not add due to rounding.
(2) Interest rates range from 2.000% to 5.000%.

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

General Bonded Debt Ratios

Fiscal Year	Population(1)	Assessed Value (Thousands)(1)	Actual Value (Thousands)	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Ratio of Bonded Debt to Market Value	Bonded Debt Per Capita
2012…	1,004,476	$165,916,096	$178,312,218	$37,559,000	0.02 %	0.02 %	$37.39
2013…	1,016,677	161,877,310	173,973,511	34,127,000	0.02	0.02	33.57
2014…	1,018,000	163,601,193	178,263,766	46,046,000	0.03	0.03	45.23
2015…	1,020,000	167,311,891	180,772,837	42,664,000	0.03	0.02	41.83
2016…	1,050,118	174,060,795	188,057,992	50,230,000	0.03	0.03	47.83

(1) Population estimates are from the U.S. Census Bureau, Population Estimates Branch, Assessed Value and Actual Value are from Montgomery County Government.

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

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

Fiscal Year	Total Debt Service(1)	Total General Governmental Expenditures(2)	Ratio of Debt Service to General Expenditures
2012…	$3,631,339	$125,605,194	2.89 %
2013…	4,187,163	129,678,670	3.23
2014…	3,933,257	136,920,205	2.87
2015…	5,040,986	146,389,827	3.44
2016…	4,214,880	162,369,346	2.60

(1) Does not include paying agent fees or debt issuance costs.
(2) Includes General, Special Revenue, Capital Projects, and Debt Service Funds. Excludes Enterprise Fund operating expenditures and debt service on revenue notes and bonds.

Record of No Default

The Commission has never defaulted on any indebtedness.

MONTGOMERY COUNTY

Location

The information contained under the heading “Montgomery County” was taken from the Montgomery County Annual Information Statement, dated January 15, 2017. The County has not obligated itself to update this information, except as otherwise agreed by the County.

Montgomery County is located adjacent to the nation’s capital, Washington, D.C. and includes 496 square miles of land area. The topography is rolling with small hills. Elevations range from 52 feet above sea level at the junction of the Potomac River and the District Line, to 850 feet in the northern portion of the County near Damascus. Bordering the County are Howard County to the northeast, Prince George’s County to the southeast, Frederick County to the northwest, the District of Columbia to the south, and Virginia to the southwest.

The governing body of Montgomery County consists of an elected nine member County Council and an elected County Executive. Both the County Executive and the members of the County Council serve four-year terms.

History

Montgomery County was established by the State Convention in 1776 and from its establishment until 1948, the Montgomery County Government functioned under the County Commission system. In 1948, the voters adopted a charter giving the County home rule and a council-manager form of government. In 1968, the voters approved a new charter providing for separate legislative and executive branches of government, with the legislative power vested in an elected County Council and executive power in an elected County Executive. The new charter became fully implemented with the election of the County Executive and the County Council in November in 1970.

Government

The County Council is comprised of nine members, four of whom are elected by the qualified voters of the entire County. Each of the five other members of the Council must, at the time of their election, reside in a different one of the five Council manic districts of the County and each of these five members shall be nominated and elected by the qualified voters in their respective districts. Populations of the Councilmanic districts are substantially equal.

The County Executive, who must be a qualified voter of the County for the five years preceding his or her election and who may not be less than thirty years of age, is elected by the qualified voters of the entire County at the same time as the Council. Both the County Executive and the County Council members serve a four-year term.

Population

The population of the County, according to the 2010 Census, was 971,777, an increase of 10.6 percent since the 2000 Census and exceeded 1 million in 2012.

Households and Population

	Households	Population	Population Percent Change from Prior Census
2016 (est)	375.173	1,049,477	8.0%
2015	371,468	1,040,116	7.0
2014	364,854	1,030,447	6.0
2013	364,743	1,019,767	4.9
2012	361,116	1,006,547	3.6
2011	359,496	992,738	2.1
2010 (U.S. Census)	357,086	971,777	10.6
2009	345,301	959,013	9.1
2008	341,812	942,748	7.3
2007	343,540	931,694	6.0
2006	341,438	923,492	5.4
2005	339,628	921,531	4.9
2004	337,838	914,991	4.1
2000 (U.S. Census)	324,565	878,683	15.7

Note: Data for households and total population from 2011 to 2015 from the American Community Survey, U.S. Census Bureau. Data for households from the American Community Survey are defined as occupied housing units. The estimate of households and population in 2016 derived by the Montgomery County Department of Finance from using average annual rate from 2010 to 2015 from MWCOG (Round 8.4).

Median Age

	1960	1970	1980	1990	2000	2010	2015
Median Age	28.1	27.9	32.1	33.9	36.8	38.5	38.9

Sources: 2010 and 2015 the American Community Survey, U.S. Bureau of the Census. For previous years, Decennial Census, U.S. Bureau of the Census.

Employment

The County's economic structure reveals a diversified economy with a strong service sector. The total private sector (trade, information services, financial activities, professional services, education and health, and hospitality) employed 80.5 percent of the total workforce in 2015, the latest available annual data. The following tables present the County's employment by industrial sector.

Payroll Employment

	2010	2014	2015
TOTAL PRIVATE SECTOR	358,172	365,736	369,541
PUBLIC SECTOR EMPLOYMENT:			
Federal	45,072	46,678	47,321
State	1,199	1,207	1,249
Local	37,140	41,695	40,774
TOTAL PUBLIC SECTOR	83,411	89,850	89,344
GRAND TOTAL	441,583	455,343	458,343

Notes: The following groups are excluded from the payroll count: Federal military, self-employed, railroad workers, and domestic employees.
Payroll employment represents the total number of jobs covered by the Maryland Unemployment Insurance Program.
Source: State of Maryland, Department of Labor, Licensing and Regulation.

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The table below provides a comparison of the payroll employment data for 2014 and 2015 based on the new classification system which shows that the County had a slight overall percentage gain in employment in 2015.

Payroll Employment
(NAICS Series)*

	2014	2015	Difference	Percent Change
TOTAL PRIVATE SECTOR	365,763	369,541	3,778	1.0.%
GOODS-PRODUCING	35,270	35,559	289	0.8%
Natural Resources and Mining	304	308	4	1.3%
Construction	23,662	23,585	(77)	-0.3%
Manufacturing	11,304	11,666	362	3.2%
SERVICE PROVIDING	330,493	333,982	3,489	1.1%
Trade, Transportation, and Utilities	57,824	57,695	(129)	-0.2%
Information	12,608	12,354	(254)	-2.0%
Financial Activities	30,040	30,607	567	1.9%
Professional and Business Services	98,782	99,022	240	0.2%
Education and Health Services	67,618	69,925	2,307	3.4%
Leisure and Hospitality	41,005	41,827	822	2.0%
Other Services	22,616	22,552	(64)	-0.3%
PUBLIC SECTOR EMPLOYMENT	89,580	89,344	(236)	-0.3%
Federal Government	46,678	47,321	643	1.4%
State Government	1,207	1,249	42	3.5%
Local Government	41,695	40,774	(921)	-2.2%
GRAND TOTAL	455,343	458,885	3,542	0.8%

*Source: North American Industrial Classification System.

During calendar year 2015, the County’s unemployment rate averaged 3.4 percent.

The table below presents the County's labor force, employment and unemployment for the calendar years 2007 through 2016.

Montgomery County's Resident Labor Force
Employment & Unemployment

	Labor Force	Employment	Unemployment	Unemployment Rate
2016*	549,900	531,400	18,500	3.4%
2015**	549,287	527,510	21,777	4.0%
2014**	544,718	520,811	23,907	4.4%
2013**	542,828	515,888	26,939	5.0%
2012**	540,621	512,679	27,942	5.2%
2011**	536,832	508,549	28,283	5.3%
2010	532,549	502,710	29,839	5.6%
2009	522,421	494,565	27,856	5.3%
2008	515,987	499,705	16,282	3.2%
2007	509,769	496,401	13,368	2.6%

Source: State of Maryland, Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics (BLS).

* Estimated by the Montgomery County Department of Finance.
** Data for 2011 through 2015 were revised by Bureau of Labor Statistics (BLS).

Federal Government Employment

The County is home to 18 Federal agencies in which over 55,500 civilians are employed. The National Institutes of Health in Bethesda (part of the Department of Health and Human Services) is one of the nation's premier centers of medical research. The following is a partial list of Federal agencies in the County and their estimated employment in 2015.

Department of Health and Human Services (HHS)	30,430
National Institutes of Health	
Food and Drug Administration	
Department of Defense	13,270
Walter Reed National Military Center	
Carderock Naval Surface Warfare Center	
Department of Commerce	7,330
National Oceanic & Atmospheric Administration	
National Institute of Standards & Technology	
Nuclear Regulatory Commission	2,700
Department of Energy	1,800

Source: Maryland Department of Commerce.

Private Sector Employment

There are several thousand private sector employers in Montgomery County. Below is a listing of some of the County's largest employers.

Name of Firm	Est. No. of Employees
Marriott International, Inc. (Headquarters)	5,500
Lockheed Martin..	4,690
Adventist Hospital	4,290
Holy Cross Hospital..	3,900
Giant Food Corporation	3,150
Verizon	2,870
Kaiser Permanente of the Mid-Atlantic States	2,640
MedImmune/Astra Zeneca	2,290
Westat, Inc	2,280
Government Employee Insurance Company (GEICO) ...	2,270
Henry M. Jackson Foundation	1,780
Suburban Hospital	1,770
Red Coats/Admiral Security Service	1,640

Source: Maryland Department of Commerce.

Personal Income

Actual personal income of County residents reached $79.9 billion in calendar year 2015 which is an increase over the 2014 amount of $75.8 billion. The County's total personal income experienced an increase of 5.4 percent in 2015, greater than the nation's increase of 4.5 percent, and greater than the State's rate of 4.1 percent. The County's total personal income increase of 5.4 percent is greater than the ten-year (2005-2014) annual average growth rate of 3.1 percent.

The County accounts for 23.8 percent of the State's personal income in 2015, which is a percentage that has ranged from a low of 23.5 percent in 2014 to a high of 24.5 percent in 2012.

Total Personal Income
($ millions)

Calendar Year	Montgomery County	Maryland	U.S.	Montgomery County as Percent of Maryland
2015	$79,946	$336,187	$15,463,981	23.8 %
2014	75,841	322,885	14,801,624	23.5
2013	74,018	312,370	14,068,960	23.7
2012	76,994	314,160	13,904,485	24.5
2011	73,818	304,388	13,233,436	24.3
2010	69,149	288,737	12,459,613	23.9
2009	66,148	279,901	12,079,444	23.6
2008	67.564	280,995	12,492,705	24.0
2007	63,700	267,774	11,995,419	23.8
2006	62,576	257,913	11,381,350	24.3
2005	58,924	242,159	10,610,320	24.3

Note: Data for 2005 to 2015 from U.S. Department of Commerce, Bureau of Economic Analysis, revised November 2016 (County, State, and U.S.).

.Average Household and Per Capita Personal Income

According the Bureau of Economic Analysis, U.S. Department of Commerce, the County's total personal income reached $79.9 billion in calendar year 2015, up from $75.8 billion in 2014, while per capita income reached $76,863 in 2015, up from $73,598 in 2014. Average household income increased from a revised $207,870 in 2014 to $215,223 in 2015.

Per Capita and Average Household Income, 2015

County	Per Capita Income	County	Average Household Income
Marin, CA	$109,076	Fairfield, CT	$302,392
Fairfield, CT	106,382	San Mateo, CA	283,505
San Mateo, CA	97,553	Marin, CA	269,087
Westchester. NY	93,229	Westchester. NY	269,062
Williamson, TN	87,419	Williamson, TN	254,019
Morris, NJ	86,582	Santa Clara, CA	250,445
Somerset, NJ	86,486	Somerset, NJ	246,167
Arlington, VA	86,161	Nassau, NY	242,484
Santa Clara, CA	82,756	Morris, NJ	240,965
Norfolk, MA	80,711	Fairfax, VA	225,088
Collier, FL	78,473	Loudoun, VA	217,774
Nassau, NY	77,762	Norfolk, MA	215,720
Montgomery, MD	**76,863**	**Montgomery, MD**	**215,223**
Bergen, NJ	75,849	Bergen, NJ	211,434
Fairfax, VA	74,923	Collier, FL	207,840
Chester, PA	73,803	Lake, IL	202,957
Middlesex, MA	73,265	Chester, PA	202,412
Montgomery, PA	71,306	Howard, MD	198,841
Howard, MD	69,991	Middlesex, MA	198,695
Loudon, VA	69,895	Arlington, VA	190,942

Notes: A major affluent suburban county is defined as a county in either a Metropolitan Statistical Area (MSA) or a Primary Metropolitan Statistical Area (PMSA) with a population of at least 200,000 where income levels are considerably higher than in the central city and other jurisdictions in the area.

Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA), November 2016, for total personal income and per capita data; the Department of Finance used the number of households from the American Community Survey, U.S. Census Bureau., and the total personal income from BEA.

Education

Montgomery County Public Schools (MCPS) is governed by an elected Board of Education comprised of eight members, including one student member. The Board, which was created by State law, appoints the Superintendent and all other employees. The system operates 204 elementary and secondary schools. The operating budget is $2.457 billion for fiscal year 2017, a 6.0 percent increase over the prior year, and the approved fiscal year 2017-2022 Capital Improvement Program is $1.568 billion, an increase of $24.4 million over the previously approved CIP. The emphasis that County residents place on education is reflected in budgeted per pupil operating expenditures of $15,454 in fiscal year 2017, and in the high percentage of high school graduates who continue formal education. In fiscal year 2017, projected enrollment is 159,016 students.

In the most recent American Community Survey taken in 2015, the 5-year estimates indicated that County residents, on average, are highly educated. According to the 2015 Survey, 57.4 percent of County residents 25 years old or over completed four or more years of college. Advanced degrees are held by 30.9 percent of the adult population, while high school graduates account for 91.3 percent of the County population aged 25 and over.

There are numerous colleges and universities offering degrees in various disciplines in and around Montgomery County. Many institutions also offer advanced degree programs in engineering, medicine, business, and computer sciences. The following table lists selected schools within or near the County and shows the student enrollment.

Post - Secondary Education

College	Student Enrollment
American University, Washington, DC	12,371
Catholic University, Washington, DC	6,702
George Washington University, Washington, DC	25,500 *
Georgetown University, Washington, DC	17,858
Hood College, Frederick, MD	2,288
Howard University, Washington, DC	10,265
Johns Hopkins University, Baltimore, MD	21,372
Montgomery College, 3 campuses in County (2-year)	25,320 **
Universities at Shady Grove, Montgomery County	4,000 *
University of Maryland, College Park, MD	37,610

* Approximate student enrollment
** Articulation agreements with 4-year institutions are available. Excludes enrollment in workforce development and continuing education classes
Note: Most current data available for each institution.

Transportation

The Department of Transportation ensures the safe and convenient movement of pedestrians and vehicles on County roads, operates the traffic system in a safe and efficient manner, and maintains the County's road system, bridges, storm drains, sidewalks, curbs, gutters, alleys, bikeways, streetlights, traffic signals, facilities and related equipment. The Department also operates the Ride on Bus System and supports regional transportation initiatives. The Department's services include bridge maintenance, road resurfacing, roadway and related maintenance, snow removal and storm services, trail maintenance, tree maintenance, urban streetscaping, facility engineering, facility maintenance and operations, parking, street lighting, traffic planning, traffic and pedestrian safety, traffic signs and marking, traffic signals and the Advanced Transportation Management System, and transportation management and operations.

Ride-On Bus System

The County Ride-On Bus system operates on 78 routes and is designed to complement the service provided by other transit operators in the County, while 76 of those routes serve one or more of the 12 Metrorail Red Line or MARC Rail Stations in the County. In fiscal year 2016, approximately 24.5 million passenger trips took place on the County Ride-On Bus system. The entire fleet consists of 343 buses owned and operated by the County, which travel approximately 15.1 million miles per year.

Parking Districts

There are four parking lot districts in the major urbanized areas of the County. Prior to 1987, general obligation bonds were issued by the County to finance the construction of parking facilities in these areas. In 1987, the County began using parking revenue bonds. Through fiscal year 2015, a special ad valorem tax was levied on certain commercial and residential properties located within each district to pay for debt service used to finance parking facilities within the district, maintenance and operation of such facilities, and capital construction projects within each district. In May 2015, the County Council set the ad valorem tax rate to zero for fiscal year 2016 and subsequent years. Current significant sources of revenue used to finance the parking program are meter collections, fees from off-street lots and parking garages, and parking fines. Since 1987, the County has issued parking revenue bonds in the amount of approximately $125 million for land acquisition, construction, repair and renovation of parking facilities. During fiscal year 2015, the four districts collectively had in service 21 garages with approximately 16,912 parking spaces, 22 surface lots with 1,558 spaces, and 2,406 on-street metered spaces.

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Airports

The County is served by three major airports located within 35 miles of Rockville. These airports provide high levels of short, long, and international flight services.

Ronald Reagan Washington National Airport is located in Arlington County, Virginia, across the Potomac River from Washington, D.C. Reagan National is accessible to Montgomery County also by Metrorail. In 2015, the airport served approximately 23 million passengers on commercial, general aviation and commuter flights, a 10.7 percent increase from 2014. The airport's popularity is fueled by its proximity to Washington, D.C. and its convenient access to Metrorail.

Dulles International Airport is located in adjacent Fairfax/Loudoun counties in Virginia and offers commercial, general aviation and commuter service. Dulles served 21.7 million passengers in 2015, a modest increase over 2014. In 2015, international air service continued to expand at Dulles. New airlines began flights at Dulles and new services were added. Domestic cargo at Dulles scored a turnaround in 2015, as tonnage increased 4 percent. The airport is positioned for continued growth as demand increases.

Approximately 22.8 million passengers used the airport in 2015, an increase of 2.4 percent from 2014. On March 4, 2015, Governor Hogan announced a $105 million construction procurement to improve passenger services and accommodate growing international service with a new security checkpoint to serve domestic and international travelers, including a new secure connector between Concourse D and Concourse E. This multi-phase project was unanimously approved by the Maryland Board of Public Works and is expected to be completed in 2017.

Metrorail Transit System

Services of the Washington Metropolitan Area Transit Authority (Metro) are the backbone of the County transit system. Providing service to the County are 12 rapid rail stations with 15,559 parking spaces and additional service by 150 Metrobuses. With the opening of the final Metrorail station in the County (Glenmont) in July 1998, the system includes 18.4 miles of rail service operating in the County. Each weekday approximately 160,000 trips are made on Metrorail in Montgomery County.

Metrorail is now a 117 mile network with the recent opening of the 11.7 mile Silver Line that connects Tysons Corner and Reston Virginia to the network and eventually to Dulles International Airport. This extension opened in July 2014. The regional network connects Washington, D.C. with the expanding Maryland and Virginia suburbs. It includes 38.3 miles of rapid transit services in the District of Columbia, 38.3 miles in Maryland and 40.4 miles in Virginia.

Metrobus

Another significant element in the mass transit system is Metrobus, which carries 15 million passengers annually on major trunk lines such as East-West Highway, Georgia Avenue, Veirs Mill Road, and Colesville Road. Approximately 150 Metrobuses operate on 39 routes in the County.

MARC Rail and Commuter Bus

The Maryland Mass Transit Administration operates MARC commuter rail service with ten stations in the County. County residents make approximately 2,500 trips on MARC each weekday. There are also privately operated commuter bus services into Montgomery County from Hagerstown, Frederick, and Columbia, Maryland, subsidized by the Maryland Department of Transportation, connecting to Metrorail stations in the County.

Agriculture

Agriculture in Montgomery County is a diverse industry that occupies about one-quarter of the County land area. The County’s agriculture industry contributes over $287 million to the local economy. Over $85 million comes from the County’s thriving equine industry, about $154 million from horticulture, and $48 million from traditional agriculture. There are more than 540 farms and 350 horticultural enterprises in the County. Forty-two (42) percent of the County’s 540 farms are farmed as a primary occupation. Cash grain farms are the predominant agricultural use in the County covering over 45,000 acres. There are 219 farms, or forty (40) percent, that produce table food crops-products for direct human consumption. The majority of farms are family-run operations, most having been in the same family for several generations. The industry as a whole employs more than 10,000 residents.

Preservation of rural land for agricultural use is a high priority in the County. Farmland preservation efforts consist of a variety of strategic programs offered by the County and State. The County received a total of $19.7 million in Rural Legacy Program grant awards.

Since its creation in 1980, the 93,000 acre Agricultural Reserve controlled farmland development in the County. There are approximately 70,000 acres of farmland in the Reserve, and another 20,000 acres within the Reserve are publicly owned (parkland) or previously developed land (rural villages). Currently, Montgomery County is ranked second nationally in acres of farmland protected through easements (72,479 acres), and has the highest percentage of land in farms preserved in the nation (94 percent).

In 1980, sixty (60) percent of the farmland in the Agricultural Reserve was owned by speculators. Through farmland preservation programs, this trend was significantly reduced as more farms are now owned and operated by farmers. Farmers and landowners can choose from seven separate agricultural land preservation programs. Each of these programs places an easement on the property that prevents future commercial, residential or industrial development of the land.

The Office of Agriculture supports retail and wholesale agricultural marketing programs, such as the County-sponsored farmer's markets and annual farm tour, and promotion of wholesale and cooperative marketing. The Office also provides programs and technical assistance for farmers; these initiatives include Fuel-Energy Tax Relief, Deer Donation Program, Weed Control Services, Agricultural Product and Farm Logo Program, and many more.

Major capital assets acquired during the current fiscal year included approximately $472,000 for purchasing preservation easements on farmland in agricultural zones. These assets enhance the preservation of farmland protected by Transferable Development Rights easements (TDRs) including other agricultural lands not protected by agricultural easements. An additional $1.2 Million is earmarked for pending fiscal year 2017 easement settlements in association with the County and State Agricultural Easement Programs.

New Construction

Between fiscal year 2015 and fiscal year 2016, the number of new construction projects decreased 0.5 percent. At the same time, the value of new construction added to the real property tax base increased 6.7 percent to $1.514 billion. Over the prior nine-year period (from fiscal year 2007 to fiscal year 2015), the number of projects, both residential and non-residential increased from 985 to 1,819. During that same period, the value of new construction averaged $1.281 billion between fiscal year 2007 and fiscal year 2015 and ranging from a high of $1.605 billion in fiscal year 2007 to a low of $0.586 billion in fiscal year 2012. The decline in the construction of residential properties beginning in fiscal year 2007 and ending in fiscal year 2012 reached its lowest level in seven fiscal years. Because of the depressed housing market beginning in late 2005, the value of new residential construction declined at an average annual rate of 25.3 percent between the peak in 2007 and 2012, but since 2012, new residential construction increased at an average annual rate of 28.7 percent.

New Construction Added to Real Property Tax Base
Montgomery County
($ millions)

Fiscal Year	Construction Starts	Residential	Apartments	Condominiums	Commercial/ Industrial	All Other	Total
2016	1,809	$663.3	$136.6	$117.2	$593.1	$2.4	$1,514.6
2015*...........	1,819	660.2	30.9	27.6	696.6	4.2	1,419.5
2014............	1,775	652.4	73.5	59.1	517.6	6.8	1,309.4
2013............	1,497	537.2	91.9	123.8	651.8	$3.0	1,407.6
2012............	839	241.5	39.0	60.7	241.3	3.1	585.6
2011............	863	540.2	20.6	56.6	226.9	75.5	919.8
2010............	833	599.4	19.7	180.3	354.7	226.6	1,380.7
2009............	738	724.1	5.8	455.4	229.5	0.0	1,414.8
2008............	952	882.7	25.8	318.5	256.6	0.0	1,483.6
2007............	985	1,040.1	22.0	211.4	312.6	19.5	1,605.6
10 Year Summary		$6,541.1	$467.8	$1,610.6	$4,080.7	$341.1	$13,041.3
Categories as Percent of Total		50.2%	3.6%	12.3%	31.3%	2.6%	100.0%

Source: Dodge Analytics, McGraw-Hill Construction, and Maryland State Department of Assessments and Taxation.
* 2015 data was revised based on McGraw-Hill Construction revisions.

Development Districts

In 1994, the County Council enacted the Development District Act, which allows the County to create development districts and to provide financing, refinancing, or reimbursement for the cost of infrastructure improvements necessary for the development of land in areas of the County of high priority for new development or redevelopment. Special assessments and/or special taxes may be levied to fund the issuance of bonds or other obligations created from the construction or acquisition of infrastructure improvements. The proceeds of development district bonds are used to fund certain road, park, and sewer infrastructure improvements supporting development within the districts.

As a result of a petition by property owners and the subsequent review and analysis of the feasibility of the proposed development district, the County Council, in January 1998, created the County's first development district, West Germantown. A second district, Kingsview Village Center, was created on July 28, 1998.

In separate actions in September 2000 and October 2001, the County Council approved resolutions initiating evaluation of three proposed new development districts located in Clarksburg: Clarksburg Town Center, Clarksburg Village and Clarksburg Skylark (currently marketed as Arora Hills). The Clarksburg Town Center development district was created on March 4, 2003. However, in October 2010, the Council adopted Resolution 16-1544 which effectively terminated the Clarksburg Town Center development district.

Economic Development Initiatives

In an effort to stimulate employment growth and new investment, the County initiates programs and promotes the strengths of each of its local employment centers.

Overview of Montgomery County

The County is divided into two major commercial real estate areas: the core and non-core markets. The core markets include the Bethesda/Chevy Chase and Silver Spring submarkets. These two are characterized by high- density, mass transit-serviced areas. Historically, they are some of the most highly demanded areas in Suburban Maryland.

The non-core markets include all of the remaining submarkets in Montgomery County including the technology based I-270 corridor. Each of the submarkets is outside of the Capital Beltway and generally exhibits more suburban traits, although, this trait is changing as companies are requiring more amenities for their employees.

Technology Corridors

The I-270 Technology Corridor is an internationally recognized life sciences and advanced technology center. It is home to over 1,000 biotechnology and advanced technology companies, including GlaxoSmithKline (formerly Human Genome Sciences), Lockheed Martin, MedImmune/Astra-Zeneca, IBM and Hughes Communications.

The White Flint Sector Master Plan, with the development clustered within 430 acres around the Metro Station, increased development capacity dramatically. With 9,800 new residential units and almost 6 million square feet of additional commercial development allowed to be phased in within a ten-minute walk from Metro, this area is transitioning from a tired transportation corridor full of strip centers to a vibrant, mixed use urban neighborhood. By the end of the year, the award-winning Pike & Rose project will have delivered almost 900 new residential units, a new hotel, and over 350,000 square feet of commercial space. Construction has also begun on new public streets and separated bike lanes in White Flint to allow for better local mobility and connections, and final site plans for two more mixed-use projects were recently approved with construction expected to begin late 2017.

The U.S. Route 29 Corridor in eastern Montgomery County continues its steady transformation into the County's other major technology and business center, with more than 100 major employers, most notably the FDA Headquarters campus that includes over 2.1 million square feet of office, lab and support facilities.

Central Business Districts

The County is committed to promoting new investment in its Central Business Districts (CBDs). The County's four CBDs are Silver Spring, Wheaton, Bethesda, and Friendship Heights, and are served by the region's longest extensions of the Metrorail system. The CBDs are centers for major business activity and medium- to high-density residential development in close proximity to the Metro stations. A summary of the four CBDs are as follow:

Downtown Silver Spring

Since 1998, the State and Montgomery County invested a total of approximately $200 million in the redevelopment of downtown Silver Spring. Downtown Silver Spring transformed into a vibrant business, retail and entertainment hub with the American Film Institute (AFI) and Discovery Communications leading the way. Other prominent locations in this district are:

- The Fillmore Silver Spring has been a huge success and brings the tradition of legendary and diverse lineups of performers across many genres of music to the 23,000 square foot venue that can host 2,000 patrons.

- The Silver Spring Civic Building and Veterans Plaza add a new dimension to the arts & entertainment economy in the area. The facility has transformed what it means to be in a public space in Silver Spring and is an economic engine for the nearby retail community.

- The new Silver Spring Library is 63,000 square feet, almost four times bigger than the current Silver Spring Library, and is designed to allow for a Purple Line station.

- Public transportation is being bolstered with the planned Purple Line light rail, which will add new transit options to the region, with two stations in downtown Silver Spring – and nine in the Silver Spring Regional Area.

Wheaton

The limited size of Wheaton's Central Business District (CBD), 76 acres, combined with the number of small commercial property parcels and multiple property owners, presents a challenge in redeveloping Wheaton, given the cost of land aggregation necessary for larger-scale development. The County recognized that it and other public entities held enough real estate assets in Wheaton to accommodate larger development projects. The County determined that some of these assets might be used to stimulate redevelopment in Wheaton as listed below:

- The Wheaton CBD and Vicinity Sector Plan promotes transit-oriented "smart growth" development in downtown Wheaton. Such development will enhance Wheaton's strong retail base, which includes a newly renovated Westfield Wheaton regional shopping mall and over 300 locally owned and operated small businesses, including more than 80 restaurants. A 148,000 square foot Costco Wholesale opened alongside the Westfield shopping mall in 2013.

- Patriot Realty Co., Foulger-Pratt Construction, and Safeway, Inc. have constructed an 800,000 square foot mixed-use residential/retail project – The Exchange at Wheaton Station – directly across from the WMATA Red Line subway station.

Bethesda

Downtown Bethesda is one of the County's major urban business and entertainment centers, with nearly 200 restaurants combined with the density of both high-rise office and residential buildings. Downtown Bethesda is a thriving destination offering residents, visitors, and its workforce multi-cultural dining, live theater, cinema, unique shops, and numerous special events and festivals.

- Residents and visitors alike continue to enjoy the artistic and enriching performances provided at the Bethesda Round House Theatre, Imagination Stage, Bethesda Row Landmark Theatre, and Bethesda Blues and Jazz Super Club. These marquee entertainment organizations highlight classical plays, children's theatre, live music, and independent and foreign films.

- Bethesda has a workforce of nearly 44,000 and includes employees who work for some of the region's most notable employers, including Capital One (formerly Chevy Chase Bank), Clark Construction Group, Calvert Investments, and Cohn Reznick.

- In the popular Bethesda Row section of downtown Bethesda, StonebridgeCarras completed the redevelopment of County Parking Lot 31. The development, which added 250 residential units in two buildings and a new 940-space underground County parking garage, was a joint venture with PN Hoffman. Across the street from Lot 31, JBG has plans to break ground on a 230-room boutique hotel, 25,000 square feet of shops and cafes, and nearly 270,000 square feet of office space.

- The $300 million, 40-acre Intelligence Community Campus-Bethesda celebrated its grand opening in October 2015. The site will be home to roughly 3,000 employees from the federal government's intelligence gathering agencies, including the Office of the Director of National Intelligence in the Washington National Capital area. The building will consume 69 percent less energy than it did before renovation and can also be zero-net energy, meaning it could produce as much energy as it consumes during a year. Running off photovoltaic solar panels, the garage, Vehicle Control Center and Vehicle Inspection Station at ICC-B already operate as zero-net energy buildings. The VCC uses groundwater heat pumps, temperature control and energy-efficient glass. The facility's garage is net-positive, meaning it generates more power than it needs. Overall, the entire campus is expected to use 31 percent less energy than before renovation.

- Marriott International will move its headquarters to a new $600 million complex in downtown Bethesda and is considering plans to build a new 200-plus room hotel.

Friendship Heights

The Friendship Heights CBD is located at the Montgomery County-Washington, D.C. border with the Metrorail station at Wisconsin and Western Avenues at its center. Adjacent to the Friendship Heights CBD are multiple smaller jurisdictions and developments, including the Village of Friendship Heights special taxing district, the Town of Somerset, the Brookdale neighborhood, and the Somerset House complex.

- The Friendship Heights area has the first top-tier luxury shopping center on the east coast outside of New York City. The Collection at Chevy Chase, part of the Chevy Chase Center mixed-used development, is a 112,000 square foot project facing Wisconsin Avenue.

- The second and third components of Chevy Chase Center consist of 100,000 square feet of neighborhood-oriented retail, and a 200,000 square foot office tower.

- The final project in Friendship Heights, completed in 2009, is Wisconsin Place, a one million square foot mixed-used development on Wisconsin Avenue. Wisconsin Place consists of 305,000 square feet of retail (Bloomingdale's and Whole Foods are the anchor tenants), 432 luxury apartments, 295,000 square feet of office space, a 20,500 square foot community center and a 1,765 space underground parking garage.

Existing Office/R&D/Commercial Space

As of October 2016, Montgomery County has more than 139 million square feet of commercial real estate space (office, flex, industrial, and retail).

Most of Montgomery County's office space is located along two "Technology Corridors", the I-270 corridor and the Route 29 corridor. The I-270 corridor includes the Bethesda, Rockville, Gaithersburg and Germantown markets and features over 104 million square feet of commercial space. Notable buildings along the I-270 corridor include the 1.2 million square foot MedImmune building in Gaithersburg and 800,000 square foot Marriott headquarters in North Bethesda. The Route 29 corridor connects Silver Spring to Burtonsville and includes over 14 million square feet of commercial space. Discovery Communications' 550,000 square foot corporate headquarters in downtown Silver Spring is the signature building in the corridor. Also featured along Route 29 is the Westech Business Park, which includes over three million square feet of office, R&D, light industrial and retail development.

Office/Flex/Industrial/Retail Space Availability by Major Submarkets
as of October 2016

Montgomery County Market	Total Inventory (Square Feet)	Direct Vacant (Square Feet)	Direct Vacancy Rate	Vacancy Rate w/Sublet
Bethesda/Chevy Chase....................	16,290,149	1,240,873	7.4%	8.1%
Gaithersburg....................................	21,989,600	2,285,285	10.4	10.6
Germantown....................................	9,351,899	647,960	6.9	7.1
Kensington/Wheaton	7,027,615	589,358	8.4	8.4
North Bethesda/Potomac.................	16,361,344	2,625,916	16.0	16.3
North Rockville...............................	22,741,792	2,818,088	12.4	13.2
North Silver Spring/Rt. 29..............	8,886,196	612,733	6.9	7.7
Rockville...	19,463,947	1,897,316	9.7	10.0
Silver Spring	11,822,335	873,196	7.4	7.4
Other Markets*	5,587,860	739,339	13.3	13.3
Total County	139,522,737	14,330,064	10.2	10.6

Note: CoStar Property, the County's source for commercial real estate information.
*Other Markets include I-270 North, Outlying Montgomery County East, and Outlying Montgomery County West submarkets.

Office/Industrial Projects

Summary

A few large commercial projects continued in Montgomery County in 2016. Construction was completed on NIH's National Institute of Allergy and Infectious Diseases (NIAID). Additionally, Montgomery County continued to make significant progress developing two strategic Science and Technology Centers. Details on these projects appear below.

Developers and local government officials broke ground on the Crown project in October 2012. The 182-acre tract is now the site of 320,000 square feet of retail and commercial space, plus 2,250 residential units, being built by Buzzuto Group and called "Cadence at Crown". In June 2015, the retail portion of Downtown Crown was sold for $162.8 million.

Public/Private Projects

Viva White Oak (formally LifSci Village)

The White Oak Science Gateway Master Plan is also being developed, which will provide a unique opportunity to capitalize on the presence of U.S. Food and Drug Administration (FDA), and transform this region of the County into a vibrant hub for technological advancement.

The proposed 300-acre development is a public-private partnership between the County and Percontee, Inc. The goal is to create a world-class life sciences, education and research campus that will be an economic engine in the eastern portion of the County, and complement nearby Federal agencies, most notably the consolidated FDA headquarters. The County enrolled the property in the State's Voluntary Clean-Up Program; environmental remediation was completed in late 2014. Infrastructure planning is now underway.

Montgomery College-Germantown Science and Technology Park

In early 2003, Montgomery College settled on the purchase of a 20-acre site adjacent to the College's Germantown campus. This property was combined with 20 acres of existing undeveloped land on the campus to form a 40-acre site on which a one million square foot Science and Technology Park will be constructed. The purchase of the 20-acre site was made possible by a total of $6.1 million in funding appropriations to the College from the State and County. The preliminary plan for the Science and Technology Park calls for primarily high technology research and development space, with a focus on the life sciences, which will complement the biotechnology programs and curriculum already offered at the Germantown Campus. Once built out, the Science and Technology Park will be home to nearly 4,000 employees. As the anchor tenant of the Montgomery College Science & Technology Park, Holy Cross Germantown serves as a valuable educational resource for aspiring health care workers. To complement the Science and Technology Park, the College provided space for a 35,000 square foot County-operated business incubator on campus, which is fully occupied with science and technology early stage companies. To complete this three-part science and technology project, the 127,000 square foot Bioscience Education Center opened September 2014.

Montgomery County Business Innovation Network

The Montgomery County Business Innovation Network is a program of three business incubator facilities and one virtual facility less program called Incubator without Walls that has successfully assisted start-up technology and professional services companies to grow and expand in the County. To date, over 240 companies have graduated from the County's incubators, with over 80% of those graduates successfully transitioning to commercial spaces within Montgomery County. The Maryland Technology Development Center opened its doors in 1998. After helping over 100 start-up companies to grow, the center has been successfully converted into the coveted National Cybersecurity Center of Excellence that began operations in January 2016 and functions as a regional hub for civilian cybersecurity initiatives. The County opened a second incubator in 2004, called the Silver Spring Innovation Center (SSIC). The SSIC is nearly fully leased to start-up information technology companies. The success of and demand for the incubator program spurred the County to develop three additional incubators since the opening of the SSIC. In July 2016, the Wheaton Business Innovation Center (WBIC) that opened in 2006 has been converted to an Incubator without Walls program to reach out and nurture more than 300 small businesses in Wheaton and Down County area. The Rockville Innovation Center (RIC), which opened in 2007, and the Germantown Innovation Center (GIC), the latest addition to the incubator program that opened in October 2008, now have a life sciences industry expert (BioHealth Innovations, Inc) managing the programs to further the facilities' economic outputs.

National Institute of Allergy and Infectious Diseases (NIAID)

The National Institute of Allergy and Infectious Diseases brought a projected 2,000 workers to a new 491,000 square-foot building on Fishers Lane in Twinbrook under a lease signed by the U.S. General Services Administration. Chevy Chase-based JBG Companies constructed and leased the 10-story office at 5601 Fishers Lane, near where NIAID already had 150,000 square feet of laboratory space. There is also a 5-story parking garage located adjacent to the building. NIAID signed a 15-year lease for its new quarters, which was completed in 2014.

Downtown Rockville

Construction was completed on a new mixed-use development project in Rockville Town Center. The $100 million development includes approximately 17,000 square feet of retail space, 465 apartments, a 140-room Cambria Suites Hotel and 600 parking spaces. The project is expected to generate $10.18 million in revenue for the county and nearly $3.8 million for the city during the next 15 years. The property is across the street from Choice Hotels International's new headquarters thus realizing the longtime vision for the headquarters and the flagship hotel brand to be located in close proximity.

New Business Additions and Expansions

Montgomery County's Department of Economic Development continues to work with companies interested in starting-up, expanding, or relocating to the County.

Highlights of this activity include:

- Marriott International – Retention of Global Headquarters and its 4000+ employees
- Abt Associates – Attraction of global headquarters, retention of 450 jobs and creation of 50 jobs.
- WeddingWire – Retention of 300 jobs and creation of 210 jobs.
- GlaxoSmithKline – Attraction of Global Center for Vaccines Research and Development, retention of 350 jobs and creation of 450 jobs.
- InfoZen – Retention of 35 jobs and creation of 230 jobs.
- Donohoe Construction – Headquarters attraction and 200 jobs, in addition to the creation of 80 jobs.
- Rain King – Retention of 132 jobs and creation of 66 jobs.
- HMS Host – Retention of 350 jobs and its headquarters operations in the County.
- Donohoe Companies – Attraction of its headquarters and 240 employees to the County

Retail

Retail sales, measured by sales tax data collected in fiscal year 2016, increased in Maryland and in Montgomery County. Compared to the prior fiscal year when retail sales in the County increased 4.2 percent, sales increased a modest 1.0 percent in fiscal year 2016. The increase was attributed to purchases of food and beverage items which increased 2.1%, purchases of building and industrial supplies were up 8.6%, hardware, machinery, and equipment which were up 1.5%, and automotive was up 3.6%.

Major Retail Centers

Montgomery County is served by three regional shopping malls. They are Lakeforest Mall in Gaithersburg, Westfield Montgomery Shopping Mall in Bethesda, and Westfield Wheaton Shopping Mall in Silver Spring.

Lakeforest Mall, located along Maryland Route 355 and Montgomery Village Avenue near I-270, opened in 1978. This 1.1 million square foot mall features over 160 stores, including four major department stores: Macy's, JC Penney, Lord & Taylor, and Sears Roebuck & Co.

Westfield Montgomery Shopping Mall opened in 1968, and covers 1.6 million square feet of space. It features Nordstrom, Macy's, Macy's Furniture Gallery, Sears Roebuck & Co., 211 other stores, and three parking garages. The Shopping Mall recently expanded by enlarging the Macy's, moving the Sears Automotive Center, adding a promenade with shops and restaurants with outdoor seating, and includes a Montgomery County Transit Center.

Westfield Wheaton Shopping Mall is located adjacent to the Wheaton Metro Center at the intersection of Georgia Avenue and Veirs Mill Road in the Wheaton Central Business District. This was the County's first shopping mall (opened in 1960) and was enclosed and remodeled in 1987. JC Penney, Macy's, and Target anchor the mall, which includes 195 stores, with an expansion in 2013 that includes Costco.

Clarksburg Premium Outlets, a 392,000 square foot, two-story LEED-certified venue, opened in October 2016. The outlet is located right off I-270 Exit 18 in Clarksburg, and includes more than 90 top brand stores such as Banana Republic Factory Store, Coach, Kate Spade New York, Nike Factory Store, Polo Ralph Lauren Factory Store, Saks Fifth Avenue Off 5th, Steve Madden, Tory Burch, and Under Armor.

Property Tax Assessments

The assessment of all real and tangible personal property for purposes of property taxation by State and local governmental units is the responsibility of the State Department of Assessments and Taxation (SDAT). Assessment 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. One-third of the real property base is reassessed every three years. An increase in full cash value arising from such reassessment is phased in over the ensuing three tax years in equal annual amounts. A decline in assessed valuation becomes fully effective in the first year.

As the level of new construction was less than $1.7 billion in fiscal year 2010, less than $1.0 billion in fiscal year 2011, less than $0.6 billion in fiscal year 2012, and less than $1.5 billion in fiscal year 2013, coupled with a decline in the valuation of properties, the real property taxable base decreased at an average annual rate of 2.9 percent, measured from fiscal year 2011 to fiscal year 2013, compared to a modest growth rate of 0.4 percent from fiscal year 2010 to fiscal year 2011. That two-year decline was attributed to the dramatic decreases in the reassessment rates in fiscal year 2010, fiscal year 2011, and fiscal year 2012. As such real property taxable assessments declined 3.3 percent in fiscal year 2012 and 2.4 percent in fiscal year 2013.

However, in fiscal year 2014, real property taxable assessment increased 1.0 percent and 2.4 percent in fiscal year 2015. Due to a decline in business investment in personal property between fiscal year 2010 and fiscal year 2013, attributed to an adjustment by the SDAT to assessments of individual personal property, the personal property base decreased at an average annual rate of 4.4 percent during the four-year period (from fiscal year 2010 to fiscal year 2013). In fiscal year 2014, personal property taxable assessment increased 2.9 percent but decreased 1.5 percent in fiscal year 2015. In fiscal year 2016, real property taxable assessment increased 4.0 percent and personal property taxable assessment increased 6.3 percent. The increase in real property taxable assessment is due to the increase in the triennial reassessment rates for residential and commercial properties in Group Three.

In fiscal year 2016, such exemptions for real property owned by Federal, State, County, and other governmental units, and certain non-profit organizations totaled nearly 21,000 accounts at the beginning of the fiscal year based on data from the State Department of Assessments and Taxation. Tax-exempt real property constitutes 6.1 percent of the total number of accounts for the real property assessable base. The SDAT grants exemptions from property taxes, pursuant to State law. The ratio of total assessed value to total full market value is based on studies conducted by the SDAT.

Tax Levies and Revenue

Fiscal Year	General County Tax Levy (including Education)	Revenue From Current Year Assessment	Ratio of Current Yr. Revenue to Tax Levy	Revenue From Prior Year Assessment	Total Revenue	Ratio of Total Revenue to Tax Levy	Accumulated Delinquent Taxes	Ratio of Accumulated Delinquent Taxes to Current Year Tax Levy
2016	$1,172,889,804	$1,148,375,647	97.91%	($21,380,048)	$1,125,995,599	96.00%	$13,853,525	1.18%
2015	1,133,030,658	1,108,320,647	97.82	(21,354,590)	1,086,963,057	95.93	$15,573,609	1.37
2014	1,148,085,538	1,126,029,910	98.08	(18,755,733)	1,107,274,177	96.45	14,453,739	1.26
2013	1,081,306,701	1,056,688,995	97.72	(23,627,793)	1,033,061,202	95.54	18,400,655	1.70
2012	1,089,656,756	1,068,630,086	98.07	(26,293,427)	1,042,336,659	95.66	16,292,469	1.50

Impact Tax

Development is occurring throughout Montgomery County, placing great demands on the County to provide for transportation improvements, public schools and other public facilities. Effective March 1, 2004, and pursuant to Articles VII and XII of Chapter 52 of the Montgomery County Code ("Development Impact Tax for Transportation Improvements," and "Development Impact Tax for Public School Improvements," respectively), most new residential development within Montgomery County is required to pay impact taxes. These impact taxes are a means of transferring a share of the costs of additional transportation improvements and additional classrooms in public schools to the new development that is primarily responsible for creating these needs. Prior to Bill 26-11, which became effective December 1, 2011, the tax was imposed prior to the issuance of a building permit. Under Bill 26-11 the payment of the tax is now due at the earlier of (A) the final inspection by the Department of Permitting Services; or either (Bl) 6 months for single family residential; or (B2) 12 months for multi-family residential and non-residential.

The original impact tax law was enacted in 1990, and applied to transportation improvements only, and affected two outlying geographic areas of the County: Germantown, in the northern section of the County, and an eastern section of the County. The law was amended in 2001 to add another northern section of the County (Clarksburg), and again in 2002 to extend the impact tax for transportation improvements to the remainder of the County. Amendments in 2004 added the schools impact tax, and 2007 amendments (effective during fiscal year 2008) substantially increased tax rates and required the County to increase tax rates by the rate of construction inflation (for the two previous years) in every odd year, for a two year period. In December 2010 the law exempted properties within the White Flint Sector Plan area from paying impact taxes, and in December 2011 the law changed the timing of the payments (see paragraph above).

In November of 2016 Bill 37-16 was enacted. Effective March 1, 2017, the legislation will (1) modify the method of calculating the transportation and public school impact tax; (2) create new transportation tax districts associated with the policy area categories; (3) adjust the transportation impact tax for residential use based on Non-Auto Driver Model Share associated with each tax district; (4) adjust the transportation impact tax for non-residential use based on Vehicle Miles of Travel associated with each tax district; (5) exempt certain student-built houses from the impact tax; (6) eliminate the transportation mitigation payments for certain projects; eliminate the school facilities payments for certain projects; (8) exempt certain farm tenant dwelling units from the impact tax for certain transportation improvements; and (9) generally amend County law concerning the development impact tax for transportation and public school improvements.

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DEBT SUMMARY

Overview

The County Government, four of its agencies (Montgomery County Revenue Authority, Montgomery County-Maryland National Parks and Planning, Washington Suburban Sanitary Commission, and the Housing Opportunities Commission), and municipalities are authorized by State law and/or County Charter to issue debt to finance capital projects. Consistent with County fiscal policy, the County issues debt to finance a major portion of the construction of long-lived additions or improvements to the County's publicly-owned infrastructure. The County's budget and fiscal plan for these improvements is known as the Capital Improvements Program (CIP). Bonds are repaid to bondholders with a series of principal and interest payments over a period of years, known as debt service. In this manner, the initial high cost of capital improvements is absorbed over time and assigned to current and future citizens benefiting from the facilities. Due to various Federal, State, and local tax policies, interest rates are generally lower than in the private sector.

In addition to the issuance of general obligation or revenue bonds, the County initially finances the cost of long-term capital assets with short-term paper known as Bond Anticipation Notes (BANs)/Commercial Paper, which the County intends to retire with the proceeds of long-term bonds. Additionally, the County from time to time enters into other long-term obligations, such as long-term loans, which are classified as long-term notes payable.

The various components of the County's debt described above are categorized as either direct or overlapping. Direct debt is the total bonded debt of the County, and constitutes the direct obligations of the County that impact its taxpayers. Components of Montgomery County direct debt are its general obligation bonds, BANs/commercial paper, long-term notes payable, and revenue bonds issued by the County.

Overlapping debt includes all borrowings of other County agencies, incorporated municipalities, and special taxing or development districts, which may impact those County tax- or rate-payers who are residents of those municipalities or special districts. More broadly, overlapping debt can help reveal the degree to which the total economy is being asked to support long-term fixed commitments for governmental facilities.

Certain direct and overlapping debt is additionally classified as Self-Supporting Debt. Such obligations are issued for projects that produce sufficient revenues to retire the debt. The bonds are not supported by the taxing power of the governmental entity issuing them.

The County's Net Direct and Overlapping Debt is derived by subtracting Direct Self-Supporting Debt from the Total Direct and Overlapping Debt. A summary statement of direct and overlapping debt for Montgomery County is provided on the following page. For additional discussion of particular elements of the County's debt, see the sections that follow and the Debt Service Program Report at the following link: https://www.montgomerycountymd.gov/finance/resources/files/data/financial/FY16_DEBT_SERVICE_BOOK.pdf.

Statement of Direct and Overlapping Debt As of June 30, 2016

Direct Debt:		
General Obligation Bonds Outstanding	$2,657,290,000	
General Obligation Variable Rate Demand Obligations	100,000,000	
Short-Term BANs/Commercial Paper Outstanding	500,000,000	
Revenue Bonds Outstanding	223,714,000	
Total Direct Debt		$3,481,004,000
Overlapping Debt:		
Gross Debt:		
Washington Suburban Sanitary Commission	1,821,694,000	
Applicable to Montgomery County		
Housing Opportunities Commission	875,542,045	
Montgomery County Revenue Authority	90,930,616	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	50,230,000	
Kingsview Village Center Development District	1,112,999	
West Germantown Development District	11,440,000	
Towns, Cities and Villages within Montgomery County	144,473,252	
Total Overlapping Debt		$2,995,422,912
Total Direct and Overlapping Debt		$6,476,426,912
Less Self-Supporting Debt:		
County Government Revenue Bonds	223,714,000	
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	1,821,694,000	
Housing Opportunities Commission	875,542,045	
Montgomery County Revenue Authority	90,930,616	
Total Self-Supporting Debt		($3,011,880,661)
Net Direct and Overlapping Debt		$3,464,546,251
Ratio of Debt to June 30, 2016 Assessed Valuation of (100% Assessment):		$174,060,795,069
Direct Debt		2.00%
Net Direct Debt *		1.87%
Direct and Overlapping Debt		3.72%
Net Direct and Overlapping Debt		1.99%
Ratio of Debt to June 30, 2016 Market Value		$188,057,991,930
Direct Debt		1.85%
Net Direct Debt *		1.73%
Direct and Overlapping Debt		3.44%
Net Direct and Overlapping Debt		1.84 %

*Net Direct Debt of $3,257,290,000 is derived by subtracting direct self-supporting debt, which consists only of County Government Revenue Bonds, from Total Direct Debt.

Debt Affordability

Once committed, debt service represents a major continuing claim on County resources that must be kept to affordable levels within the annual operating requirements of the County in order to avoid excessive pressures on operating budgets. To assure such affordable levels, the County's general obligation debt is subject to the following tests: 1) the self-imposed, but Charter-required, spending affordability guidelines and 2) the State Law-mandated Legal Debt Limit.

The County Council annually adopts spending affordability guidelines for the capital budget. The guidelines provide for the total amount of general obligation debt issued by the County and by the Maryland-National Capital Park and Planning Commission that may be planned for expenditure in the subsequent two fiscal years and for the six-year Capital Improvements Program. Consideration of the guidelines is based on a number of economic and financial factors or criteria for debt affordability. These criteria are described in the County's Fiscal Policy and provide a foundation for judgments about the County's capacity to issue debt and its ability to retire the debt over time.

Section 10-203 of the Local Government Article of the Annotated Code of Maryland authorizes borrowing of funds and issuance of bonds up to a maximum of the sum of six percent of the assessed valuation of all real property and 15 percent of the assessed valuation of all personal property within the County. Section 10-203 provides that obligations having a maturity not in excess of 12 months shall not be subject to, or be included in, computing the County's legal debt limitation. However, the County includes its BANs/commercial paper in such calculation because it intends to repay such notes with the proceeds of long-term debt to be issued in the near future. The results of the County's legal debt limit computation are displayed in the table below.

Statement of Legal Debt Margin
As of June 30, 2016

June 30, 2016 Assessed Valuation – Real Property		$170,176,446,052
Debt Limit (% of Assessed Valuation)		6%
Subtotal Limitation – Real Property		$10,210,586,763
June 30, 2016 Assessed Valuation – Personal Property		$ 3,884,349,017
Debt Limit (% of Assessed Valuation)		15%
Subtotal Limitation – Personal Property		$ 582,652,353
Total Assessed Valuation – Real and Personal Property		$174,060,795,069
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		$10,793,239,116
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding	$2,657,290,000	
General Obligation Variable Rate Demand Obligations	100,000,000	
Short-Term BANs/Commercial Paper	500,000,000	
Net Direct Debt		3,257,290,000
Legal Debt Margin		$7,535,949,116
Net Direct Debt as a Percentage of Assessed Valuation		1.87%

Direct Debt

General Obligation Bonds

County general obligation bonds are secured by the full faith, credit, and taxing powers of the County. Bonds are normally issued in serial maturities from one to 20 years, with five percent of the principal retired each year. This practice produces equal annual payments of principal over the life of the bond issue and declining annual payments of interest on the outstanding bonds. The Charter limits the term of any bond to a maximum of 30 years.

Variable Rate Demand Obligations

Variable rate demand obligations ("VRDO") are debt instruments that represent borrowed funds that are payable on demand and accrued interest based on prevailing short-term money market rates. VRDOs are general obligations of the County and are, therefore, secured by an irrevocable pledge of the full faith and credit and unlimited taxing power of the County.

The County issued two series of VRDOs which mature on June 1, 2026. However, the County is required by the terms of the Note Order to make annual sinking fund payments to retire one-tenth of the notes each year beginning in 2017. The VRDOs were issued in the Daily Mode and currently bear interest at the Daily Rate, which is established by the remarketing agents and re-sets daily. Interest on these obligations is payable on the first business day of each month.

The General Obligation Bonded Debt Ratios displayed below measure the burden of the County's net direct debt, which consists primarily of general obligation bonds and outstanding BANs/commercial paper, and debt service payments on such. As with the calculation of the Legal Debt Limit, the County includes its BANs/commercial paper in these ratio calculations because it intends to repay such notes with the proceeds of general obligation debt to be issued in the near future. The ratios are as follows: 1) net direct debt as a percentage of full (market) value of taxable property; 2) debt service on outstanding general obligation bonds as a percentage of General Fund expenditures and transfers out; 3) net direct debt per capita; 4) net direct debt per capita as a percentage of per capita income; and 5) rate of replacement of general obligation bond principal (payout ratio) in ten years. The results of these indicators are displayed in the table below.

General Obligation Bonded Debt Ratios
2007 – 2016

Fiscal Year	Net Direct Debt to Market Value	GO Bond Debt Service to General Fund Expenditures	Net Direct Debt Per Capita	Net Direct Debt Per Capita to Per Capita Income	GO Bond Payout
2007.....	1.30%	7.83	1,861	2.81%	68.92
2008.....	1.18	7.95	1,848	2.70	71.39
2009.....	1.13	7.31	1,997	2.83	70.63
2010.....	1.22	7.92	2,277	3.24	69.37
2011.....	1.27	8.58	2,507	3.55	68.65
2012....	1.46	8.87	2,625	3.60	67.88
2013....	1.58	8.88	2,737	3.74	68.33
2014.....	1.61	8.96	2,819	3.88	68.64
2015.....	1.57	9.62	2,761	3.76	67.41
2016.....	1.73	9.36	3,132	4.07	67.88

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 April 20, 2017 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 McGuireWoods, 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 Montgomery County, Maryland, to the payment of which the Commission and Montgomery 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

Opinion of Bond Counsel – Federal Income Tax Status of Interest. Bond Counsel's opinion will state that, under current law, (i) interest on the Bonds (including any accrued "original issue discount" properly allocable to the owners of the Bonds) is excludable from gross income for purposes of Federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not a specific item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations; provided, however, for purposes of the alternative minimum tax imposed on corporations (as defined for Federal income tax purposes under Section 56 of the Code), interest on the Bonds is included in computing adjusted current earnings.

Bond Counsel will express no opinion regarding other Federal tax consequences arising with respect to the Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for Federal income tax purposes under Section 103 of the Code. Bond Counsel’s opinion does not contain or provide any opinion or assurance regarding the future activities of the Commission or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS"). The Commission has covenanted, however, to comply with the requirements of the Code.

Reliance and Assumptions; Effect of Certain Changes. In delivering its opinion regarding the tax treatment of interest on the Bonds, Bond Counsel is relying upon certifications of representatives of the Commission, the underwriters of the Bonds and other persons as to facts material to the opinion, which Bond Counsel has not independently verified. In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Commission. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of Federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury Department (the “Treasury Department”). The Non-Arbitrage Certificate and Tax Covenants executed and delivered by the Commission on the date of delivery of the Bonds (the “Tax Agreement”) contains covenants (the "Covenants") under which the Commission has agreed to comply with such requirements. Failure by the Commission to comply with the Covenants could cause interest on the Bonds to become includable in gross income for Federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for Federal income tax purposes. Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Tax Agreement. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for Federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning or disposing of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on Federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for Federal tax purposes or any other Federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount. The "original issue discount" ("OID") on any Bond is the excess of such Bond's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such Bond. The "issue price" of a Bond is the initial offering price to the public at which price a substantial amount of the Bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The issue price for each maturity of the Bonds is expected to be the initial public offering price set forth on the inside front cover of this Official Statement (or, in the case of Bonds sold on a yield basis, the initial offering price derived from such yield), but is subject to change based on actual sales. OID on the Bonds with OID (the "OID Bonds") represents interest that is excludable from gross income for purposes of Federal income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the alternative minimum tax and the distribution requirements of certain investment companies and may result in some of the collateral Federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral Federal income tax consequences although the owner may not have received cash in such year.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for Federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for Federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for Federal income tax purposes of interest accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

Bond Premium. In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and the amortization of bond premium on, Premium Bonds.

Possible Legislative or Regulatory Action. Legislation and regulations affecting tax-exempt bonds are continually being considered by the United States Congress, the Treasury Department, and the IRS. In addition, the IRS has established an expanded audit and enforcement program for tax-exempt Bonds. There can be no assurance that legislation enacted or proposed after the date of issue of the Bonds or an audit initiated or other enforcement or regulatory action taken by the Treasury Department or the IRS involving the Bonds or other tax-exempt bonds will not have an adverse effect on the tax status or the market price of the Bonds or on the economic value of the tax-exempt status of the interest thereon.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Opinion of Bond Counsel – State Tax Exemption. In the opinion of Bond Counsel, under existing law of the State of Maryland, the principal amount of the Bonds, the interest thereon, their transfer, and any income derived therefrom, including any profit from the sale or transfer thereof, are exempt from state and local taxes in the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Bonds or the interest thereon.

Interest on the Bonds may be subject to state and local taxes in jurisdictions other than the State of Maryland under applicable state or local laws. Prospective purchasers of the Bonds should consult their own tax advisors regarding the taxable status of the Bonds in a particular state or local jurisdiction other than the State of Maryland.

INDEPENDENT AUDITOR

The basic financial statements as of June 30, 2016 and for the year then ended included in Appendix A have been audited by SB & Company, LLC, 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.

RATINGS

Moody's Investors Service; S & P Global Ratings, a division of S & P Global, 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 at 250 Greenwich Street, New York, New York 10007;S & P Global Ratings, 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 participating underwriters (as defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule")) of the Bonds in complying with the requirements of paragraph (b)(5) of 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 annually certain financial information and operating data related to the Commission and the County, respectively, updated as of June 30 of the immediately preceding fiscal year (the "Report"), not later than March 31 in each year, commencing March 31, 2017 and the Commission will provide notices of the occurrence of certain listed 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.

In the previous five years, the Commission has not failed to comply in any material respect with any prior continuing disclosure undertaking made pursuant to Rule 15c2-12. 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 Joseph C. Zimmerman, 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 for the Bonds will receive a reasonable number of copies of the Official Statement without charge.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

BY: /S/ JOSEPH C. ZIMMERMAN
Joseph C. Zimmerman
Secretary-Treasurer

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ANNUAL REPORT

Of

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Commissioners
The Maryland-National Capital Park and Planning Commission
Riverdale, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maryland-National Capital Park and Planning Commission (the Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410-584-0060 • F 410-584-0061

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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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules related to the defined benefit pension plans, and the schedule of funding progress for other postemployment benefit plans, as referenced in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary data 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 supplementary data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SB & COMPANY, LLC
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The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hunt Valley, Maryland
October 19, 2016

SB & Company, LLC

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, 2016.

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 and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflow of resources at June 30, 2016 by $995.6 million (net position). Of this amount, $164.5 million may be used to meet the Commission's ongoing obligations.

- The Commission's net position grew by $41.6 million during fiscal year 2016. This is largely a result of: an increase in capital assets of $54.8 million. These are offset by an increase in accounts payable of $5.4 million, debt principal payments of $10.4 million, an increase in the OPEB liability of $2.3 million and an increase in the Pension Liability of $17.4 million.

- As of June 30, 2016, the Commission's governmental funds reported combined ending fund balances of $305.7 million, an increase of $21.0 million. Of this amount, $137.7 million is unassigned, $20.8 million is assigned, $135.0 million is committed, $11.5 million of fund balance is restricted and $0.7 million is non-spendable.

- The Commission's General Fund balance at June 30, 2016 was $225.0 million, an increase of $35.8 million during the year. The unassigned fund balance of $173.4 million is approximately 48.3% of fiscal year 2016 expenditures and transfers out.

- The Montgomery County Capital Projects Fund balance as of June 30, 2016 was $9.5 million, an increase of $5.2 million. The unassigned fund deficit of $13.9 million results from a committed fund balance for long-term contracts, many of which will be funded when expended by reimbursements from Montgomery County Government or by reimbursable grants.

- The Prince George's County Capital Projects Fund balance as of June 30, 2016 was $56.2 million, a decrease of $20.4 million. The fund balance has decreased due to the transfer of $21.4 million to the Prince George's County Park Account.

- The assets plus deferred outflows of the enterprise funds exceeded liabilities and deferred inflows by $67.2 million, an increase of $0.6 million. The Prince George's Enterprise Fund had a slight decrease in net position of $.0.1 million and the Montgomery Enterprise Fund had an increase in net position of $0.7 million.

- The Commission's bonds and notes payable decreased by $10.4 million due to scheduled principal payments. Also, the Commission issued general obligation bonds for Montgomery County in the amount of $12 million and Prince George's in the amount of $19.5 million.

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 include 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 Public Accountants 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 position presents information on all of the Commission's assets and liabilities and deferred inflow and outflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 certain Recreational and Cultural Facilities in both Montgomery and Prince George's Counties.

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 and Risk Management, Prince George's County's Capital Equipment and Risk Management, Central Administrative Services Capital Equipment, Executive Office Building, Employee Benefits, 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 position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by $995.6 million at the close of the most recent fiscal year.

A summary of the Commission's net position follows:

Summary of Net Position (in millions)
June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
Assets							
Current and Other Assets	$ 423.5	$ 394.7	$ 14.6	$ 13.9	$ 438.1	$ 408.6	7.2%
Capital Assets	879.9	825.6	62.8	62.3	942.7	887.9	6.2%
Total Assets	1,303.4	1,220.3	77.4	76.2	1,380.8	1,296.5	6.5%
Deferred Outflows	87.3	50.9	3.2	1.8	90.5	52.7	0.0%
Liabilities/Deferred Inflows							
Current Portion of Long-term Liabilities	27.4	27.4	0.3	0.4	27.7	27.8	-0.4%
Long-term Liabilities	352.8	308.8	9.1	8.3	361.9	317.1	14.1%
Other Liabilities/Deferred Inflows	82.1	47.6	4.0	2.7	86.1	50.3	71.2%
Total Liabilities/Deferred Inflows	462.3	383.8	13.4	11.4	475.7	395.2	20.4%
Net Position							
Net investment in Capital Assets	768.3	736.5	62.8	62.3	831.1	798.8	4.0%
Unrestricted	160.1	150.9	4.4	4.3	164.5	155.2	6.0%
Total Net Position	$ 928.4	$ 887.4	$ 67.2	$ 66.6	$ 995.6	$ 954.0	4.4%

Current and other assets increased by 7.2% mainly due to the issuance of general obligation bonds. Also, long-term liabilities increased by 14.1 % due to the issuance of general obligation bonds and other liabilities/deferred inflows increased by 71.2%, which is mainly due to increases in changes in pension plan assumptions and the difference between expected and actual experience. Changes in net position are discussed later.

By far, the largest portion of the Commission's net position 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 $164.5 million of net position 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 position, 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.

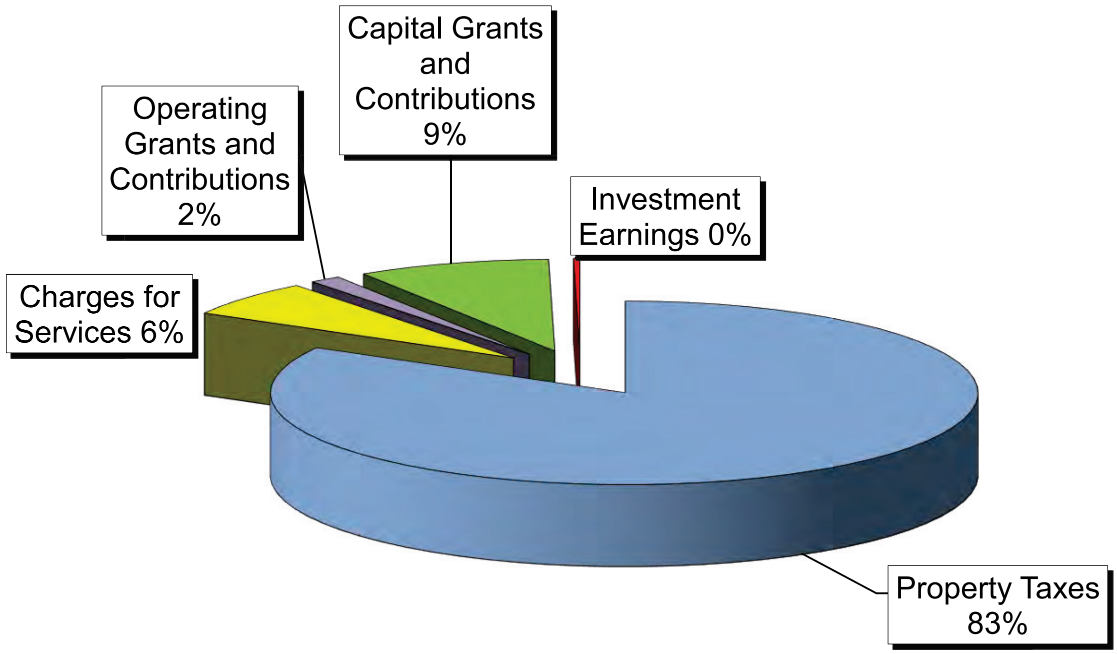
A summary of changes in net position follows:

Summary of Changes in Net Position (in millions) For the Fiscal Years Ended June 30, 2016 and 2015	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
Program Revenues:							
Charges for Services	$ 26.9	$ 26.0	$ 20.0	$ 19.4	$ 46.9	$ 45.4	3.3%
Operating Grants and Contributions	6.0	5.4	-	-	6.0	5.4	11.1%
Capital Grants and Contributions	37.2	39.5	1.9	-	39.1	39.5	-1.0%
General Revenues:							
Property Taxes	352.3	326.4	-	-	352.3	326.4	7.9%
Investment Earnings	1.2	1.2	0.1	0.1	1.3	1.3	0.0%
Total Revenues	423.6	398.5	22.0	19.5	445.6	418.0	6.6%
Expenses:							
General Government	18.9	21.1	-	-	18.9	21.1	-10.4%
County Planning and Zoning	57.3	49.2	-	-	57.3	49.2	16.5%
Park Operations and Maintenance	243.0	227.9	-	-	243.0	227.9	6.6%
Recreation Programs	50.3	65.2	-	-	50.3	65.2	-22.9%
Recreational and Cultural Facilities	-	-	30.5	31.0	30.5	31.0	-1.6%
Interest on Long-term Debt	4.0	3.9	-	-	4.0	3.9	2.6%
Total Expenses	373.5	367.3	30.5	31.0	404.0	398.3	1.4%
Increase (Decrease) in Net Position Before Transfers	50.1	31.2	(8.5)	(11.5)	41.6	19.7	111.2%
Transfers	(9.1)	(9.7)	9.1	9.7	-	-	
Increase (Decrease) in Net Position	41.0	21.5	0.6	(1.8)	41.6	19.7	
Net Position - beginning	887.4	865.9	66.6	68.4	954.0	934.3	
Net Position - ending	$ 928.4	$ 887.4	$ 67.2	$ 66.6	$ 995.6	$ 954.0	

During the current fiscal year the Commission's net position increased by $41.6 million. This is largely a result of an increase in capital assets of $54.8 million, and the issuance of bonds in the amount of $31.5 million. These are offset by an increase in accounts payable of $5.4 million, debt principal payments of $10.4 million, an increase in the OPEB liability of $2.3 million and an increase in the Pension Liability of $17.4 million.

Governmental activities. Governmental activities increased the Commission's net position by $41.0 million, thereby accounting for 98.3% of the total growth in the net position of the Commission. This increase is primarily attributable to capital grants receipts of $37.2 million, offset by a surplus of ongoing revenues over ongoing expenses of $12.9 million and by the transfers to business-type activities of $9.1 million.

Revenues by Source - Governmental Activities



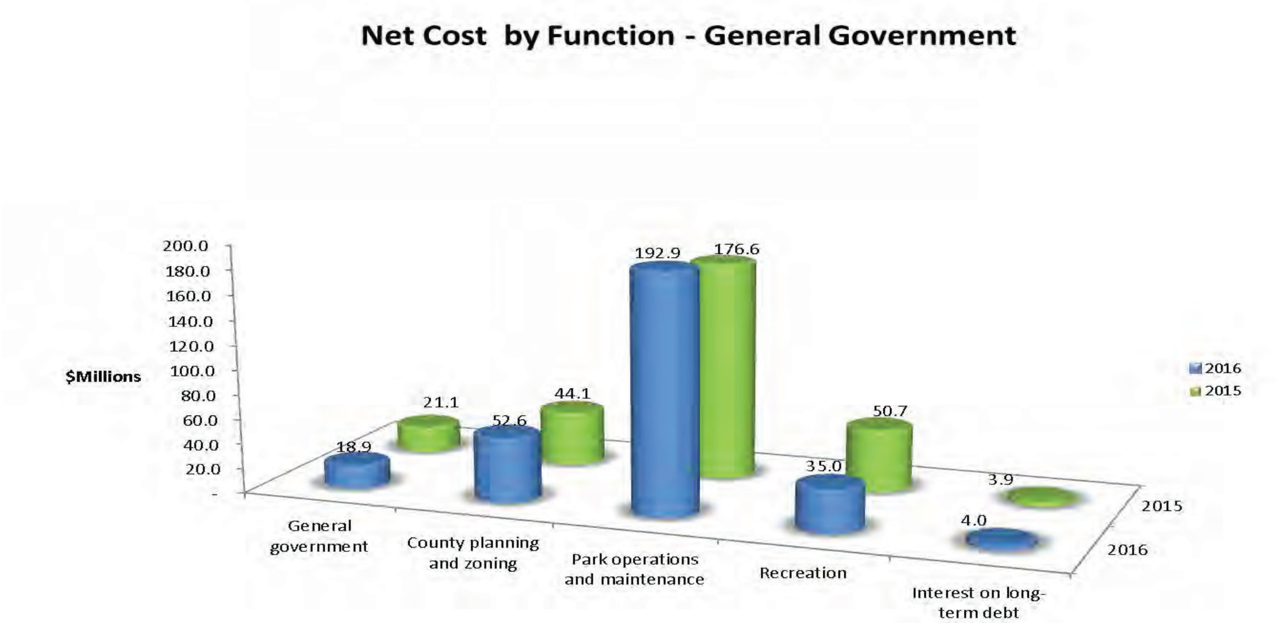
As the above diagram shows, property taxes make up 83% of Commission governmental revenues.

As is reflected in the following chart, the Commission's governmental activities are largely supported by general revenues and in particular property taxes. Charges for services and operating grants cover 8.8% of governmental activities expenses.

The overall total cost of services and net cost of services increased by 1.7% and 2.4% for FY 2016 compared to FY 2015, respectively.

Net Cost of Governmental Activities (000's)
For the Fiscal Years Ended June 30, 2016 and 2015

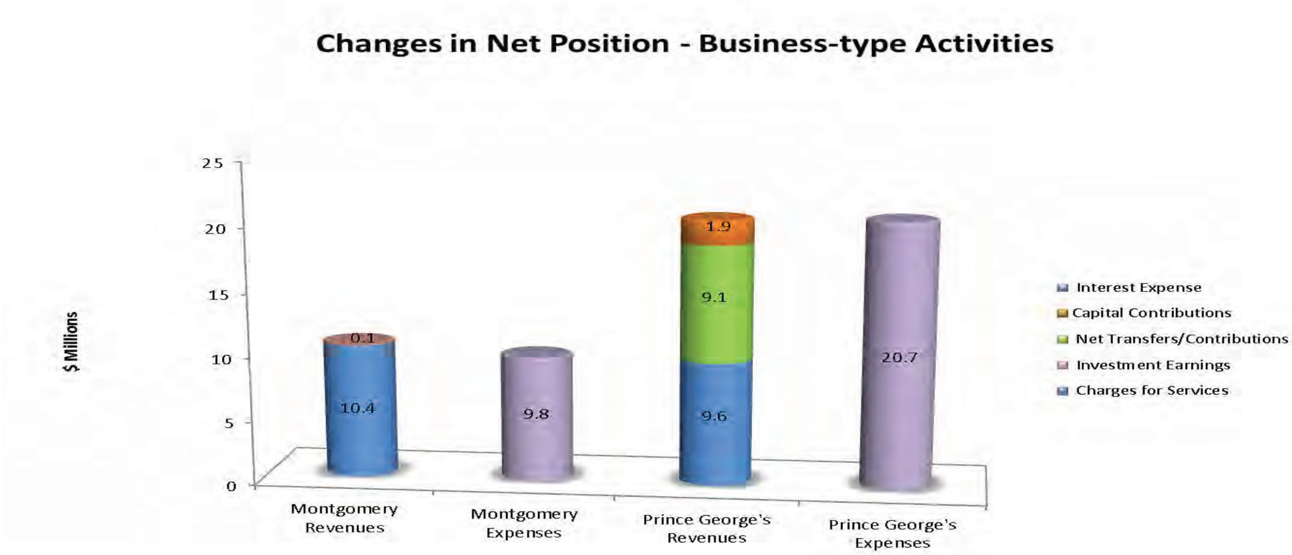
	2016		2015		Percentage Change 2015 - 2016	
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services
General Government	$ 18,944	$ 18,944	$ 21,133	$ 21,133	-10.4%	-10.4%
County Planning and Zoning	57,309	52,643	49,148	44,138	16.6%	19.3%
Park Operations and Maintenance	243,036	192,906	227,850	176,588	6.7%	9.2%
Recreation Programs	50,263	34,955	65,247	50,653	-23.0%	-31.0%
Interest on Long-term Debt	4,048	4,048	3,900	3,900	3.8%	3.8%
Total	$ 373,600	$ 303,496	$ 367,278	$ 296,412	1.7%	2.4%



Business-type Activities. Business-type activities expenses in excess of revenues led to an increase in the Commission's net position of $0.6 million.

- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services, current operating grants and interest income by $8.5 million.

- Governmental activities contributed $9.1 million to support the enterprise activities. The funding is primarily for the Prince George's County business-type activities.



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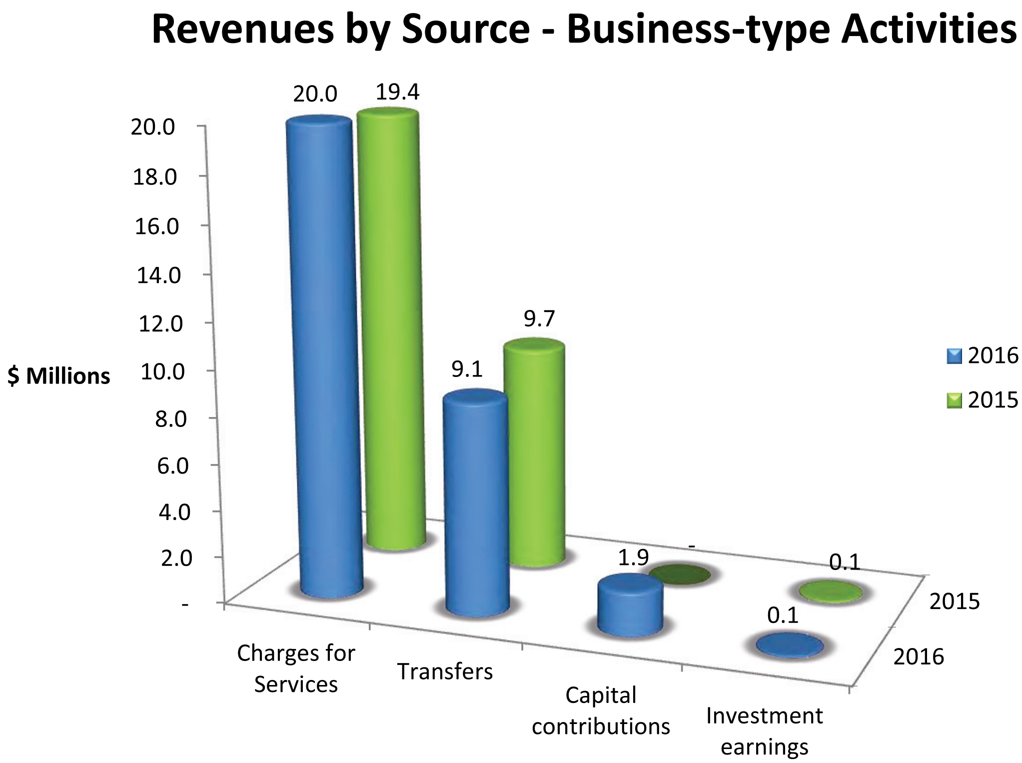
More detail regarding these funds is provided later in the Proprietary Funds discussion.



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

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

Financial Analysis of the Commission's Funds

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

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of $305.7 million, an increase of $21.0 million in comparison with the prior year. Approximately 45.0% of this total amount, or $137.7 million, constitutes unassigned fund balance, which is available for spending in future years and provides reserves for unforeseen expenditure needs. The remaining fund balances are non-spendable, restricted, committed or assigned to indicate that they are not available for new spending as $0.7 million is non-spendable, $135.0 million has been committed for contracts and purchase orders, $11.5 million is restricted and $20.8 million is assigned to fund fiscal year 2017 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 $173.4 million, while total fund balance was $225.0 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 48.3% of the total general fund expenditures and transfers out, while total fund balance represents 62.7% of the same amount.

The fund balance of the Commission's General Fund has increased by $35.8 million during the current fiscal year. Key factors that generated this increase are as follows:

- Savings of $2.7 million due to delaying of the bond issues until later in the fiscal year.
- Property tax revenues were $10.6 million higher than budgeted.
- Control of expenditures generated $14.5 million in savings to provide funding for future years' budgets.

The capital project fund for Montgomery County has a total fund balance of $9.5 million and Prince George's County has a fund balance of $56.2 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 an increase of $5.2 million in Montgomery County, and a decrease of $20.4 million in Prince George's County, primarily due to the transfer of $21.4 million to the Prince George's County Park Account, offset by the $6.3 million transfer from the general fund to the capital projects fund for Prince George's County, construction grants realized of $26.4 million in Montgomery County and $4.3 million in Prince George's County and the issuance of General Obligation Bonds in the amount of $12.0 million in Montgomery County and $19.5 million in Prince George's County. Expenditures for the fiscal year were $35.8 million in Montgomery County and $31.6 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 a 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 position of the Montgomery County fund at the end of the year amounted to $4.8 million and the unrestricted net position for the Prince George's County fund amounted to $(0.4) million. The total changes in net position for the funds were an increase in the Montgomery County fund of $0.7 million and a decrease of $0.1 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, 2016 and 2015

	Montgomery County		Prince George's County	
	FY2016	FY2015	FY2016	FY2015
Operating Revenues	$ 10,411	$ 9,868	$ 9,607	$ 9,536
Operating Expenses, Excluding Depreciation	8,605	8,159	18,746	18,898
Operating Income (Loss), Excluding Depreciation	1,806	1,709	(9,139)	(9,362)
Depreciation	1,154	1,242	1,924	2,663
Operating Income (Loss)	652	467	(11,063)	(12,025)
Nonoperating Revenue (Expense)	64	58	1,935	38
Transfers/Contributions	-	-	9,071	9,726
Change in Net Position	$ 716	$ 525	$ (57)	$ (2,261)

Comparative Montgomery County key data are as follows:

Montgomery County Enterprise Fund Key Data (000's) For the Fiscal Years Ended June 30, 2016 and 2015						
	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2016	FY2015	Change	FY2016	FY2015	Change
Event Centers	$ 633	$ 775	$ (142)	$ (75)	$ 18	$ (93)
Golf Courses	13	21	(8)	12	21	(9)
Ice Rinks	4,600	4,812	(212)	640	862	(222)
Indoor Tennis	1,688	1,794	(106)	362	424	(62)
Park Facilities	3,477	2,466	1,011	867	384	483
Total	$ 10,411	$ 9,868	$ 543	$ 1,806	$ 1,709	$ 97

The Montgomery County Enterprise Fund revenues increased by $543,000 and operating income increased by $97,000. Operating revenues and income were down at the event centers mainly due to the 6 week closure of Seneca Lodge for maintenance. The Wheaton Sports Center was reclassified as a Park Facility which resulted in the decrease in both revenue and operating income at the Ice Rinks and an increase to the Park Facilities. The Pauline Betz Addie Tennis Center was closed for 6 weeks during FY 2016 for the installation of a new HVAC system which caused a decrease in both revenue and operating income. This loss of revenue was offset by savings in maintenance and utility costs. In addition to the reclassification of the Wheaton Sports Center, the re-opening of Brookside Gardens after major renovations in FY 2015 contributed to the increase in revenue and operating income at the Park Facilities.

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, 2016 and 2015						
	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2016	FY2015	Change	FY2016	FY2015	Change
Airport	$ 196	$ 250	$ (54)	$ (176)	$ (140)	$ (36)
Equestrian Center/ShowplaceArena	1,369	1,348	21	(1,502)	(1,611)	109
Golf Courses	2,199	2,207	(8)	(1,527)	(1,397)	(130)
Ice Rinks	559	512	47	(711)	(817)	106
Tennis Bubbles/Administration	344	296	48	(654)	(850)	196
Trap and Skeet Center	1,633	1,702	(69)	(26)	96	(122)
Sports and Learning Complex	3,167	3,105	62	(4,459)	(4,392)	(67)
Bladensburg Marina	140	116	24	(84)	(251)	167
Total	$ 9,607	$ 9,536	$ 71	$ (9,139)	$ (9,362)	$ 223

The Prince George's County Enterprise Fund revenues increased by $71,000 and the operating loss, excluding depreciation, decreased by $223,000. There were fewer sales of jet fuel at the College Park Airport leading to the decrease in revenue and operating income. In FY 2016, Rental and Concessions were higher at the Equestrian Center/Showplace Arena and Supplies and Materials expenses were lower which led to the increases in revenues and operating income. The decrease in operating income at the Golf Courses is due to increased expenses for supplies and materials and for maintenance costs at Henson Creek and Enterprise Golf Courses. Charges for Services and Rental and Concessions revenue at Tucker Road Ice Rink were higher and Personnel Services costs were lower in FY 2016, which resulted in an increase in both revenues and operating income. Increased revenue at the Watkins Tennis Bubble is due to more class registrations in FY 2016. A decrease in sales at the Trap and Skeet Center led to a decrease in revenue and expenses for equipment repair and replacement contributed to the decrease in operating income. The Sports and Learning Complex earned more Rental income in FY 2016. This was offset by an increase in expenses for the purchase of a scoreboard and facility repairs which resulted in a decrease in operating income.

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, 2016	Administration Account	Park Account
Favorable property tax collections	$ 36.4	$ 72.0
Favorable charges for services	253.4	187.5
(Unfavorable) intergovernmental revenue	(146.8)	(87.6)
Favorable (Unfavorable) investment revenue	33.0	(27.8)
Favorable other revenue	6.9	24.3
Total favorable/(unfavorable) revenue variance	182.9	168.4
Expenditure savings	2,084.5	1,591.2
Favorable other financing sources (uses)	-	313.5
Total favorable budgetary variance	$ 2,267.4	$ 2,073.1

Property tax collections were higher than budgeted due to a higher than projected actual assessable base for personal property tax. Charges for Services exceeded the budget for both the Administration and Park Accounts. The Administration Fund had higher than anticipated forest conservation plan submissions and the Park Account had higher than expected ball field rentals. Intergovernmental Revenue was down in both the Administration and Park Accounts due to fewer grants than anticipated. Investment Revenue fluctuates as the interest revenue is allocated based upon account balances. Other Revenues for both funds was up due to higher than anticipated collections of donations, fines and other miscellaneous revenue. Expenditure savings for both funds was primarily a result of delays in filling vacant positions. The delay of the bond sale resulted in debt service savings.

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 (000's) June 30, 2016	Administration Account	Park Account
Fund balance, budget basis		
Assigned	$ 2,093.8	$ 1,453.4
Unassigned	3,310.3	6,775.3
Total Budgetary Fund Balance	$ 5,404.1	$ 8,228.7

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, 2016	Administration Account	Park Account	Recreation Account
Favorable property tax collections	$ 1,944.2	$ 5,952.3	$ 2,680.7
Favorable (unfavorable) charges for services	(114.1)	156.6	(180.7)
(Unfavorable) intergovernmental revenue	(42.9)	-	-
Favorable (unfavorable) investment revenue	26.8	(29.6)	35.5
Favorable other revenue	33.2	25.7	69.4
Total (unfavorable) revenue variance	1,847.2	6,105.0	2,604.9
Expenditure savings	5,123.7	2,991.9	2,750.8
Favorable other financing sources	-	2,330.8	-
Total favorable budgetary variance	$ 6,970.9	$ 11,427.7	$ 5,355.7

Property tax collections in the Administration, Park and Recreation Accounts were higher than budgeted due to higher than anticipated assessable base growth and prior year tax collections. Charges for services were down in the Administration Account as a result of lower than anticipated revenues generated from urban design site plan fees and sales of maps and publications. Charges for Services increased in the Park Account primarily due to increased rental fees at the historic properties. Revenue in the Recreation Account is lower mainly due to lower than budgeted collections for classes offset by increased rentals for franchised clinics and tournaments. Intergovernmental Revenue decreased in the Administration Account due to lower than anticipated collections from commercial and residential building permits. The favorable variance in investment revenue in the Administration, Park and Recreation Accounts was due to higher than anticipated interest than budgeted. Other Revenue in the Administration Account was higher than budgeted due to the receipt of an unanticipated grant. Other Revenue in the Park Account was higher than expected mainly due to increased measures to collect outstanding fees for infractions, civil citations and parking fees. The Recreation Account had higher than anticipated Other Revenue from increased donations and contributions. The expenditure savings were primarily the result of vacant positions in all of the Accounts. Additional savings in the Administration Account were the result of savings in the Development Review and Information Technology Divisions for professional services, maintenance and printing. Additional Park Account savings were the result of decreases in construction and maintenance supplies and utility and fuel savings. The Recreation Account also generated expenditure savings from lower than budgeted expenditures for minor equipment and miscellaneous supplies. The delay of the bond sale resulted in savings in other financing sources.

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, 2016	Administration Account	Park Account	Recreation Account
Fund balance, budget basis			
Assigned	$ 701.5	$ 3,368.9	$ -
Unassigned	22,826.1	115,428.0	25,058.5
Total Budgetary Fund Balance	$ 23,527.6	$ 118,796.9	$ 25,058.5

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, 2016 amounts to $942.7 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 6.2% (a 6.6% increase for governmental activities and a 0.8% increase for business-type activities). The most significant increase is $21.5 million for construction in progress for the governmental activities. The only significant capital asset change 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 Position. During fiscal year 2016, projects totaling $34.2 million were completed.

Expenditures on Montgomery County projects totaled $37.1 million in fiscal year 2016, of which $3.4 million was for land acquisition and $33.7 million was for development. The land purchases represented the acquisition of about 33.7 acres of land. Major Park Development expenditures included $5.0 million for the Rock Creek Maintenance Facility upgrades, $4.5 million for Laytonia Regional Park, $3.5 million for Brookside Master Plan Improvements, $1.7 million for Greenbriar Local Park, and $1.7 million for Kemp Mill Urban Park. In addition, $3.1 million was expended for play equipment and minor park renovations.

Prince George's County projects totaled $31.6 million in fiscal year 2016, of which $1.5 million was for land acquisition and $30.1 million was for development. Land Acquisition included $1.4 million Regional Park Acquisitions. Major Park Development expenditures include Improvements for Infrastructure with construction costs to date of $11.5 million of which $3.7 million was in fiscal year 2016, College Park Airport with construction costs to date of $5.4 million of which $2.1 million was in fiscal year 2016, Largo Town Center with construction costs to date of $1.4 million, of which $1.3 million was in fiscal year 2016, Kentland Community Center with construction costs to date of $13.7 million, of which $9.3 million was in fiscal year 2016. Westphalia Neighborhood Park with construction costs to date of $4.8 million of which $2.9 million was in fiscal year 2016, William Beanes Community Center with construction costs to date of $5.0 million of which $2.4 million was in fiscal year 2016. Colmar Manor with construction costs to date of $1.0 million of which $700 thousand was in fiscal year 2016. In addition, expenditures totaling $1.5 million was spent for Play equipment replacement and in The Public Safety Fund.

Commission's Capital Assets

Commission's Capital Assets (net of depreciation) ($000's)
June 30, 2016 and 2015

	June 30, 2016			June 30, 2015			
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Percent Change Total
Land	$ 378,645	$ 19,364	$ 398,009	$ 369,637	$ 19,364	$ 389,001	2.3%
Buildings and improvements	81,109	39,132	120,241	65,962	39,986	105,948	13.5%
Infrastructure	111,862	169	112,031	106,189	19	106,208	5.5%
Machinery, equip. & intangibles	32,482	1,970	34,452	29,611	2,062	31,673	8.8%
Construction in progress	275,743	2,198	277,941	254,197	884	255,081	9.0%
Total	$ 879,841	$ 62,833	$ 942,674	$ 825,596	$ 62,315	$ 887,911	6.2%

Additional information on the Commission's capital assets can be found in Note 4B of the Notes to the 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 $119.3 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 $13.7 million (Montgomery - $4.2 million; Prince George's - $9.5 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled $118.2 million (Montgomery County - $49.1 million and Prince George's County - $69.1 million) at June 30, 2016. Park Bonds debt service expenditures totaled $13.6 million (Montgomery - $4.1 million, Prince George's - $9.5 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 1.21 cents per $100 of assessed valuation for real property and 3.03 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, 2016			
	Moody's Investor Services Inc.	Standard & Poor's Rating Services	Fitch Ratings
Montgomery County	Aaa	AAA	AAA
Prince George's County	Aaa	AAA	AAA

Details of the Commission's outstanding debt (net of unamortized discounts and premiums) as of June 30, 2016 ($000's):

Commission's Outstanding Debt June 30, 2016 and 2015			
	Governmental Activities		Change
	2016	2015	
General obligation bonds	$ 124,658	$ 101,524	22.8%
Total	$ 124,658	$ 101,524	22.8%

Montgomery County Outstanding Debt June 30, 2016 and 2015			
	Governmental Activities		Change
	2016	2015	
General obligation bonds	$ 52,474	$ 42,664	23.0%
Sub-Total	$ 52,474	$ 42,664	23.0%

Prince George's County Outstanding Debt June 30, 2016 and 2015			
	Governmental Activities		Change
	2016	2015	
General obligation bonds	$ 72,184	$ 58,860	22.6%
Sub-Total	$ 72,184	$ 58,860	22.6%

The Commission's bonds and notes payable increased by $23.1 million due to the issuance of general obligation bonds in the amount of $31.5 million offset by scheduled principal payments. State statutes limit the amount of general obligation debt the Commission may issue to the amount that can be redeemed within 30 years from date of issue by the taxes authorized for payment of the bonds. The legal debt margin for the Commission is $1,620.6 million of debt service for Montgomery County and $851.1 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of $62.5 million and $90.1 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

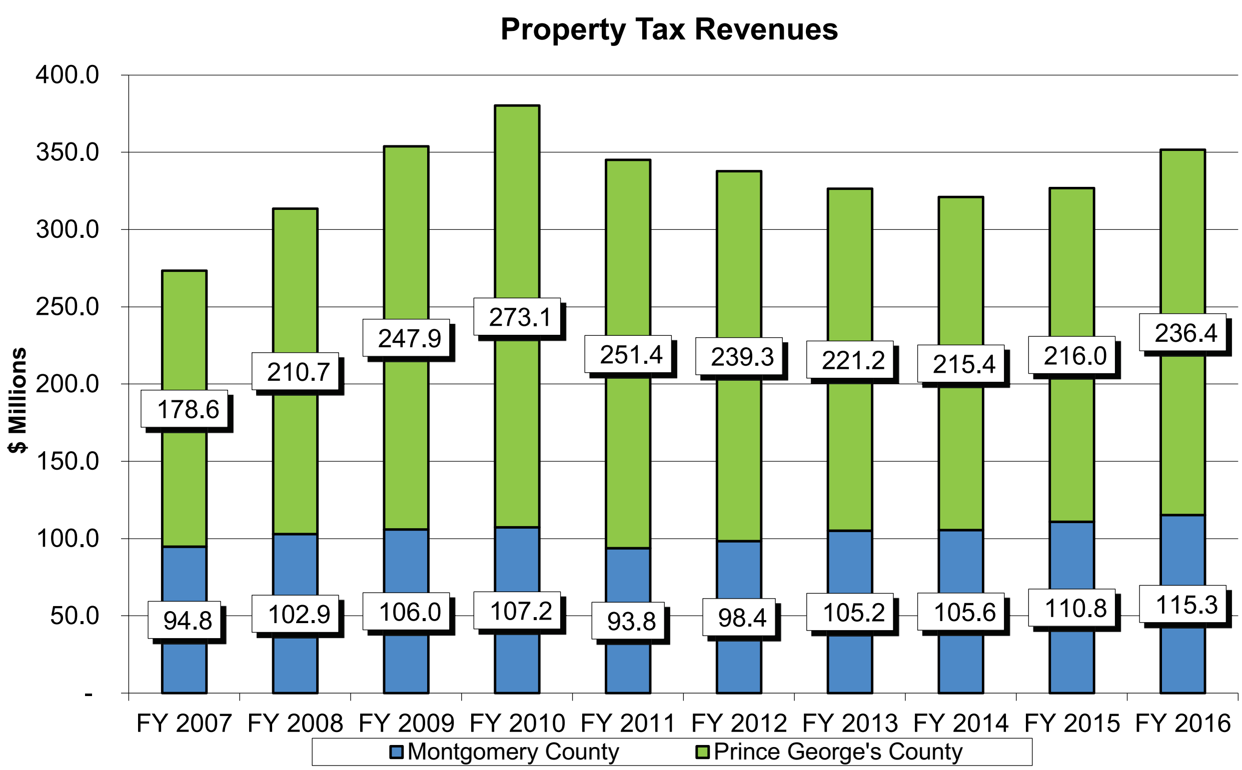
The Commission continues to maintain a solid financial position and stable future outlook supported by the stability of its major revenue source, property taxes which represented 84.0% of the Governmental Funds revenues in FY 2016. Strong fiscal policies including fund balance reserves, interim financial 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 2017 tax rates and adopting the FY 2017 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. In FY 2017 the Commission's total Montgomery County real property tax rate was decreased by 0.14 cents and the personal property tax rate was decreased by 0.35 cents and the taxable real property assessable base is projected to increase by 4.54%. Commission property tax revenue is budgeted to increase by 2.77% and budgeted expenditures are budgeted to increase 2.72% in the tax supported funds.

In Prince George's County, there was no change to the real property and the personal property tax rates in FY 2017. In FY 2017 the real property assessable base is projected to increase by 7.37%. With the strong assessable base growth in prior years, 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 decreased slightly from $14.6 million in FY 2015 to $14.5 million in FY 2016, and for FY 2017 they are budgeted at $14.1 million.

One-third of the property in the state of Maryland 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.

Property tax revenues over the past 10 years are displayed in the chart below.



At year-end, the Commission had a budget basis fund unreserved balance in the General Fund of $181.0 million. Of this amount, $7.6 million is assigned fund balance and $173.4 million is unassigned as of June 30, 2016. Of the unassigned portion, $163.3 million is from Prince George's County operations and will be utilized in future years to build out an aggressive capital improvement program and 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 Commission's website, http://www.mncppc.org (See Budget/CAFR).

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 1

Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in Pooled Cash and Investments	$ 367,305,892	$ 13,480,651	$ 380,786,543
Receivables - Taxes, net of allowance for uncollectibles	4,690,591	-	4,690,591
Receivables - Other	1,344,159	1,683	1,345,842
Due from County Governments	17,849,445	218,848	18,068,293
Due from Other Governments	17,800,188	-	17,800,188
Inventories	709,067	912,099	1,621,166
Deposits and Other	2,301,172	-	2,301,172
Restricted Cash, Cash Equivalents and Investments:			
Unspent Debt Proceeds	11,511,920	-	11,511,920
Capital Assets:			
Land and Construction in Progress	654,388,187	21,561,285	675,949,472
Other Capital Assets, Net of Accumulated Depreciation	225,452,490	41,271,225	266,723,715
Total Assets	1,303,353,111	77,445,791	1,380,798,902
DEFERRED OUTFLOWS OF RESOURCES			
Changes in pension plan assumptions	6,303,779	230,287	6,534,066
Difference between projected and actual earnings on pension plan investments	80,547,700	2,988,047	83,535,747
Difference between expected and actual experience	420,914	14,939	435,853
Total Deferred Outflows of Resources	87,272,393	3,233,273	90,505,666
LIABILITIES			
Accounts Payable and Other Current Liabilities	42,847,052	1,785,821	44,632,873
Accrued Interest Payable	1,489,007	-	1,489,007
Due to Other Governments	90	-	90
Deposits and Fees Collected in-Advance	9,278,464	1,037,536	10,316,000
Claims Payable:			
Due within One Year	6,232,002	-	6,232,002
Due in more than One Year	12,372,053	-	12,372,053
Compensated Absences:			
Due within One Year	10,045,374	327,945	10,373,319
Due in more than One Year	10,475,690	642,713	11,118,403
Bonds and Notes Payable:			
Due within One Year	11,126,946	-	11,126,946
Due in more than One Year	113,531,298	-	113,531,298
Net Other Post Employment Benefit Obligations			
Due in more than One Year	71,854,994	3,218,136	75,073,130
Net Pension Liability			
Due in more than One Year	144,515,440	5,317,981	149,833,421
Total Liabilities	433,768,410	12,330,132	446,098,542
DEFERRED INFLOW OF RESOURCES			
Changes in pension plan assumptions	11,416,020	428,511	11,844,531
Difference between expected and actual experience	17,101,976	641,937	17,743,913
Total Deferred Inflow of Resources	28,517,996	1,070,448	29,588,444
NET POSITION			
Net Investment in Capital Assets	768,265,017	62,832,510	831,097,527
Unrestricted	160,074,081	4,445,974	164,520,055
Total Net Position	$ 928,339,098	$ 67,278,484	$ 995,617,582

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, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary Government:							
Governmental Activities:							
General Government	$ 18,943,664	$ -	$ -	$ -	$ (18,943,664)	$ -	$ (18,943,664)
County Planning and Zoning	57,308,580	3,846,984	818,254	-	(52,643,342)	-	(52,643,342)
Park Operations and Maintenance	243,036,037	8,075,175	4,837,912	37,217,217	(192,905,733)	-	(192,905,733)
Recreation Programs	50,263,579	14,986,083	322,223	-	(34,955,273)	-	(34,955,273)
Interest on Long-term Debt	4,048,509	-	-	-	(4,048,509)	-	(4,048,509)
Total Governmental Activities	373,600,369	26,908,242	5,978,389	37,217,217	(303,496,521)	-	(303,496,521)
Business-type Activities:							
Recreational and Cultural Facilities	30,424,060	20,018,525	-	1,894,980	-	(8,510,555)	(8,510,555)
Total Business-type Activities	30,424,060	20,018,525	-	1,894,980	-	(8,510,555)	(8,510,555)
Total Primary Government	$ 404,024,429	$ 46,926,767	$ 5,978,389	$ 39,112,197	$ (303,496,521)	$ (8,510,555)	$ (312,007,076)
General Revenues:							
Property Taxes					352,283,467	-	352,283,467
Unrestricted Investment Earnings					1,208,287	98,547	1,306,834
Transfers					(9,071,347)	9,071,347	-
Net General Revenues and Transfers					344,420,407	9,169,894	353,590,301
Change in Net Position					40,923,886	659,339	41,583,225
Net Position - Beginning					887,415,212	66,619,145	954,034,357
Net Position - Ending					$ 928,339,098	$ 67,278,484	$ 995,617,582

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, 2016

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	$ 239,919,001	$ -	$ 51,900,287	$ 14,749,700	$ 306,568,988
Receivables - Taxes (net of allowance for uncollectibles)	4,667,017	-	-	23,574	4,690,591
Receivables - Other (net of allowance for uncollectibles)	140,998	-	-	-	140,998
Due from Other Funds	14,192,430	-	-	-	14,192,430
Due from County Governments	98,058	17,187,700	-	63,687	17,349,445
Due from Other Governments	443,311	9,740,021	7,154,840	462,016	17,800,188
Inventories	-	-	-	709,067	709,067
Restricted Cash - Unspent Debt Proceeds	-	3,631,544	7,880,376	-	11,511,920
Other	22,580	-	106,568	-	129,148
Total Assets	$ 259,483,395	$ 30,559,265	$ 67,042,071	$ 16,008,044	$ 373,092,775
LIABILITIES					
Liabilities:					
Accounts Payable	$ 9,274,818	$ 5,105,226	$ 7,478,132	$ 303,078	$ 22,161,254
Accrued Liabilities	14,755,980	-	-	412,335	15,168,315
Retainage Payable	-	1,805,765	2,370,702	-	4,176,467
Due to Other Funds	-	14,192,430	-	-	14,192,430
Due to County Governments	60	-	-	30	90
Deposits and Fees Collected in-Advance	6,992,261	-	1,014,392	287,407	8,294,060
Total Liabilities	31,023,119	21,103,421	10,863,226	1,002,850	63,992,616
DEFERRED INFLOW OF RESOURCES					
Property Taxes Collected in-advance	3,423,769	-	-	-	3,423,769
Total Deferred Inflow of Resources	3,423,769	-	-	-	3,423,769
Fund Balance:					
Nonspendable to:					
Recreation	-	-	-	709,067	709,067
Restricted for:					
Parks	-	3,631,544	7,880,376	8,174	11,520,094
Committed to:					
Planning	20,251,237	-	-	81,451	20,332,688
Parks	15,037,161	19,688,581	70,135,240	621,403	105,482,385
Recreation	8,732,285	-	-	405,261	9,137,546
Assigned to:					
Planning	2,795,248	-	-	4,611,221	7,406,469
Parks	4,822,270	-	-	2,360,164	7,182,434
Recreation	-	-	-	6,208,453	6,208,453
Unassigned:	173,398,306	(13,864,281)	(21,836,771)	-	137,697,254
Total Fund Balances	225,036,507	9,455,844	56,178,845	15,005,194	305,676,390
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 259,483,395	$ 30,559,265	$ 67,042,071	$ 16,008,044	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	865,564,703
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	87,272,393
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,616,744
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 position.	54,768,087
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.	3,423,769
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(28,517,996)
Long-term liabilities, including bonds payable, net pension liability and net other post employment benefits obligations are not due and payable in the current period and therefore are not reported in the funds.	(361,464,992)
Net Position of Governmental Activities	$ 928,339,098

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, 2016

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	$ 349,897,752	$ -	$ -	$ 1,795,305	$ 351,693,057
Intergovernmental -					
Federal	406,662	-	-	-	406,662
State	278,919	7,829,190	4,336,032	-	12,444,141
County	3,478,911	18,587,734	-	1,375,878	23,442,523
Charges for Services	10,278,945	-	-	3,961,737	14,240,682
Rentals and Concessions	5,924,427	-	-	5,949,013	11,873,440
Interest	685,914	12,187	258,232	44,261	1,000,594
Contributions	-	1,516,289	862,739	222,784	2,601,812
Miscellaneous	678,596	2,251	156	113,117	794,120
Total Revenues	371,630,126	27,947,651	5,457,159	13,462,095	418,497,031
EXPENDITURES					
Current -					
General Government	18,269,180	-	-	-	18,269,180
Planning and Zoning	52,213,797	-	-	3,285,436	55,499,233
Park Operations and Maintenance	199,787,966	-	-	2,350,073	202,138,039
Recreation	58,362,003	-	-	5,682,031	64,044,034
Contributions	-	-	-	1,664,641	1,664,641
Debt Service -					
Principal	-	-	-	10,433,171	10,433,171
Interest	-	-	-	3,252,466	3,252,466
Other Debt Service Costs	-	-	-	435,015	435,015
Capital Outlay -					
Park Acquisition	-	3,430,100	1,493,422	-	4,923,522
Park Development	-	32,409,998	30,142,743	-	62,552,741
Total Expenditures	328,632,946	35,840,098	31,636,165	27,102,833	423,212,042
Excess (Deficiency) of Revenues over Expenditures	42,997,180	(7,892,447)	(26,179,006)	(13,640,738)	(4,715,011)
OTHER FINANCING SOURCES (USES)					
General Obligation Bonds Issued	-	12,000,000	19,500,000	-	31,500,000
Refunding Bonds Issued	-	-	-	12,515,000	12,515,000
Premiums on Bonds Issued	-	701,657	1,592,643	1,660,902	3,955,202
Deposit of Bond Proceeds with Escrow Agent	-	-	-	(14,041,382)	(14,041,382)
Transfers In	23,119,430	366,891	6,300,000	13,946,796	43,733,117
Transfers Out	(30,338,143)	-	(21,623,232)	(37,539)	(51,998,914)
Total Other Financing Sources (Uses)	(7,218,713)	13,068,548	5,769,411	14,043,777	25,663,023
Net Change in Fund Balances	35,778,467	5,176,101	(20,409,595)	403,039	20,948,012
Fund Balances - Beginning	189,258,040	4,279,743	76,588,440	14,602,155	284,728,378
Fund Balances - Ending	$ 225,036,507	$ 9,455,844	$ 56,178,845	$ 15,005,194	$ 305,676,390

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, 2016

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)		$	20,948,012
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	61,950,004		
Depreciation Expense	(14,458,408)		
Net adjustment			47,491,596
In the Statement of Activities, donated land activity that has no impact on financial resources is also included in the Statement of Activities.			
Donations	4,085,233		
Net adjustment			4,085,233
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.			590,410
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
General Obligation Debt incurred	(47,970,202)		
Repayments of Principal	10,899,567		
Payment to Refunding Bond Escrow Account	14,041,382		
Net adjustment			(23,029,253)
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 liability, compensated absences and other expenses.			(11,583,860)
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.			(1,026,536)
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 position of certain activities of internal service funds is reported with governmental activities.			3,448,284
Change in net position of governmental activities (Exhibit 2)		$	40,923,886

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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Property Taxes	$ 339,212,079	$ 339,212,079	$ 349,897,752	$ 10,685,673
Intergovernmental	3,899,782	4,441,792	4,164,492	(277,300)
Charges for Services	10,408,668	10,408,668	10,278,945	(129,723)
Rentals and Concessions	5,492,075	5,492,075	5,924,427	432,352
Interest	648,000	648,000	685,914	37,914
Miscellaneous	519,100	519,100	678,596	159,496
Total Revenues	360,179,704	360,721,714	371,630,126	10,908,412
Expenditures/Encumbrances:				
Current -				
General Government	20,419,435	20,419,435	19,623,455	795,980
County Planning and Zoning	58,249,874	58,346,099	51,933,869	6,412,230
Park Operation and Maintenance	205,808,330	206,531,149	201,948,141	4,583,008
Recreation Programs	63,445,459	63,804,081	61,053,278	2,750,803
Total Expenditures/Encumbrances	347,923,098	349,100,764	334,558,743	14,542,021
Excess of Revenues over Expenditures/Encumbrances	12,256,606	11,620,950	37,071,383	25,450,433
Other Financing Sources (Uses):				
Transfers In	23,095,550	22,290,000	23,111,891	821,891
Transfers Out	(33,358,669)	(32,958,669)	(30,330,606)	2,628,063
Total Other Financing Sources (Uses)	(10,263,119)	(10,668,669)	(7,218,715)	3,449,954
Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis	$ 1,993,487	$ 952,281	29,852,668	$ 28,900,387
Fund Balances - Budget Basis, Beginning			151,163,156	
Fund Balances - Budget Basis, Ending			$ 181,015,824	

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 Position
Proprietary Funds
June 30, 2016

	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	$ 8,080,992	$ 5,399,659	$ 13,480,651	$ 59,714,464
Accounts Receivable	314	1,369	1,683	1,203,161
Due from County Government	209,408	9,440	218,848	500,000
Deposits and Other	-	-	-	601,360
Inventories	175,148	736,951	912,099	-
Total Current Assets	8,465,862	6,147,419	14,613,281	62,018,985
Noncurrent Assets:				
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748,497
Buildings and Improvements	27,216,080	74,108,617	101,324,697	3,286,613
Infrastructure	35,510	134,686	170,196	15,657
Machinery, Equipment and Intangibles	2,610,895	4,718,533	7,329,428	38,350,344
Construction in Progress	2,197,686	-	2,197,686	-
	43,644,639	86,740,967	130,385,606	42,401,111
Less - Accumulated Depreciation	(23,765,441)	(43,787,655)	(67,553,096)	(28,125,137)
Total Capital Assets, Net of Depreciation	19,879,198	42,953,312	62,832,510	14,275,974
Total Noncurrent Assets	19,879,198	42,953,312	62,832,510	14,275,974
Total Assets	28,345,060	49,100,731	77,445,791	76,294,959
DEFERRED OUTFLOWS OF RESOURCES				
Changes in pension plan assumptions	72,149	158,138	230,287	44,197
Difference between projected and actual earnings on pension plan investments	994,473	1,993,574	2,988,047	603,016
Difference between expected and actual experience	4,818	10,121	14,939	2,951
Total Deferred Outflows of Resources	1,071,440	2,161,833	3,233,273	650,164
LIABILITIES				
Current Liabilities:				
Accounts Payable	293,137	430,197	723,334	1,291,359
Claims Payable	-	-	-	6,232,002
Accrued Salaries and Benefits	349,414	713,073	1,062,487	49,657
Compensated Absences	65,940	262,005	327,945	52,475
Revenue Collected in Advance	1,014,463	23,073	1,037,536	8,042
Total Current Liabilities	1,722,954	1,428,348	3,151,302	7,633,535
Noncurrent Liabilities:				
Claims Payable	-	-	-	12,372,053
Compensated Absences	223,718	418,995	642,713	26,644
Net Other Post Employment Benefit Obligations	686,957	2,531,179	3,218,136	526,164
Net Pension Liability	1,688,586	3,629,395	5,317,981	968,476
Total Noncurrent Liabilities	2,599,261	6,579,569	9,178,830	13,893,337
Total Liabilities	4,322,215	8,007,917	12,330,132	21,526,872
DEFERRED INFLOWS OF RESOURCES				
Changes in pension plan assumptions	149,128	279,383	428,511	89,777
Difference between expected and actual experience	223,401	418,536	641,937	134,495
Total Deferred Inflows of Resources	372,529	697,919	1,070,448	224,272
NET POSITION				
Net Investment in Capital Assets	19,879,198	42,953,312	62,832,510	14,275,974
Unrestricted	4,842,558	(396,584)	4,445,974	40,918,005
Total Net Position	$ 24,721,756	$ 42,556,728	$ 67,278,484	$ 55,193,979

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 Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities-
	Recreational and Cultural Activities			Internal
	Montgomery County	Prince George's County	Totals	Service Funds
Operating Revenues:				
Sales	$ 552,860	$ 2,063,089	$ 2,615,949	$ -
Charges for Services	6,638,154	4,484,990	11,123,144	47,767,854
Claim Recoveries	-	-	-	936,721
Rentals and Concessions	3,220,579	3,058,853	6,279,432	-
Total Operating Revenues	10,411,593	9,606,932	20,018,525	48,704,575
Operating Expenses:				
Cost of Goods Sold	348,488	1,251,366	1,599,854	-
Personal Services	5,070,507	11,391,306	16,461,813	1,796,253
Supplies and Materials	764,192	1,485,453	2,249,645	205,580
Claims Incurred	-	-	-	28,055,812
Insurance	-	-	-	8,061,660
Communications	48,675	470,762	519,437	-
Utilities	1,103,551	1,842,878	2,946,429	-
Maintenance	288,385	955,682	1,244,067	-
Contractual Services	613,806	692,264	1,306,070	1,221,042
Other Services and Charges	367,618	340,575	708,193	2,462,366
Administrative Services	-	315,300	315,300	-
Depreciation	1,153,949	1,924,328	3,078,277	2,894,911
Total Operating Expenses	9,759,171	20,669,914	30,429,085	44,697,624
Operating Income (Loss)	652,422	(11,062,982)	(10,410,560)	4,006,951
Nonoperating Revenues (Expenses):				
Investment Earnings	58,618	39,929	98,547	207,693
Loss on Disposal of Asset	5,025	-	5,025	39,191
Total Nonoperating Revenue (Expense)	63,643	39,929	103,572	246,884
Income (Loss) before Contributions and Transfers	716,065	(11,023,053)	(10,306,988)	4,253,835
Contribution from General Government Assets	-	1,894,980	1,894,980	-
Transfers In	-	9,071,347	9,071,347	-
Transfers Out	-	-	-	(805,550)
Total Contributions and Transfers	-	10,966,327	10,966,327	(805,550)
Change in Net Position	716,065	(56,726)	659,339	3,448,285
Total Net Position - Beginning	24,005,691	42,613,454	66,619,145	51,745,694
Total Net Position - Ending	$ 24,721,756	$ 42,556,728	$ 67,278,484	$ 55,193,979

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, 2016

	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	$ 10,321,255	$ 9,476,910	$ 19,798,165	$ 48,575,351
Payments to Suppliers	(1,758,216)	(7,022,985)	(8,781,201)	(37,494,122)
Payments to Employees	(4,654,821)	(10,989,507)	(15,644,328)	(1,740,378)
Payments for Interfund Services Used	(248,512)	-	(248,512)	(913,833)
Payments for Administrative Charges	(1,742,005)	(315,300)	(2,057,305)	-
Net Cash Provided (Used) by Operating Activities	1,917,701	(8,850,882)	(6,933,181)	8,427,018
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	-	10,966,327	10,966,327	-
Transfers Out to Other Funds	-	-	-	(805,550)
Net Cash Flows from Noncapital Financing Activities	-	10,966,327	10,966,327	(805,550)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(1,601,193)	(1,989,113)	(3,590,306)	(5,523,776)
Net Cash Used by Capital and Related Financing Activities	(1,601,193)	(1,989,113)	(3,590,306)	(5,523,776)
Cash Flows from Investing Activities:				
Interest on Investments	58,618	39,929	98,547	207,693
Net Increase (Decrease) in Cash and Cash Equivalents	375,126	166,261	541,387	2,305,385
Cash and Cash Equivalents, July 1	7,705,866	5,233,398	12,939,264	57,409,079
Cash and Cash Equivalents, June 30	$ 8,080,992	$ 5,399,659	$ 13,480,651	$ 59,714,464

Exhibit 9
continued

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 652,422	$ (11,062,982)	$ (10,410,560)	$ 4,006,951
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,153,949	1,924,328	3,078,277	2,894,911
Effect of Changes in Operating Assets and Liabilities in:				
Accounts Receivable	956	(10)	946	(20,628)
Due from Other Government	(209,408)	-	(209,408)	-
Inventories, at Cost	(16,259)	17,297	1,038	-
Accounts Payable	50,753	(1,305)	49,448	64,887
Claims Payable	-	-	-	1,533,617
Accrued Salaries and Benefits	19,822	93,125	112,947	1,210
Compensated Absences	-	16,229	16,229	(37,541)
Net Pension Obligation	121,412	227,469	348,881	73,094
Net Other Post Employment Obligations	25,940	64,979	90,919	19,112
Revenue Collected in Advance	118,114	(130,012)	(11,898)	(108,595)
Total Adjustments	1,265,279	2,212,100	3,477,379	4,420,067
Net Cash Provided (Used) by Operating Activities	$ 1,917,701	$ (8,850,882)	$ (6,933,181)	$ 8,427,018

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 Position
Fiduciary Funds
June 30, 2016

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 1,220,333	$ 19,283,087	$ 1,164,770
Cash	22,229	-	-
Fixed Income Securities	219,501,039	-	-
International Fixed Income Securities	3,560,907	-	-
Venture Capital/Alternative Investments	73,242,760	-	-
Corporate Stock	323,720,189	-	-
International Corporate Stock	74,839,195	-	-
Real Estate Investments	68,582,294	-	-
Short Term Investments	29,510,641	-	-
Mutual Funds	33,358,534	-	-
Collateral for Securities Lending Transactions	38,265,355	-	-
Accounts Receivable	297,449	-	-
Accrued Income on Investments	717,403	-	-
Land Held for Other Governments	-	65,419,425	-
Other	51,800	-	-
Total Assets	866,890,128	84,702,512	1,164,770
LIABILITIES			
Investment Payable	1,397,489	-	-
Accounts Payable	1,689,222	83	-
Claims Payable	620,022	-	-
Obligation for Collateral Received under Securities Lending Transactions	38,870,542	-	-
Deposits	-	-	1,164,770
Total Liabilities	42,577,275	83	1,164,770
NET POSITION			
Assets Held in Trust for:			
Land Held for Other Governments	-	65,435,985	-
Pension Benefits	776,338,424	-	-
Other Postemployment Benefits	47,974,429	-	-
Other Purposes	-	19,266,444	-
Total Net Position	$ 824,312,853	$ 84,702,429	$ -

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 Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	$ 43,003,958	$ -
Plan Members	6,418,154	-
Plan Members for Current Benefits	2,522,481	-
Private Donations	-	17,087
Total Contributions	51,944,593	17,087
Receipts from Commission Debt Service Funds	-	1,664,641
Federal Grants - Medicare	1,034,165	-
Investment Earnings:		
Interest	7,105,939	57,912
Dividends	2,617,841	-
Net decrease in the Fair Value of Investments	(13,133,139)	-
Total Investment Earnings	(3,409,359)	57,912
Less Investment Advisory and Management Fees	(3,344,453)	-
Net Income from Investing Activities	(6,753,812)	57,912
Securities Lending Activity		
Securities Lending Income	204,993	-
Securities Lending Fees	(75,963)	-
Net Income from Securities Lending Activity	129,030	-
Total Net Investment Income	(6,624,782)	57,912
Total Additions and Investment Income	46,353,976	1,739,640
DEDUCTIONS		
Benefits	56,547,052	-
Refunds of Contributions	461,116	-
Administrative Expenses	1,696,334	-
Other	-	(41,265)
Total Deductions	58,704,502	(41,265)
Change in Net Position	(12,350,526)	1,780,905
Net Position - Beginning	836,663,379	82,921,524
Net Position - Ending	$ 824,312,853	$ 84,702,429

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

NOTES TO FINANCIAL STATEMENTS

Index

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

(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 the Land Use Article of the Annotated Code of Maryland, Sections 15-115 and 15-116. 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 – planning and general administration; Montgomery County park tax - park operations and debt service for park acquisition and development bonds; Prince George's County administration tax – planning and general administration; 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 15-115 and 15-116 of the Land Use Article 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 Employee Retirement System (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.

ERS is 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:

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 Position 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 Position – The Statement of Net Position 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 Position and reports depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. Net position is the excess of assets and deferred outflows over liabilities and deferred inflows. The net position of the Commission is presented in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted. The Commission generally first uses restricted net position for expenses incurred for which both restricted and unrestricted net position are available. The Commission may defer the use of restricted net position based on a review of the specific transaction. The Commission has no restricted net position as of June 30, 2016.

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 7. These accounts are as follows: Montgomery County Administration, Montgomery County Park, Prince George's County Administration, Prince George's County Park, and Prince George's County Recreation.

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

The Government-wide, proprietary and pension trust and private purpose fiduciary fund financial statements are reported using the economic resources measurement focus and 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 position) in the period in which employee services are performed. Both benefits and refunds paid are recognized as expenses (deductions from net position) 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 Risk Management Fund, Prince George's County Capital Equipment Fund, Prince George's County Risk Management Fund, Central Administrative Services Capital Equipment Fund, Executive Office Building Fund, Employee Benefits 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.

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 certain deposits held by the Commission.

In the process of aggregating data for the Government-wide financial statements, some amounts reported as inter-fund activity and balances in the funds should be eliminated or reclassified. As a general rule, the effect of inter-fund activity has been eliminated from the Government-wide financial statements. The effect of the inter-fund services provided and used between functions has not been eliminated in the Statement of Activities, since to do so would distort the direct costs and program revenues reported for the various functions concerned. Internal Service Funds are used by management to charge to funds using the service 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 Position. 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 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 non-operating 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 non-operating revenues and expenses.

(D) Assets, Liabilities, Deferred Outflow/Inflow of Resources and Net Position

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 $1,489,393 as of June 30, 2016. 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 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

Deferred Outflows/Inflows of Resources – A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures) until the future period. The Commission recognizes deferred outflows for the difference between the projected and actual investment earnings related to pensions. The Commission also recognizes deferred outflows for changes in assumption as well as for the difference between expected and actual experience.

A deferred inflow of resources represents an acquisition of net position that applies to a future period so will not be recognized as an inflow of resources (revenue) until the future period. The Commission recognizes deferred inflows for property taxes collected in advance.

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 position. 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 position.

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.

Pensions – For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about fiduciary net position of The Maryland-National Capital Park and Planning Commission Employee's Retirement System (the System) and additions to /deductions from the System's fiduciary net pension have been determined on the same basis as they are reported in the System's financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, liabilities and deferred inflow of resources 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 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 are 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, such as inventory and prepaid expenses.

• **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 Commission can delegate assignment authority to the Planning Boards per the Land Use Article of the Annotated Code of Maryland.

• **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	$ 4,840,083	$ 3,939,706	$ 15,411,154	$ 11,097,455	$ 8,732,285	$ 44,020,683
Assigned	2,093,752	1,453,388	701,496	3,368,882	-	7,617,518
Unassigned	3,310,332	6,775,347	22,826,089	115,428,005	25,058,533	173,398,306
Total Fund Balance	$ 10,244,167	$ 12,168,441	$ 38,938,739	$ 129,894,342	$ 33,790,818	$ 225,036,507

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	$ 8,779,789
General Fund - Prince George's County	35,240,894
Capital Projects Fund - Montgomery County	3,631,544
Capital Projects Fund - Prince George's County	70,135,240
Non-Major Governmental Funds	1,108,115

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

The governmental fund balance sheet (Exhibit 3) includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Statement of Net Position (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	$ 377,896,990
Buildings and improvements	225,928,214
Infrastructure	259,238,667
Machinery, Equipment and Intangibles	63,999,903
Accumulated Depreciation on Buildings, Improvements and Machinery, Equipment and Intangibles	(337,241,771)
Construction in Progress	275,742,700
Total	$ 865,564,703

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	$	11,126,946
Due in More than One Year		113,531,298
Net Other Post Employment Benefit Obligations		71,328,830
Net Pension Obligations		143,546,964
Compensated Absences		
Due Within One Year		9,992,900
Due in More than One Year		10,449,047
Accrued Interest Payable		1,489,007
Totals	$	361,464,992

(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 Fund 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 2016 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, 2016, as noted in Note 6 as follows:

	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, 2015	$ 4,610,771	$ 3,972,636	$ 14,566,119	$ 8,904,348	$ 6,041,010	$ 38,094,884
To Decrease -						
Encumbrances -						
June 30, 2016	(4,840,083)	(3,939,706)	(15,411,154)	(11,097,455)	(8,732,285)	(44,020,683)
Total Adjustment	(229,312)	32,930	(845,035)	(2,193,107)	(2,691,275)	(5,925,799)
Net Change in Fund Balance:						
GAAP Basis	397,670	1,395,973	4,018,954	22,923,772	7,042,098	35,778,467
Budget Basis	$ 168,358	$ 1,428,903	$ 3,173,919	$ 20,730,665	$ 4,350,823	$ 29,852,668

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2016, totaled $1,278,569,796. The Commission's unrestricted pool of deposits and investments ($383,553,694) is available to all funds, except for the Pension Trust Funds.

Commission Cash and Investments

Custodial Credit Risk - Deposits - At year-end, the carrying amount of cash deposits was $3,139,509 and the bank balance was $5,114,806. In addition, the Commission held cash at various locations totaling $239,994. Of the bank balance, $250,000 was covered by Federal depository insurance and the remainder was collateralized by $4,302,558 of securities held by a member of the Federal Reserve banking system in the name of the Commission and the Commission's bank. Deposits of $303,354 were uninsured and uncollateralized at June 30, 2016.

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, 2016 except for one account on June 30, 2016 due to an underestimation of requested collateral. 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 $58,098,625. Of these deposits $65,267 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 investment program also complies with the Commission's internal investment policy.

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

Cash and Investments Restricted for Unspent Debt Proceeds - At year-end, the Commission had $11,511,920 of unspent bonds and note proceeds restricted to pay construction costs for various projects.

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, 2016 were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Municipal Bonds	$ 345,479	11.00
Federal National Mortgage Association Notes	1,074,331	81.00
Federal Farm Credit Bank	20,013,403	210.50
Federal Home Loan Bank Notes	24,843,844	117.15
Commercial Paper	41,368,418	54.34
Maryland Local Government Investment Pool (MLGIP)	45,327,797	46.00
U.S. Treasury Bills	63,830,357	405.37
Federal Home Loan Mortgage Association Notes	75,484,474	498.56
Federal Agricultural Mortgage Corporation Notes	80,205,462	227.44
Total Fair Value	**$ 352,493,565**	
Portfolio Weighted Average Maturity		264.44

Pooled Investments - The State Legislature created the Maryland Local Government Investment Pool ("MLGIP") with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, is managed by a single Pittsburgh-based financial institution, PNC Bank. The pool has a AAAm rating from Standard and Poor's and maintains a $1.00 per share value. A MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the fund and to provide suggestions to enhance the pool. The fair market value of the pool is the same as the value of the pool shares.

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 $60,235 (0.52%) 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) **	50
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**	30

* 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, Investments and Securities Lending

Cash and Short Term Investments - For short term investments, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

The amount of ERS's total cash and short term investments at June 30, 2016, was $29,532,870. Cash deposits that were insured and collateralized in the bank account totaled $22,229 at June 30, 2016. At June 30, 2016, the ERS held $29,510,641 of short term investments in its custodial investment accounts.

As of June 30, 2016, the ERS held $5,738 of short term investments that were exposed to custodial credit risk.

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 the investment consultant selected by the Commission. The Board is authorized to formulate investment policies, develop investment manager guidelines and objectives, and approve the retention of qualified advisors and investment managers.

Trust Fund assets should be invested to obtain an appropriate long-term total return consistent with prudent risk taking. The Trust Fund shall be diversified across investment classes and among investment managers in order to achieve return as compensation for investment risk. The Board established target allocations for each asset class, as well as ranges of expected exposure as follows:

Asset Class	Target Exposure	Expected Range
U.S. Equities	23.00%	18%-28%
International Equities	23.00%	18%-28%
Private Equities	5.00%	0%-8%
Total Equities	**51.00%**	**46%-56%**
U.S. Core Fixed Income	10.00%	7%-13%
High Yield Fixed Income	7.50%	5%-10%
Global Opportunistic Fixed Income	7.50%	5%-10%
Bank Loans	4.00%	2%-6%
Total Fixed Income	**29.00%**	**24%-34%**
Public Real Assets	5.00%	0%-15%
Private Real Assets	15.00%	5%-20%
Total Real Assets	**20.00%**	**10%-25%**

The Board approved revisions to the Statement of Investment Policy ("Policy") on February 3, 2015. The Policy was revised to address the Board's responsibilities in connection with the use of swap agreements by investment managers.

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. Investment manager assignments may be implemented with pooled vehicles. In such circumstances, the ERS may not have control with respect to the investment guidelines and objectives as they are written broadly for multiple investors. The Trust Fund has guidelines, which apply broadly to each asset class as follows:

Public Equity Guidelines (U.S. and International)

- Under normal conditions no more than 5% of the value of the U.S. and International composites should be held in cash equivalents at any time.
- The U.S. and International equity composites are expected to remain broadly diversified by economic sector, industry and individual securities at all times.
- The composites should match the asset class benchmark in terms of capitalization and growth characteristics; and be similar to the asset class benchmark in terms of risk.

Private Equity Guidelines

- The portfolio is expected to be diversified by geographic location with the following weightings: North America (approximately 50%), Europe (approximately 30%), and the Asia-Pacific region and other emerging markets (approximately 20%).
- The composite is expected to be diversified by the following investment types: buyouts, venture capital, growth equity, distressed, and special situations (private equity-like investments, such as mezzanine debt, asset-intensive assets or royalty streams and other opportunistic funds).
- Secondary fund investments and direct co-investments are permitted on an opportunistic basis with a combined maximum limit of 20%.
- Investments should be diversified by vintage year.
- No single partnership investment is expected to be more than 20% of the private equity composite. This guideline shall not apply during initial funding.

Fixed Income Guidelines

- The fixed income portfolio is structured to include exposures to the following sub-classes: core fixed income, high yield fixed income, global opportunistic fixed income and bank loans.
- The fixed income composite may have up to 20% of its value in cash equivalents at any time.
- Except for securities issued by the US Government and/or its Agencies, any single issuer is not expected to exceed 5% of the market value of the fixed income composite at any time.
- Duration of each fixed income sub-class should typically remain within +/- 1.5 years of the sub-class benchmark.
- Credit quality for each sub-class is expected to be similar to that of the designated sub-class benchmark, as measured by a recognized rating agency (Standard & Poor's or Moody's).
- Build America Bonds issued by Montgomery County and Prince George's County are prohibited.
- Flexible global opportunistic fixed income guidelines allow manager to invest globally, seeking to add value through duration management, yield curve positioning, sector/issue selection, country market selection and currency.

Real Assets Guidelines

- The real assets portfolio includes private real assets and public real assets.
- Any un-invested portion of the private real assets allocation should remain invested in public real assets.

Private Real Assets Guidelines

- Investments will be structured privately in the form of commingled or pooled vehicles such as limited partnerships and diversified among the following investment types: real estate, energy, mining, timber, agriculture, and infrastructure.
- The private real assets portfolio is expected to be diversified by geographic location with a minimum of 50% invested in the United States and no more than 30% invested in emerging markets.
- Investments should also be diversified by vintage year. No single partnership commitment is expected to be more than 20% of the real assets portfolio or more than 20% of the portfolio of a fund-of-funds manager.

Public Real Assets Guidelines

- Investments structured in public real assets include natural resource stocks, real estate securities (including REITs), commodities and inflation indexed bonds that are broadly diversified such that each sub-asset class may contribute to the portfolio's real return and risk profile.

Derivatives Policy Statement- A Derivatives Policy Statement identifies and allows common derivative investments and strategies, which are consistent with the Statement of Investment Policy. 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, 2016, the ERS did not hold any derivatives. Gains and losses are determined based on quoted market values and recorded in the Statement of Changes in Net Position. 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 position and represents the fair value of the contracts on June 30, 2016. The ERS' contracts to purchase and sell by foreign currencies were as follows:

Foreign Exchange Contracts Settled as of June 30, 2016:

Currency	Purchases	Realized Gain/(Loss)	Sells	Realized Gain/(Loss)
Brazilian real	$ -	$ -	$ (603.,923)	$ 734
British pound sterling	-	-	(503,602)	(230)
Canadian dollar	1,790,467	973		
Czech koruna	-	-	(36,120)	38
Euro	4,365,035	(2,258)	(1,455,973)	(3,470)
Hong Kong dollar	70,319	(14)	(820,412)	(67)
Indonesian rupiah	-	-	(14,592)	(2)
Japanese yen	-			
Mexican peso	1,192,561	(1,904)	-	-
New Taiwan dollar	1,739,347	(717)	(231,001)	(193)
Norwegian krone	-	-	(905,800)	(4,079)
Singapore dollar	-	-	(47,115)	(22)
South Korean won	-			
Swedish krona	-			
Swiss franc	-	-	(68,093)	(349)
Turkish lira	159,969	1,821	(795,876)	(6,077)

Foreign Exchange Contracts Pending as of June 30, 2016:

There were no foreign exchange contracts pending as of June 30, 2016.

Fair Value Measurements - The fair value of all invested assets is based on the fair value hierarchy, and categorized based upon the lowest level of input that was significant to the fair value measurement, as follows:

Level 1 - Unadjusted quoted prices for identical instruments in active markets for identical assets or liabilities. Fair values of stocks are determined by utilizing quoted market prices.

Level 2 - Reflects measurements based on other observable inputs. Quoted prices for similar instruments in active markets; identical or similar instruments in markets that are not active; and models in which all significant inputs are observable.

Level 3 - Valuations are based on methods in which significant inputs are unobservable.

The carrying value of cash equivalents and short-term investments approximates fair value due to the short maturities of these investments.

Investments and Derivative Instruments Measured at Fair Value
($ in thousands)

		Fair Value Measurements Using			
	Fair Value 6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Undetermined
Investments by fair value level					
Cash and invested cash	$ 2,092	$ 2,092	$ -	$ -	$ -
Short-term investment funds	2,384	2,384	-	-	-
Debt securities					
Asset backed securities	3,980	-	3,980	-	-
Commercial mortgage-backed	3,379	-	3,379	-	-
Corporate bonds	26,825	-	26,825	-	-
Government agencies	6,567	-	6,567	-	-
Government bonds	12,633	-	12,633	-	-
Government mortgage-backed securities	15,175	-	15,175	-	-
Other fixed income-funds	2,733	-	2,733	-	-
Index linked government bonds	2,642	-	2,642	-	-
Municipal bonds/provincial Bonds	386	-	386	-	-
Total debt securities	74,320	-	74,320	-	-
Equity investments					
Common stock	91,934	91,904	30	-	-
Funds-common stock	16,515	-	16,515	-	-
Equity exchange traded fund	3	3	-	-	-
Total equity investments	108,452	91,907	16,545	-	-
Securities lending short term collateral investment pool	38,265	38,265	-	-	-
Total investments by fair value level	$ 225,513	$ 134,648	$ 90,865	$ -	$ -

ERS's investments at June 30, 2016 were as follows:

Investments Measured at the NAV

($ in thousands)

	2016 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Short-term investment funds	$ 25,035	None	Monthly	1-6 days
Funds-corporate bonds	30,579	None	Monthly	7-15 days
Other fixed income-funds	104,376	None	Monthly	7-15 days
Funds-common stock	290,107	None	Monthly	7-15 days
Venture capital and partnerships	73,243	None	Monthly, Quarterly	Frequent Changes
Real estate	67,750	None	Monthly	1-15 days
Total investments measured at NAV	$ **591,090**			

Money-Weighted Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The ERS has investments that are subject to various risks. Among these risks are custodial credit risk, interest rate risk, credit risk, and foreign currency risk. Each one of these risks is discussed in more detail below.

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' $816.6 million in investments at June 30, 2016, $38.3 million was cash collateral reinvestment securities acquired by the custodian, who is also the lending agent/counterparty. This is consistent with the ERS' securities lending agreement in place with the custodian.

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, 2016, 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	$ 3,979,745	5.45209
Commercial mortgage-backed	3,379,044	26.830198
Corporate bonds	57,404,283	9.422818
Government agencies	6,566,595	8.620073
Government bonds	12,632,531	9.174464
Government mortgage-backed securities	15,174,589	22.18421
Index linked government bonds	2,642,178	11.515365
Provincial bonds	386,368	23.939
Fixed income mutual funds	107,109,051	N/A
Short term investment funds	27,418,782	N/A
TOTAL	**$ 236,693,166**	**12.464861**

Collateralized Mortgage Obligations - Collateralized Mortgage Obligations (CMOs) are a type of mortgage-backed security that creates several pools of pass-through rates for different classes of bonds, called tranches. The tranches have their own risk characteristics with varying maturities. 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 no CMOs at June 30, 2016.

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 $3,979,745 in ABS at June 30, 2016.

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; however, there is no formal policy relating to specific investment-related 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 Statement of Investment Policy.

Credit Quality Ratings as of June 30, 2016:

Credit Quality Distribution for Services		% of Total Portfolio
Agency	AGY	3.55%
Government Agencies	AA	0.80%
Government Bonds	A	0.02%
Government Bonds	BBB	0.03%
Government Bonds	NR	0.09%
Government Mortgage Backed Securities	NR	0.05%
Asset Backed Securities	AAA	0.19%
Asset Backed Securities	AA	0.04%
Asset Backed Securities	A	0.03%
Asset Backed Securities	BBB	0.04%
Asset Backed Securities	NR	0.19%
Commercial Mortgage-Backed	AAA	0.12%
Commercial Mortgage-Backed	A	0.04%
Commercial Mortgage-Backed	NR	0.26%
Corporate Bonds	AAA	0.05%
Corporate Bonds	AA	0.40%
Corporate Bonds	A	1.34%
Corporate Bonds	BBB	1.36%
Corporate Bonds	BB	0.02%
Corporate Bonds	NR	0.12%
Municipal/Provincial Bonds	AA	0.05%
Other Fixed Income	NR	0.34%
Funds - Corporate Bond	NR	3.75%
Funds - Other Fixed Income	NR	12.78%
Funds - Short Term Investment	NR	3.36%

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, 2016, was as follows:

Investment Type	Currency	Fair Value
Common stock	Brazilian real	$ 949,161
Common stock	British pound sterling	8,126,444
Common stock	Canadian dollar	1,198,788
Common stock	Czech koruna	793,990
Common stock	Euro	13,888,062
Common stock	Hong Kong dollar	935,740
Common stock	Indonesian rupiah	784,125
Common stock	Japanese yen	5,155,895
Common stock	Mexican peso	1,285,859
Common stock	New Taiwan dollar	4,063,726
Common stock	Norwegian krone	2,733,978
Common stock	Singapore dollar	1,264,641
Common stock	South Korean won	2,509,983
Common stock	Swedish krona	1,560,878
Common stock	Swiss franc	2,331,767
Common stock	Turkish lira	1,330,025
Cash	Mexican peso	5,738
Total		**$ 48,918,800**

Note: These schedules do not agree with the total international obligations and international equities as listed on the Statements of Fiduciary Net Position due to international obligations valued in U.S. dollars but classified as international.

Cash Received as Securities Lending Collateral

The following table details the net income from securities lending for the period ending June 30, 2016:

Securities lending	$ 204,993
Plus security lending Income	(75,963)
Net securities lending income	$ 129,030

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, 2016.

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 Net Position. All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans were approximately 161 days in 2016.

Cash open collateral is invested in a short term investment pool, the Northern Trust Collective Securities Lending Core Short Term Investment Fund, which had an interest sensitivity of 30 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 custodial 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, 2016:

Securities Lent	Fair Value	Cash Collateral Received*
Fixed income securities	$ 11,940,812	$ 12,152,930
Domestic equities	26,080,240	26,457,216
Global equities	244,303	260,396
Total	$ 38,265,355	$ 38,870,542

*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 participates in the Commission’s pooled cash for payment of benefits, and had equity in pooled cash balance of $1,220,333. Investments in mutual funds totaled $47,978,152.

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 2016 are as follows:

Asset Class	Maximum
Equity Index Funds	70%
Fixed Income	10%
Diversified Assets	10%
Real Estate	10%
Cash and Equivalents	10%

The Trust’s investments at June 30, 2016 were as follows:

Investment Type	Fair Value
Equity Index Fund	$ 33,358,534
Fixed Income	13,787,563
Real Estate	832,055
Total Investments	$ 47,978,152

The Trust’s fixed income investments at June 30, 2016 were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Duration)
Fixed Allocation Funds	$ 4,873,389	1.09
Fixed Bond Fund	8,914,174	(0.36)
Total Fair Value	**$ 13,787,563**	
Portfolio Weighted Average Maturity		0.23

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

Statement of Net Position	
Equity in Pooled Cash and Investments	$ 380,786,543
Restricted Cash, Cash Equivalents and Investments - Unspent Bonds Proceeds	11,511,920
Statement of Net Position - Fiduciary Funds	
Equity in Pooled Cash and Investments - Pension Trust Funds	1,220,333
Equity in Pooled Cash and Investments - Private Purpose Trust Funds	19,283,087
Equity in Pooled Cash and Investments - Agency Funds	1,164,770
Cash and Marketable Securities - Pension Trust Funds	826,337,788
Collateral for Securities Lending Transactions - Pension Trust Funds	38,265,355
Total	$ 1,278,569,796

They are composed of:

Cash in Banks of Commission	$ 3,139,509
Cash of Employees' Retirement System Pension Trust Fund	22,229
Cash in Other Locations - Commission	239,994
Money Market Deposits of Commission	58,098,585
Fixed Income Securities In Commission's Investment Pool *	352,488,565
Mutual funds in Other Post Employment Benefits Fund *	47,978,152
Investments of Employees' Retirement System Pension Trust Fund	
Equity Investments	398,559,384
Fixed Income Securities	209,274,383
Real Estate	67,750,239
Venture Capital and Partnerships	73,242,760
Cash & Cash Equivalents	29,510,641
Collateral for Securities Lending Transactions	38,265,355
Total	$ 1,278,569,796

* The fair value measurement of the fixed income securities of the Commission, and the mutual funds in the Trust, are at Level 1 categories.

(B) Capital Assets

A summary of governmental activities capital assets at June 30, 2016 is as follows:

	July 1, 2015	Increases	Decreases	Transfers/ Contributions	June 30, 2016
Capital assets not being depreciated					
Land	$ 369,636,732	$ 9,008,755	$ -	$ -	$ 378,645,487
Construction in progress	254,197,124	21,545,576	-	-	275,742,700
Total capital assets not being depreciated	623,833,856	30,554,331	-	-	654,388,187
Other capital assets, being depreciated					
Buildings and improvements	210,961,573	19,982,050	(1,728,796)	-	229,214,827
Infrastructure	248,651,587	10,934,695	(331,958)	-	259,254,324
Machinery, equipment and intangibles	98,955,328	10,399,835	(7,004,916)	-	102,350,247
Total other capital assets	558,568,488	41,316,580	(9,065,670)	-	590,819,398
Less accumulated depreciation for:					
Buildings and improvements	(145,000,107)	(4,835,063)	1,728,796	-	(148,106,374)
Infrastructure	(142,462,567)	(5,260,888)	331,958	-	(147,391,497)
Machinery, equipment and intangibles	(69,343,878)	(7,257,369)	6,732,210	-	(69,869,037)
Total accumulated depreciation	(356,806,552)	(17,353,320)	8,792,964	-	(365,366,908)
Total other capital asset, net	201,761,936	23,963,260	(272,706)	-	225,452,490
Governmental activities capital assets, net	$ 825,595,792	$ 54,517,591	$ (272,706)	$ -	$ 879,840,677

Summaries of business-type activities capital assets at June 30, 2016, made up of two major enterprise funds, are as follows:

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Montgomery County Enterprise Fund					
Capital assets not being depreciated:					
Land	$ 11,584,468	$ -	$ -	$ -	$ 11,584,468
Construction in progress	884,458	1,516,548	(203,320)	-	2,197,686
Total capital assets not being depreciated	12,468,926	1,516,548	(203,320)	-	13,782,154
Capital assets being depreciated					
Buildings and improvements	27,162,168	53,912	-	-	27,216,080
Infrastructure	19,535	15,975	-	-	35,510
Machinery, equipment and intangibles	2,472,401	234,414	(95,920)	-	2,610,895
Total capital assets being depreciated	29,654,104	304,301	(95,920)	-	29,862,485
Less accumulated depreciation for:					
Buildings and improvements	(21,068,311)	(1,013,623)	-	-	(22,081,934)
Infrastructure	(488)	(1,376)	-	-	(1,864)
Machinery, equipment and intangibles	(1,627,301)	(138,950)	84,608	-	(1,681,643)
Total accumulated depreciation	(22,696,100)	(1,153,949)	84,608	-	(23,765,441)
Total capital assets being depreciated, net	6,958,004	(849,648)	(11,312)	-	6,097,044
Capital assets, net	$ 19,426,930	$ 666,900	$ (214,632)	$ -	$ 19,879,198
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	72,348,323	1,760,294	-	-	74,108,617
Infrastructure	-	134,686	-	-	134,686
Machinery, equipment and intangibles	4,954,034	94,133	(329,634)	-	4,718,533
Total capital assets being depreciated	77,302,357	1,989,113	(329,634)	-	78,961,836
Less accumulated depreciation for:					
Buildings and improvements					
Machinery, equipment and intangibles	(38,410,031)	(1,700,892)	-	-	(40,110,923)
Total accumulated depreciation	(3,782,927)	(223,436)	329,631	-	(3,676,732)
	(42,192,958)	(1,924,328)	329,631	-	(43,787,655)
Total capital assets being depreciated, net					
	35,109,399	64,785	(3)	-	35,174,181
Capital assets, net					
	$ 42,888,530	$ 64,785	$ (3)	$ -	$ 42,953,312
Total Business-type activities					
	$ 62,315,460	$ 731,685	$ (214,635)	$ -	$ 62,832,510

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

Governmental Activities:	
General Government	$ 388,643
County Planning and Zoning	499,030
Park Operations and Maintenance	14,359,635
Recreation Programs	2,106,012
Total depreciation expense - governmental activities	$ 17,353,320
Total depreciation expense - business-type actvities:	
Recreational and Cultural Facilities	$ 3,078,277

Construction Commitments - The Commission is committed to $89,823,821 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, 2016. The Montgomery County Capital Projects Fund has a payable balance of $14,192,430 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 2016:

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	$ -	$ -	$ -	$ 30,000	$ -	$ 30,000
General Fund - Park Account	700,000	366,891	6,270,000	13,916,796	-	21,253,687
General Fund - Recreation Account	-	-	-	-	9,071,347	9,071,347
Special Revenue Fund	7,539	-	30,000	-	-	37,539
Capital Projects	21,606,341	-	-	-	-	21,606,341
Internal Service Fund-Capital Equipment	805,550	-	-	-	-	805,550
Total Transfers In	$ 23,119,430	$ 366,891	$ 6,300,000	$ 13,946,796	$ 9,071,347	$ 52,804,464
Transfers Out						
General Fund - Administration Account	$ 700,000	$ -	$ -	$ -	$ -	$ 700,000
General Fund - Park Account	(16,891)	-	21,623,232	7,539	-	21,613,880
Debt Service Fund	13,854,476	-	-	-	-	13,854,476
Capital Projects	6,636,891	-	-	30,000	-	6,666,891
Special Revenue Fund	92,320	-	-	-	-	92,320
Enterprise Fund	9,071,347	-	-	-	-	9,071,347
Internal Service Fund	-	-	-	-	805,550	805,550
Total Transfers Out	$ 30,338,143	$ -	$ 21,623,232	$ 37,539	$ 805,550	$ 52,804,464

A majority of the transfers were used to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds ($13,854,476) and current funding for Capital Projects ($6,620,000)

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	$ 9,071,347	$ 9,071,347
Total Transfers In	$ 9,071,347	$ 9,071,347

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

In addition to the above transfers, tax revenues of $1,663,867 not needed to pay current debt service were contributed by the Montgomery County Advanced Land Acquisition Debt Service Fund to the Montgomery County Advanced Land Acquisition Account in the Private Purpose Trust Funds and $774 was contributed by the Prince George's County Advanced land Acquisition Debt Service Fund to the Prince George's County Advanced Land Acquisition Account 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 2021. Each agreement provides for termination in the event of non-appropriation of funds.

Future minimum commitments under operating leases at June 30, 2016 are as follows ($000's):

	Operating Leases		
Year Ending June 30	Total	Montgomery County	Prince George's County
2017	$ 3,309	$ 345	$ 2,964
2018	2,451	345	2,106
2019	2,386	345	2,041
2020	1,284	345	939
2021	1,274	345	929
Total minimum lease payments	$ 10,704	$ 1,725	$ 8,979

In fiscal year 2016, expenditures in the General Fund included $1,743,787 relating to the rental of office space and $1,159,832 relating to rental and other charges for rented equipment.

(E) Long-Term Obligations

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" or “ALA”); 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 the Land Use Article of the Annotated Code of Maryland, Sections 15-115 and 15-116 to be levied in the Metropolitan District in the respective counties for the payment of Park Bond debt service. In 2016, 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 1.21 cents for real property and 3.03 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

	Governmental Activities					
Fiscal Year	Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	Total ALA Payments
2017	$ 3,050	$ 1,633	$ 4,683	$ 55	$ 21	$ 76
2018	3,260	1,521	4,781	135	19	154
2019	3,455	1,394	4,849	135	16	151
2020	3,135	1,260	4,395	130	14	144
2021	3,200	1,134	4,334	130	11	141
2022-2026	13,540	3,983	17,523	490	20	510
2027-2031	11,680	1,999	13,679	-	-	-
2032-2036	7,835	464	8,299	-	-	-
Totals	$ 49,155	$ 13,388	$ 62,543	$ 1,075	$ 101	$ 1,176

Prince George's County General Obligation Bonds

	Governmental Activities			
Fiscal Year	Total Park Principal	Total Park Interest	Total Park Payments	Total Commission General Obligation Bonds Principal & Interest
2017	$ 8,022	$ 2,805	$ 10,827	$ 15,586
2018	6,231	2,280	8,511	13,446
2019	4,500	2,068	6,568	11,568
2020	4,530	1,884	6,414	10,953
2021	4,575	1,693	6,268	10,743
2022-2026	15,855	5,998	21,853	39,886
2027-2031	13,630	3,241	16,871	30,550
2032-2036	11,740	1,038	12,778	21,077
Totals	$ 69,083	$ 21,007	$ 90,090	$ 153,809

Outstanding General Obligation Bonds - General obligation bonds outstanding as of June 30, 2016, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY 2017 Serial Payment	Original Issue	Outstanding as of June 30, 2016
Montgomery County						
Park Acquisition and Development Bonds						
Series LL-2 Advance and Current Refunc	2.4059	05/21/09	11/01/20	$ 930	$ 8,405	$ 3,555
Series MM-2	3.4803	05/21/09	11/01/28	210	5,250	945
Series MC-2012A (Note 1)	2.8695	04/05/12	12/01/32	855	12,505	10,900
Series MC-2012B	3.5622	04/05/12	12/01/32	125	3,000	2,630
Series MC-2014A	2.8633	06/17/14	12/01/33	510	14,000	13,005
Series MC-2016A	2.3634	04/14/16	11/01/35	420	12,000	12,000
Series MC-2016B Advance Refunding	1.6866	04/14/16	11/01/28	-	6,120	6,120
				3,050	61,280	49,155
Advance Land Acquisition Bonds						
MC 2016C- Advanced Land Acquisition	1.2475	04/14/16	11/01/24	55	1,075	1,075
				55	1,075	1,075
Total Montgomery County General Obligation Bonds				$ 3,105	$ 62,355	$ 50,230
Prince George's County						
Park Acquisition and Development Bonds						
Series EE-2 (Note 1)	3.2824	03/15/04	01/15/24	$ 2,305	$ 37,525	$ 2,305
Series KK-2 Current Refunding	3.2004	04/10/08	05/01/18	1,827	17,300	3,683
Series NN-2 Advance Refunding	2.4212	03/04/10	05/01/21	1,400	14,080	6,865
Series PGC-2012A Advance and Current	1.8735	06/21/12	01/15/24	925	11,420	7,060
Series PGC-2014A	3.0409	05/01/14	01/15/34	965	26,565	24,350
Series PGC-2015A (Note 1)	2.7254	10/15/15	01/15/36	600	24,820	24,820
Total Prince George's County General Obligation Bonds				$ 8,022	$ 131,710	$ 69,083

Notes: (1) The EE-2, MC-2012A and PGC-2015A Bonds include Advance Refunding and Park Acquisition and Development Project Bonds.

New Bond Issues –

New Bond Issues – On October 15, 2015, the Commission issued $24,820,000 of Prince George's County Park Acquisition and Development General Obligation Bonds and Advance Refunding Bonds Series PGC-2015A. Proceeds of $19,500,000 are to be used for capital project financing. Semiannual payments of interest and annual principal payments are due until January 15, 2036 at a net interest cost of 2.848037%. The balance of $5,320,000 provided the resources to defease the callable portion of the Prince George's County Park Acquisition and Development Bonds, Series JJ-2. The reacquisition price in excess of the net carrying value of the old debt is being netted against the new debt and amortized over the remaining life of the refunded bonds, which equals the life of the new debt issued. Semiannual payments of interest and annual principal payments are due until January 15, 2027 at a net interest cost of 1.920833%.

On April 14, 2016, the Commission issued $12,000,000 of Montgomery County Park Acquisition and Development General Obligation Project Bonds Series MC-2016A. These proceeds are to be used for capital project financing. Semiannual payments of interest and annual principal payments are due until November 1, 2035. Semiannual payments of interest and annual principal payments are due until November 1, 2035 at a net interest cost of 2.363439%.

On April 14, 2016, the Commission issued $6,120,000 of Montgomery County Park Acquisition and Development Advance Refunding Bonds Series MC-2016B. These proceeds provided the resources to defease the callable portion of the Montgomery County Park Acquisition and Development Project Bonds, Series FF-2, Series II-2 and Series MM-2. The reacquisition price in excess of the net carrying value of the old debt is being netted against the new debt and amortized over the remaining life of the refunded bonds, which equals the life of the new debt issued. Semiannual payments of interest and annual principal payments are due until November 1, 2028 at a net interest cost of 1.686561%.

On April 14, 2016, the Commission issued $1,075,000 of Montgomery County Advance Land Acquisition Advance Refunding Bonds Series MC-2016C. These proceeds provided the resources to defease the callable portion of the Montgomery County Advance Land Acquisition Bonds of 2004. The reacquisition price in excess of the net carrying value of the old debt is being netted against the new debt and amortized over the remaining life of the refunded bonds, which equals the life of the new debt issued. Semiannual payments of interest and annual principal payments are due until November 1, 2024 at a net interest cost of 1.247498%.

Information related to the refunding bond issues follows:

	Montgomery County				
	FF-2	II-2	MM-2	Advance Land Acquisition Bonds of 2004	Total
Amount of refunding bonds issued	$ 462,600	$ 2,925,100	$ 2,732,300	$ 1,075,000	$ 7,195,000
Premium	56,102	354,731	331,355	42,094	784,282
Amount refunded	(480,000)	(3,035,000)	(2,835,000)	(1,080,000)	(7,430,000)
Bond Issuance costs	(3,536)	(22,360)	(20,886)	(4,195)	(50,977)
Underwiters discount	(2,451)	(15,498)	(14,477)	(8,218)	(40,644)
Economic Gain	$ 32,715	$ 206,973	$ 193,292	$ 24,681	$ 457,661

	Prince George's County
	JJ-2
Amount of refunding bonds issued	$ 5,320,000
Premium	876,620
Amount refunded	(5,705,000)
Bond Issuance costs	(30,008)
Underwiters discount	(7,026)
Economic Gain	$ 454,586

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

Series	Redemption Date	Montgomery County	Prince George's County
Series II-2	04/01/17	$ 3,035,000	$ -
Series JJ-2	05/01/17	-	5,705,000

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Changes in Long-term Liabilities – Changes in long-term liabilities for the year ended June 30, 2016, were as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Montgomery County					
General Obligation Park Bonds Payable	$ 40,130,000	$ 18,120,000	$ 9,095,000	$ 49,155,000	$ 3,050,000
General Obligation ALA Bonds Payable	1,200,000	1,075,000	1,200,000	1,075,000	55,000
Premiums on Bonds Issued	1,333,946	1,155,317	244,772	2,244,491	-
Accrued Compensated Absences	8,344,719	4,774,403	4,495,414	8,623,708	4,495,413
Net Other Post Employment Benefit Obligations	29,323,135	959,084	-	30,282,219	-
Net Pension Liability	54,760,913	7,312,342	220,734	61,852,521	-
Long-term Liabilities	135,092,713	33,396,146	15,255,920	153,232,939	7,600,413
Prince George's County					
General Obligation Park Bonds Payable	57,536,298	24,820,000	13,273,171	69,083,127	8,021,946
Premiums on Bonds Issued	1,324,135	2,045,365	268,874	3,100,626	-
Accrued Compensated Absences	11,871,409	5,575,911	5,549,964	11,897,356	5,549,961
Net Other Post Employment Benefit Obligations	40,277,595	1,295,180	-	41,572,775	-
Net Pension Liability	73,021,702	9,861,952	220,735	82,662,919	-
Long-term Liabilities	184,031,139	43,598,408	19,312,744	208,316,803	13,571,907
Total Long-term Liabilities	$ 319,123,852	$ 76,994,554	$ 34,568,664	$ 361,549,742	$ 21,172,320

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Montgomery County					
Accrued Compensated Absences	$ 289,659	$ 65,939	$ 65,939	$ 289,659	$ 65,939
Net Other Post Employment Benefit Obligations	661,017	25,940	-	686,957	-
Net Pension Liability	1,464,243	224,343	-	1,688,586	-
Long-term Liabilities	2,414,919	316,222	65,939	2,665,202	65,939
Prince George's County					
Accrued Compensated Absences	664,771	278,234	262,005	681,000	262,005
Net Other Post Employment Benefit Obligations	2,466,200	64,979	-	2,531,179	-
Net Pension Liability	3,209,089	420,306	-	3,629,395	-
Long-term Liabilities	6,340,060	763,519	262,005	6,841,574	262,005
Total Long-term Liabilities	$ 8,754,979	$ 1,079,741	$ 327,944	$ 9,506,776	$ 327,944

	Governmental Activities	Business Type Activities	Total
Compensated Absences:			
Due within One Year	$ 10,045,374	$ 327,944	$ 10,373,318
Due in more than One Year	10,475,690	642,715	11,118,405
Bonds and Notes Payable:			
Due within One Year	11,126,946	-	11,126,946
Due in more than One Year	113,531,298	-	113,531,298
Net Other Post employment Benefit Obligations			
Due in more than One Year	71,854,994	3,218,136	75,073,130
Net Pension Liability	144,515,440	5,317,981	149,833,421
Total Long-term Liabilities	$ 361,549,742	$ 9,506,776	$ 371,056,518

Internal service funds predominantly serve the governmental funds. Accordingly, internal service fund long-term liabilities are included as part of governmental activities. For the governmental activities, claims and judgments, compensated absences, net pension obligations and net other post-employment benefits obligations 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 claim settlements in excess of $250,000 in fiscal years 2014, 2015 or 2016. No insurance coverages were reduced in fiscal year 2016.

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 and employees on long term disability with Medicare 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 2016. 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 2016 totaled $3,844,943. 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, 2014	$ 1,278,604	$ 12,919,365
Incurred Claims, Fiscal Year 2015	23,140,585	6,308,425
Claims Paid, Fiscal Year 2015	(22,832,379)	(3,744,162)
Unpaid Claims, June 30, 2015	1,586,810	15,483,628
Incurred Claims, Fiscal Year 2016	22,768,631	4,899,542
Claims Paid, Fiscal Year 2016	(22,289,612)	(3,844,943)
Unpaid Claims, June 30, 2016	$ 2,065,829	$ 16,538,227

The medical column excludes expenses that are fully insured.

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

	Medical	Risk Management	Total
Due within One Year	$ 2,065,828	$ 4,166,174	$ 6,232,002
Due in more than One Year	-	12,372,053	12,372,053
Total	$ 2,065,828	$ 16,538,227	$ 18,604,055

(B) Related Party Transactions

The Commission was involved in the following related party transactions during fiscal year 2016:

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

Reimbursements to County Council for planning, zoning, and audio/visual (Comm. Ofc)	$ 1,137,300
Dept. of Environ. Resources Zoning Enforcement and Inspection of New Construct.	1,761,900
Property Tax Collection Fees	78,500
Office Space Rental at the County Administrative Building	864,452
Geographic Information Systems - GIS	340,500
Peoples Zoning Counsel (Stan Derwin Brown)	250,000
Department of Environmental Resources - Water and Sewer Planning	155,300
Economic Development for Enterprise Zone	65,000
EDC - General Plan Goals	316,800
Permits & Inspection for M-NCPPC-DER	1,816,200
Permits & Inspection & Permitting - DPW&T	929,800
Redevelopment Authority	844,500
Property Tax Collection Fees (Parks & Recreation)	344,900
Clean Up, Green Up Program {Green to Greatness}- Tree Planting	225,000
Prince George's Community College -Park Police Security	300,000
Prince George's Community College -Outreach Facilities	300,000
Prince George's Community College -Team Building Program	100,000
Prince George's County - Police Department	36,800
Prince George's County - Library Recreation Program	2,712,770
Total (1)	$ 12,579,722

(1) Of this amount, $11,399,372 is in Accounts Payable at June 30, 2016.

(C) Contingencies

Grant Program – The Commission, as grantee or sub-grantee, 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

General Information about the 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 five 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.

Benefits Provided – Benefit payments for Plans A, B, C, and D are determined by the application of a benefit formula considering the average of an employee's annual base pay during the three consecutive years that produce the highest total earnings prior to retirement, and the number of years of credited service, up to 40 years for members of Plan A, 35 years for members of Plan B, 30 years for members of Plan C and 32 years for members of Plan D. Benefit payments in Plan E are determined by application of a benefit formula considering the average of an employee's annual base pay during the five consecutive years that produce the highest total earnings prior to retirement and credited service up to 35 years. Under certain conditions, participants may elect to take early retirement at a reduced benefit level. Joint and survivor options are also available under all the plans.

Prior to August 1, 1982, disability benefits were available under the plans. Effective August 1, 1982, applications for disability retirement benefits were discontinued. All members who were receiving disability benefits, or who applied for disability benefits prior to August 1, 1982, continue to be covered under the terms of Plans A, B, and C. All applications for disability benefits subsequent to August 1, 1982, are covered under the Commission's Long-Term Disability Insurance Plan, which is not part of the System.

On July 1 of each year, retirement income for participants retired at least six months is adjusted for changes in the cost-of-living as determined by the Consumer Price Index-All Items Annual Average, Urban Index for Major U. S. Cities (CPI). Plans A, B, C and D provide COLAS at 100% of the change in the CPI up to 3%, plus half of the change in the CPI in excess of 3%, up to a 5% maximum COLA for the portion of a member's benefit attributable to credited service earned prior to July 1, 2012, including earned and unused sick leave prior to January 1, 2013. The portion of a member's benefit attributable to credited service earned after July 1, 2012, including earned and unused sick leave on and after January 1, 2013, will be subject to a maximum COLA of 2.5%. Plan E provides COLAs at 100% of the change in the CPI up to a maximum COLA of 2.5%.

Effective July 9, 1986, the plans were amended to provide a $10,000 post-retirement death benefit to beneficiaries of current and future retired members.

Effective September 1, 1988, the plans were amended to permit members to use up to a maximum of 301 days of earned and unused sick leave to meet the length of service requirements for retirement qualification.

Although the Commission has not expressed any intent to terminate the Plans, it may do so at any time. In the event that the Plans are terminated, beneficiaries receiving benefits at the date of termination shall be entitled to an allocation of the remaining assets based upon the relationship of each individual's actuarial reserve to total actuarial reserves, the balance to be allocated (pro rata) to the remaining members or beneficiaries.

Employees Covered by Benefit Terms – As of July 1, 2015, membership in the System was as follows:

Active	2,104
Retired	1,324
Terminated Vested	260
Total Participants	3,688

Contributions – The Commission has agreed to make actuarially determined periodic contributions sufficient to provide the ERS with assets for payment of pension benefits. The rate for the Commission's employee group as a whole is expected to remain level as a percentage of annual covered payroll. The contribution rate is based on current service cost plus amortization of the unfunded actuarial accrued liability.

Active plan members in Plan A are required to contribute 7% of their base pay. Plan B members contribute 4% of their base pay up to the maximum Social Security Wage Base and 7% in excess of the maximum Social Security Wage Base for the calendar year. Plan C members contribute 9% of their base pay and Plan D members contribute 8% of their base pay. Plan E members contribute 4% of their base pay up to the maximum Social Security Wage Base and 8% in excess of the maximum Social Security Wage Base for the calendar year.

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015.

Actuarial Assumptions – The total pension liability of the Defined Benefit Pension Plan was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.75%
Salary Increases: 2.75% plus service based increases
Investment Return: 7. 25%, net of investment expense and including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality table projected to 2010, with generational adjustments for mortality improvements based on Scale AA factors. An alternative table was used for the valuation of disabled members.

A Post Retirement Cost of Living Adjustment of 2.75% was made for benefits based on credited service accrued until July 1, 2012, and sick leave accrued until January 1, 2013; a 2.5% adjustment for benefits accrued thereafter.

The total pension liability as of June 30, 2016 is equal to the July 1, 2015 Entry Age actuarial accrued liability, adjusted for total normal cost, one year of interest, and reduced by benefits paid during the year, adjusted by one half year of interest.

The following changes in actuarial assumptions were made since the prior valuation:

1. The investment return assumption was changed from 7.3% to 7.25% with a corresponding decrease in the salary scale assumption by .05%
2. The post retirement cost of living adjustment was changed from 3.0% to 2.75% for benefits based on credited service accrued until July 1, 2012 and sick leave accrued as of January 1, 2013.

An experience study was completed for the Retirement system in April 2016. The recommended assumption changes were approved by the Board and will be reflected in the next fiscal year GASB Report.

Employer contributions are determined annually, based on an annual valuation of the System. The Entry Age cost method is used for this purpose, with a 15 year open amortization of the unfunded actuarial liability, and a five year smoothing of investment gains and losses.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class, based on inputs from a survey of investment professionals. These allocations are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carl simulation process, by which returns are simulated over a 30 year period, and a risk adjustment is applied to the baseline expected return. This method accounts for not only expected returns, but adjusts for volatility of returns by asset class as well as correlations between the different classes.

Best estimates of long-term real rates of return for each major asset class included in the System's target asset allocation and the final investment return assumption, are summarized in the table below:

Asset Class	**Long-Term Expected Real Return - Portfolio**	**Target Allocation**
Domestic Equity	5.80%	23.00%
International Equity - Developed	5.90%	13.00%
International Equity - Emerging	6.70%	10.00%
Fixed Income & Bank Loans - U.S.	2.10%	14.00%
Fixed Income - U.S. High Yield	4.00%	7.50%
Fixed Income - International	2.50%	7.50%
Public Real Assets	2.40%	5.00%
Private Equity	7.80%	5.00%
Private Real Assets	4.10%	15.00%
Cash	0.80%	0.00%
Total Weighted Average Real Return	**4.68%**	**100.00%**
Plus Inflation	2.75%	
Total Return without Adjustment	7.43%	
Risk Adjustment	-0.18%	
Total Expected Investment Return	7.25%	

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 922,012,171	$ 791,995,626	$ 130,016,545
Changes for the year:			
Service cost	18,125,110	-	18,125,110
Interest	61,280,153	-	61,280,153
Changes in benefit terms*	(4,863)	-	(4,863)
Differences between expected and actual experience	(20,701,234)	-	(20,701,234)
Changes in assumptions	(13,818,623)	-	(13,818,623)
Benefit Payment, including refunds	(42,718,801)	(42,718,801)	-
Contributions - Employer	-	27,191,305	(27,191,305)
Contributions - Employee	-	6,418,154	(6,418,154)
Net Investment Income	-	(4,851,526)	4,851,526
Administrative expenses	-	(1,696,334)	1,696,334
Net changes	2,161,742	(15,657,202)	17,818,944
Balances at June 30, 2016	$ 924,173,913	$ 776,338,424	$ 147,835,489

* Effective March 1, 2015, employee contributions for Plan C were changed from 8.00% of base pay to 8.5% of base pay and for Plan D were changed from 7.00% of base pay to 7.50% of base pay.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of the Commission, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1% Decrease 6.25%	**Current Discount Rate 7.25%**	**1% Increase 8.25%**
Net Pension Liability	$ 267,820,652	$ 147,835,489	$ 40,926,609

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions – For the year ended June 30, 2016, the Commission recognized pension expense of $36,834,744. As of June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 83,535,747	$ -
Differences between expected and actual experience	435,853	(17,743,913)
Changes in assumptions	6,534,066	(11,844,531)
	$ 90,505,666	$ (29,588,444)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Net Amount of Outflow/(Inflow)
2017	$ 20,120,071
2018	20,120,071
2019	20,120,071
2020	9,025,748
2021	(3,537,335)
After 2021	(4,931,409)

Maryland State Retirement and Pension System

Certain employees/retirees of the Commission elected to remain in the Maryland State Retirement and Pension System (MSRS) which is a cost sharing employer public employee retirement system. The Commission entered into an agreement to reimburse the State for the unfunded present value of benefits as of June 30, 1985 over a period of 35 years. The Commission made its contractually required contribution of $441,470 in FY 2016. The balance due to the State as of June 30, 2016 is $1,997,932 of which $1,022,440 of cash is reflected in Exhibit 1. The final payment is scheduled to be made in fiscal year 2020.

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 1,023 retirees and survivors are participating in the Commission's medical plans. The Commission contributes 80 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)	$ 18,044
Interest on net OPEB obligation	5,168
Adjustment to annual required contribution	(4,020)
Annual OPEB cost (Expense)	19,192
Contribution made	16,847
Increase in Net OPEB obligation	2,345
Net OPEB obligation, beginning of year	72,728
Net OPEB obligation, end of year	$ 75,073

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 2014, 2015 and 2016 is presented below ($000):

	2014	2015	2016
Annual OPEB Cost	$ 19,943	$ 20,585	$ 19,192
Percentage of Annual OPEB Cost Contributed	93%	77%	88%
Net OPEB Obligation	$ 68,044	$ 72,728	$ 75,073

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, 2015 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, 2015. 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 at 7.25% a year compounded annually.

Salary Increases - Salary increases of 3.00% per year are projected for calculating the level percentage of pay.

Healthcare Cost Trend Rates – The expected rate of increase for healthcare costs in 2016 was estimated at 6.25% for prescription drugs and medical costs, 4.00% for dental and 3.50% for vision. Declining rates of increase were used, with 2022 and later rates at 4.00% for prescription drugs, medical and dental, and 3.50% for vision.

The funded status of the plan as of the most recent actuarial date, July 1, 2015, is as follows ($000's):

Actuarial Valuation of Plan Assets	$ 44,668
Actuarial Accrued Liability	274,045
Funded Ratio	16.30%
Unfunded Actuarial Accrued Liability	229,377
Annual Covered Payroll	134,536
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	170.5%

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 Position
Pension Trust Funds
June 30, 2016

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Total Pension Trust Funds
ASSETS			
Equity in Pooled Cash and Investments	$ -	$ 1,220,333	$ 1,220,333
Cash	22,229	-	22,229
Fixed Income Securities	205,713,476	13,787,563	219,501,039
International Fixed Income Securities	3,560,907	-	3,560,907
Venture Capital/Alternative Investments	73,242,760	-	73,242,760
Corporate Stock	323,720,189	-	323,720,189
International Corporate Stock	74,839,195	-	74,839,195
Real Estate Investments	67,750,239	832,055	68,582,294
Short Term Investments	29,510,641	-	29,510,641
Mutual Funds	-	33,358,534	33,358,534
Collateral for Securities Lending Transactions	38,265,355	-	38,265,355
Accrued Income on Investments	717,403	-	717,403
Accounts Receivable	297,449	-	297,449
Other	51,800	-	51,800
Total Assets	817,691,643	49,198,485	866,890,128
LIABILITIES			
Investments Payable	1,397,489	-	1,397,489
Accounts Payable	1,085,188	604,034	1,689,222
Claims Payable	-	620,022	620,022
Obligation for Collateral Received under Securities Lending Transactions	38,870,542	-	38,870,542
Total Liabilities	41,353,219	1,224,056	42,577,275
NET POSITION			
Assets Held in Trust for:			
Pension Benefits	776,338,424	-	776,338,424
Other Postemployment Benefits	-	47,974,429	47,974,429
Total Net Position	$ 776,338,424	$ 47,974,429	$ 824,312,853

Combining Schedules of Changes in Net Position
Pension Trust Funds
For the Year Ended June 30, 2016

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Totals
ADDITIONS:			
Contributions:			
Employer	$ 27,191,305	$ 15,812,653	$ 43,003,958
Plan Members	6,418,154	-	6,418,154
Plan Members for Current Benefits	-	2,522,481	2,522,481
Total Contributions	33,609,459	18,335,134	51,944,593
Federal Grants - Medicare	-	1,034,165	1,034,165
Investment Earnings:			
Interest	7,105,900	39	7,105,939
Dividends	2,144,205	473,636	2,617,841
Net increase in the Fair Value of Investments	(10,886,208)	(2,246,931)	(13,133,139)
Total Investment Earnings	(1,636,103)	(1,773,256)	(3,409,359)
Less Investment Advisory and Management Fees	(3,344,453)	-	(3,344,453)
Net Income from Investing Activities	(4,980,556)	(1,773,256)	(6,753,812)
Securities Lending Activity			
Securities Lending Income	204,993	-	204,993
Securities Lending Fees	(75,963)	-	(75,963)
Net Income from Securities Lending Activity	129,030	-	129,030
Total Net Investment Earnings	(4,851,526)	(1,773,256)	(6,624,782)
Total Additions and Investment Earnings	28,757,933	17,596,043	46,353,976
DEDUCTIONS:			
Benefits	42,257,685	14,289,367	56,547,052
Refunds of Contributions	461,116	-	461,116
Administrative expenses	1,696,334	-	1,696,334
Total Deductions	44,415,135	14,289,367	58,704,502
Change in Net Position	(15,657,202)	3,306,676	(12,350,526)
Net Position - Beginning	791,995,626	44,667,753	836,663,379
Net Position - Ending	$ 776,338,424	$ 47,974,429	$ 824,312,853

6) – COUNTY FINANCIAL DATA

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

Note 6A

MONTGOMERY COUNTY
Summary of Assets, Liabilities, Deferred Inflow of Resources and Fund Balances
Governmental Funds and Accounts
June 30, 2016

	General Fund Accounts			Capital	Nonmajor Governmental	Total Governmental
	Administration	Park	Total	Projects	Funds	Funds
ASSETS						
Equity in Pooled Cash and Investments	$ 14,917,659	$ 2,917,640	$ 17,835,299	$ -	$ 6,443,618	$ 24,278,917
Receivables - Taxes (net of allowance for uncollectibles)	252,443	721,975	974,418	-	23,574	997,992
Receivables - Other	9,348	38,297	47,645	-	-	47,645
Due from Other Funds	-	14,192,430	14,192,430	-	-	14,192,430
Due from County Government	-	78,407	78,407	17,187,700	63,687	17,329,794
Due from Other Governments	-	267,775	267,775	9,740,021	6,000	10,013,796
Restricted Cash - Unspent Debt Proceeds	-	-	-	3,631,544	-	3,631,544
Other	12,389	-	12,389	-	-	12,389
Total Assets	$ 15,191,839	$ 18,216,524	$ 33,408,363	$ 30,559,265	$ 6,536,879	$ 70,504,507
LIABLITIES						
Liabilities:						
Accounts Payable	$ 1,167,190	$ 1,138,495	$ 2,305,685	$ 5,105,226	$ 113,488	$ 7,524,399
Accrued Liabilities	1,568,737	4,202,852	5,771,589	-	27,612	5,799,201
Retainage Payable	-	-	-	1,805,765	-	1,805,765
Due to Other Funds	-	-	-	14,192,430	-	14,192,430
Due to County Government	60	-	60	-	30	90
Deposits and Fees Collected in-Advance	2,075,246	316,016	2,391,262	-	263,107	2,654,369
Total Liabilities	4,811,233	5,657,363	10,468,596	21,103,421	404,237	31,976,254
DEFERRED INFLOW OF RESOURCES						
Property Taxes Collected in-advance	136,439	390,720	527,159	-	-	527,159
Total Deferred Inflow of Resources	136,439	390,720	527,159	-	-	527,159
Fund Balance:						
Restricted for:						
Parks	-	-	-	3,631,544	8,174	3,639,718
Committed to:						
Planning	4,840,083	-	4,840,083	-	81,451	4,921,534
Parks	-	3,939,706	3,939,706	19,688,581	591,477	24,219,764
Assigned to:						
Planning	2,093,752	-	2,093,752	-	4,608,535	6,702,287
Parks	-	1,453,388	1,453,388	-	843,005	2,296,393
Unassigned:	3,310,332	6,775,347	10,085,679	(13,864,281)	-	(3,778,602)
Total Fund Balances	10,244,167	12,168,441	22,412,608	9,455,844	6,132,642	38,001,094
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 15,191,839	$ 18,216,524	$ 33,408,363	$ 30,559,265	$ 6,536,879	$ 70,504,507

Note 6B

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2016

	General Fund Accounts Administration	General Fund Accounts Park	General Fund Accounts Total	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$ 27,931,521	$ 85,610,387	$ 113,541,908	$ -	$ 1,794,531	$ 115,336,439
Intergovernmental:						
Federal	-	272,792	272,792	-	-	272,792
State	-	8,877	8,877	7,829,190	-	7,838,067
County	403,617	2,770,489	3,174,106	18,587,734	919,862	22,681,702
Charges for Services	397,401	1,875,472	2,272,873	-	2,930,203	5,203,076
Rentals and Concessions	-	1,860,236	1,860,236	-	371,438	2,231,674
Interest	68,041	(19,835)	48,206	12,187	16,796	77,189
Contributions	-	-	-	1,516,289	164,583	1,680,872
Miscellaneous	6,854	150,631	157,485	2,251	66,014	225,750
Total Revenues	28,807,434	92,529,049	121,336,483	27,947,651	6,263,427	155,547,561
EXPENDITURES						
Current:						
General Government	7,469,148	-	7,469,148	-	-	7,469,148
Planning and Zoning	20,240,616	-	20,240,616	-	3,285,436	23,526,052
Park Operations and Maintenance	-	87,953,100	87,953,100	-	1,433,488	89,386,588
Contributions	-	-	-		1,663,867	1,663,867
Debt Service:						
Principal	-	-	-	-	2,865,000	2,865,000
Interest	-	-	-	-	1,349,880	1,349,880
Other Debt Service Costs	-	-	-	-	268,713	268,713
Capital Outlay:						
Park Acquisition	-	-	-	3,430,100	-	3,430,100
Park Development	-	-	-	32,409,998	-	32,409,998
Total Expenditures	27,709,764	87,953,100	115,662,864	35,840,098	10,866,384	162,369,346
Excess (Deficiency) of Revenues over Expenditures	1,097,670	4,575,949	5,673,619	(7,892,447)	(4,602,957)	(6,821,785)
OTHER FINANCING SOURCES (USES)						
General Obligation Bonds Issued	-	-	-	12,000,000	-	12,000,000
Refunding Bonds Issued	-	-	-	-	7,195,000	7,195,000
Premiums on Bonds Issued	-	-	-	701,657	784,282	1,485,939
Payment to Refunding Bond Escrow Account	-	-	-	-	(7,883,660)	(7,883,660)
Transfers In	-	1,488,659	1,488,659	366,891	4,318,635	6,174,185
Transfer Out	(700,000)	(4,668,635)	(5,368,635)	-	-	(5,368,635)
Total Other Financing Sources (Uses)	(700,000)	(3,179,976)	(3,879,976)	13,068,548	4,414,257	13,602,829
Net Change in Fund Balances	397,670	1,395,973	1,793,643	5,176,101	(188,700)	6,781,044
Fund Balances - Beginning	9,846,497	10,772,468	20,618,965	4,279,743	6,321,342	31,220,050
Fund Balances - Ending	$ 10,244,167	$ 12,168,441	$ 22,412,608	$ 9,455,844	$ 6,132,642	$ 38,001,094

Note 6C

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, 2016

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 27,895,118	$ 27,895,118	$ 27,931,521	$ 36,403
Intergovernmental -				
State	150,000	150,000	-	(150,000)
County	400,400	400,400	403,617	3,217
Charges for Services	144,000	144,000	397,401	253,401
Interest	35,000	35,000	68,041	33,041
Miscellaneous	-	-	6,854	6,854
Total Revenues	28,624,518	28,624,518	28,807,434	182,916
Expenditures/Encumbrances:				
Commissioners' Office	1,277,509	1,277,509	1,146,609	130,900
Central Administrative Services -				
Department of Human Resources and Management	2,009,626	2,009,626	1,901,251	108,375
Department of Finance	3,176,734	3,176,734	3,176,505	229
Internal Audit Division	200,933	200,933	194,567	6,366
Legal Department	1,467,883	1,467,883	1,439,845	28,038
Support Services	623,857	623,857	566,351	57,506
Merit System Board	70,780	70,780	66,958	3,822
Total Central Administrative Services	7,549,813	7,549,813	7,345,477	204,336
Planning Department -				
Office of the Planning Director	947,780	927,780	966,725	(38,945)
Management and Technology Services	2,264,227	2,284,227	2,255,297	28,930
Functional Planning and Policy	2,909,732	2,754,732	2,587,549	167,183
Area 1	1,496,107	1,486,107	1,457,174	28,933
Area 2	2,225,852	2,210,852	2,021,749	189,103
Area 3	2,124,532	2,034,532	1,953,446	81,086
Dev. Applications and Regulatory Coordination	979,655	962,655	825,997	136,658
Information Technology and Innovation	3,324,914	3,496,914	3,473,924	22,990
Support Services	1,821,504	1,936,504	1,849,757	86,747
Research and Special Projects	1,250,489	1,250,489	1,063,288	187,201
Grants	150,000	150,000	-	150,000
Total Planning Department	19,494,792	19,494,792	18,454,906	1,039,886
Non-Departmental	1,701,483	1,701,483	992,084	709,399
Total Expenditures/Encumbrances	30,023,597	30,023,597	27,939,076	2,084,521
Excess of Revenues over Expenditures/Encumbrances	(1,399,079)	(1,399,079)	868,358	2,267,437
Other Financing Sources (Uses):				
Transfers In (Out) -				
Park Fund	(700,000)	(700,000)	(700,000)	-
Total Other Financing Sources (Uses)	(700,000)	(700,000)	(700,000)	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (2,099,079)	$ (2,099,079)	168,358	$ 2,267,437
Fund Balance - Budget Basis, Beginning			5,235,726	
Fund Balance - Budget Basis, Ending			$ 5,404,084	

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, 2016

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 85,538,361	$ 85,538,361	$ 85,610,387	$ 72,026
Intergovernmental -				
Federal	-	-	272,792	272,792
State	400,000	400,000	8,877	(391,123)
County	2,739,782	2,739,782	2,770,489	30,707
Charges for Services	1,791,168	1,791,168	1,875,472	84,304
Rentals and Concessions	1,757,075	1,757,075	1,860,236	103,161
Interest	8,000	8,000	(19,835)	(27,835)
Miscellaneous	126,300	126,300	150,631	24,331
Total Revenues	92,360,686	92,360,686	92,529,049	168,363
Expenditures/Encumbrances:				
Director of Montgomery Parks	1,337,666	1,337,666	1,329,509	8,157
Management Services	1,577,278	1,577,278	1,611,923	(34,645)
Information Technology & Innovation	2,189,818	2,192,318	2,141,019	51,299
Facilities Management	11,533,316	11,608,848	11,517,350	91,498
Park Planning and Stewardship	4,313,004	4,385,356	3,815,672	569,684
Park Development	3,432,987	3,432,987	3,192,238	240,749
Park Police	14,057,738	14,063,338	14,467,666	(404,328)
Horticulture, Forestry & Environmental Education	8,280,827	9,071,837	9,485,432	(413,595)
Public Affairs and Community Service	2,428,748	2,260,617	2,316,133	(55,516)
Northern Parks	9,671,007	9,671,583	9,246,887	424,696
Southern Region	13,077,629	13,127,628	12,892,188	235,440
Support Services	10,262,238	10,300,541	10,959,305	(658,764)
Grants	400,000	400,000	282,761	117,239
Property Management	1,126,800	1,126,800	1,059,506	67,294
Non-Departmental	5,337,546	4,954,536	3,602,579	1,351,957
Total Expenditures/Encumbrances	89,026,602	89,511,333	87,920,168	1,591,165
Excess of Revenues over Expenditures/Encumbrances	3,334,084	2,849,353	4,608,881	1,759,528
Other Financing Sources (Uses):				
Transfers In/(Out)-				
Capital Projects Funds	10,000	10,000	(16,891)	(26,891)
Capital Equipment Fund	805,550	805,550	805,550	-
Administration Fund	700,000	700,000	700,000	-
Debt Service Fund	(5,059,085)	(4,659,085)	(4,256,316)	402,769
Capital Projects Funds - Development	(350,000)	(350,000)	(350,000)	-
Special Revenue	-	-	(62,321)	(62,321)
Total Other Financing Sources (Uses)	(3,893,535)	(3,493,535)	(3,179,978)	313,557
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (559,451)	$ (644,182)	1,428,903	$ 2,073,085
Fund Balance - Budget Basis, Beginning			6,799,832	
Fund Balance - Budget Basis, Ending			$ 8,228,735	

Note 6E

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities, Deferred Inflow of Resources and Fund Balances
Governmental Funds and Accounts
June 30, 2016

	General Fund Accounts					Nonmajor	Total
	Administration	Park	Recreation	Total	Capital Projects	Governmental Funds	Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	$ 42,208,079	$ 136,755,034	$ 43,120,589	$ 222,083,702	$ 51,900,287	$ 8,306,082	$ 282,290,071
Receivables - Taxes (net of allowance for uncollectibles)	712,647	1,658,871	1,321,081	3,692,599	-	-	3,692,599
Receivables - Other	61,706	4,538	27,109	93,353	-	-	93,353
Due from County Government	9,806	9,845	-	19,651	-	-	19,651
Due from Other Governments	4,213	153,148	18,175	175,536	7,154,840	456,016	7,786,392
Inventories	-	-	-	-	-	709,067	709,067
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	7,880,376	-	7,880,376
Other	10,191	-	-	10,191	106,568	-	116,759
Total Assets	$ 43,006,642	$ 138,581,436	$ 44,486,954	$ 226,075,032	$ 67,042,071	$ 9,471,165	$ 302,588,268
LIABLITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 1,719,099	$ 3,547,646	$ 1,702,388	$ 6,969,133	$ 7,478,132	$ 189,590	$ 14,636,855
Accrued Liabilities	1,904,374	4,418,277	2,661,740	8,984,391	-	384,723	9,369,114
Retainage Payable	-	-	-	-	2,370,702	-	2,370,702
Deposits and Fees Collected in-Advance	65,020	(907,729)	5,443,708	4,600,999	1,014,392	24,300	5,639,691
Total Liabilities	3,688,493	7,058,194	9,807,836	20,554,523	10,863,226	598,613	32,016,362
DEFERRED INFLOW OF RESOURCES							
Property Taxes Collected in-advance	379,410	1,628,900	888,300	2,896,610	-	-	2,896,610
Total Deferred Inflow of Resources	379,410	1,628,900	888,300	2,896,610	-	-	2,896,610
Fund Balance:							
Nonspendable to:							
Recreation	-	-	-	-	-	709,067	709,067
Restricted for:							
Parks	-	-	-	-	7,880,376	-	7,880,376
Committed to:							
Planning	15,411,154	-	-	15,411,154	-	-	15,411,154
Parks	-	11,097,455	-	11,097,455	70,135,240	29,926	81,262,621
Recreation	-	-	8,732,285	8,732,285	-	405,261	9,137,546
Assigned to:							
Planning	701,496	-	-	701,496	-	2,686	704,182
Parks	-	3,368,882	-	3,368,882		1,517,159	4,886,041
Recreation	-	-	-	-	-	6,208,453	6,208,453
Unassigned:	22,826,089	115,428,005	25,058,533	163,312,627	(21,836,771)	-	141,475,856
Total Fund Balances	38,938,739	129,894,342	33,790,818	202,623,899	56,178,845	8,872,552	267,675,296
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 43,006,642	$ 138,581,436	$ 44,486,954	$ 226,075,032	$ 67,042,071	$ 9,471,165	$ 302,588,268

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, 2016

	General Fund Accounts					Nonmajor	Total
	Administration	Park	Recreation	Total	Capital Projects	Governmental Funds	Governmental Funds
REVENUES							
Property Taxes	$ 45,830,924	$ 125,218,112	$ 65,306,808	$ 236,355,844	$ -	$ 774	$ 236,356,618
Intergovernmental:							
Federal	85,631	48,239	-	133,870	-	-	133,870
State	-	-	270,042	270,042	4,336,032	-	4,606,074
County	166,707	137,198	900	304,805	-	456,016	760,821
Charges for Services	538,876	183,551	7,283,645	8,006,072	-	1,031,534	9,037,606
Rentals and Concessions	-	2,762,833	1,301,358	4,064,191	-	5,577,575	9,641,766
Interest	156,768	320,405	160,535	637,708	258,232	27,465	923,405
Contributions	-	-	-	-	862,739	58,201	920,940
Miscellaneous	43,261	325,690	152,160	521,111	156	47,103	568,370
Total Revenues	46,822,167	128,996,028	74,475,448	250,293,643	5,457,159	7,198,668	262,949,470
EXPENDITURES							
Current:							
General Government	10,800,032	-	-	10,800,032	-	-	10,800,032
Planning and Zoning	31,973,181	-	-	31,973,181	-	-	31,973,181
Park Operations and Maintenance	-	111,834,866	-	111,834,866	-	916,585	112,751,451
Recreation	-	-	58,362,003	58,362,003	-	5,682,031	64,044,034
Contributions	-	-	-	-	-	774	774
Debt Service:							
Principal	-	-	-	-	-	7,568,171	7,568,171
Interest	-	-	-	-	-	1,902,586	1,902,586
Other Debt Service Costs	-	-	-	-	-	166,302	166,302
Capital Outlay:							
Park Acquisition	-	-	-	-	1,493,422	-	1,493,422
Park Development	-	-	-	-	30,142,743	-	30,142,743
Total Expenditures	42,773,213	111,834,866	58,362,003	212,970,082	31,636,165	16,236,449	260,842,696
Excess (deficiency) of Revenues over Expenditures	4,048,954	17,161,162	16,113,445	37,323,561	(26,179,006)	(9,037,781)	2,106,774
OTHER FINANCING SOURCES (USES)							
General Obligation Bonds Issued	-	-	-	-	19,500,000	-	19,500,000
Refunding Bonds Issued	-	-	-	-	-	5,320,000	5,320,000
Premiums on Bonds Issued	-	-	-	-	1,592,643	876,620	2,469,263
Deposit of Bond Proceeds with Escrow Agent	-	-	-	-	-	(6,157,722)	(6,157,722)
Transfers In	-	21,630,771	-	21,630,771	6,300,000	9,628,161	37,558,932
Transfer Out	(30,000)	(15,868,161)	(9,071,347)	(24,969,508)	(21,623,232)	(37,539)	(46,630,279)
Total Other Financing Sources (Uses)	(30,000)	5,762,610	(9,071,347)	(3,338,737)	5,769,411	9,629,520	12,060,194
Net Change in Fund Balances	4,018,954	22,923,772	7,042,098	33,984,824	(20,409,595)	591,739	14,166,968
Fund Balances - Beginning	34,919,785	106,970,570	26,748,720	168,639,075	76,588,440	8,280,813	253,508,328
Fund Balances - Ending	$ 38,938,739	$ 129,894,342	$ 33,790,818	$ 202,623,899	$ 56,178,845	$ 8,872,552	$ 267,675,296

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Note 6G

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, 2016

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 43,886,700	$ 43,886,700	$ 45,830,924	$ 1,944,224
Intergovernmental -				
Federal	-	85,631	85,631	-
County	209,600	209,600	166,707	(42,893)
Charges for Services	653,000	653,000	538,876	(114,124)
Interest	130,000	130,000	156,768	26,768
Miscellaneous	10,000	10,000	43,261	33,261
Total Revenues	44,889,300	44,974,931	46,822,167	1,847,236
Expenditures/Encumbrances:				
Commissioners' Office	3,156,299	3,156,299	2,953,958	202,341
Central Administrative Services -				
Department of Human Resources and Management	2,468,422	2,468,422	2,324,264	144,158
Department of Finance	3,750,789	3,750,789	3,749,970	819
Internal Audit Division	354,986	354,986	340,713	14,273
Legal Department	1,019,042	1,019,042	994,852	24,190
Support Services	771,795	771,795	700,654	71,141
Merit System Board	70,780	70,780	66,958	3,822
Total Central Administrative Services	8,435,814	8,435,814	8,177,411	258,403
Planning Department -				
Director's Office	4,440,445	3,904,983	4,058,475	(153,492)
Development Review	6,058,982	6,058,982	5,192,528	866,454
Community Planning	5,151,753	4,127,370	3,254,760	872,610
Information Management	5,749,892	5,190,572	3,993,206	1,197,366
Countywide Planning	7,271,636	6,957,780	6,486,693	471,087
Support Services	8,493,833	8,493,833	7,551,410	942,423
Grants	144,600	240,825	240,825	-
Total Planning Department	37,311,141	34,974,345	30,777,897	4,196,448
Non-Departmental	(257,542)	2,175,479	1,708,982	466,497
Total Expenditures/Encumbrances	48,645,712	48,741,937	43,618,248	5,123,689
Excess (Deficiency) of Revenues over Expenditures/Encumbrances	(3,756,412)	(3,767,006)	3,203,919	6,970,925
Other Financing Sources (Uses):				
Transfers In (Out) -				
Special Revenue Fund	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	(30,000)	(30,000)	(30,000)	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (3,786,412)	$ (3,797,006)	3,173,919	$ 6,970,925
Fund Balance - Budget Basis, Beginning			20,353,666	
Fund Balance - Budget Basis, Ending			$ 23,527,585	

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, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 119,265,800	$ 119,265,800	$ 125,218,112	$ 5,952,312
Intergovernmental -				
Federal	-	48,239	48,239	-
County	-	137,198	137,198	-
Charges for Services	148,500	148,500	183,551	35,051
Rentals and Concessions	2,641,300	2,641,300	2,762,833	121,533
Interest	350,000	350,000	320,405	(29,595)
Miscellaneous	300,000	300,000	325,690	25,690
Total Revenues	122,705,600	122,891,037	128,996,028	6,104,991
Expenditures/Encumbrances:				
Office of The Director -				
Office of the Director	2,438,574	2,373,574	2,060,854	312,720
Park Police	18,797,353	18,484,853	18,833,720	(348,867)
Administration and Development -				
Administrative Services	5,161,592	5,141,592	4,817,350	324,242
Administration and Development	341,414	336,414	306,055	30,359
Support Services	13,688,200	13,634,200	14,527,250	(893,050)
Park Planning and Development	6,490,194	6,400,559	6,211,573	188,986
Info Tech and Communications	5,321,318	5,229,162	5,091,434	137,728
Facility Operations -				
Deputy Director	664,816	664,816	465,900	198,916
Public Affairs & Marketing	2,212,089	2,212,089	1,979,175	232,914
Maintenance and Development	27,879,174	27,746,174	27,517,841	228,333
Natural and Historical Resources	6,128,683	6,008,673	6,071,138	(62,465)
Arts and Cultural Heritage	1,998,593	1,968,593	1,934,888	33,705
Total Facility Operations	38,883,355	38,600,345	37,968,942	631,403
Area Operations -				
Deputy Director	342,038	333,438	356,556	(23,118)
Northern Area Operations	6,726,489	6,666,030	6,621,092	44,938
Central Area Operations	6,665,715	6,553,257	5,931,736	621,521
Southern Area Operations	6,383,477	6,286,019	6,020,203	265,816
Total Area Operations	20,117,719	19,838,744	18,929,587	909,157
Grants	-	238,088	238,088	-
Non-Departmental	5,542,009	6,742,285	5,043,120	1,699,165
Total Expenditures/Encumbrances	116,781,728	117,019,816	114,027,973	2,991,843
Excess of Revenues over Expenditures/Encumbrances	5,923,872	5,871,221	14,968,055	9,096,834
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Interest	215,000	215,000	258,232	43,232
Capital Projects Funds - Transfer In	21,365,000	21,365,000	21,365,000	-
Special Revenue Fund	-	-	7,539	7,539
Debt Service - Park Fund	(11,853,237)	(11,853,237)	(9,598,161)	2,255,076
Capital Projects Funds - Development	(6,295,000)	(6,295,000)	(6,270,000)	25,000
Total Other Financing Sources (Uses)	3,431,763	3,431,763	5,762,610	2,330,847
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 9,355,635	$ 9,302,984	20,730,665	$ 11,427,681
Fund Balance - Budget Basis, Beginning			98,066,222	
Fund Balance - Budget Basis, Ending			$ 118,796,887	

Note 6I

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, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 62,626,100	$ 62,626,100	$ 65,306,808	$ 2,680,708
Intergovernmental -				
State	-	270,042	270,042	-
County	-	900	900	-
Charges for Services	7,672,000	7,672,000	7,283,645	(388,355)
Rentals and Concessions	1,093,700	1,093,700	1,301,358	207,658
Interest	125,000	125,000	160,535	35,535
Miscellaneous	82,800	82,800	152,160	69,360
Total Revenues	71,599,600	71,870,542	74,475,448	2,604,906
Expenditures/Encumbrances:				
Administration and Development-				
Support Services	7,169,365	7,016,951	8,297,703	(1,280,752)
Total Director's Office	7,169,365	7,016,951	8,297,703	(1,280,752)
Facility Operations:				
Public Affairs & Marketing	924,039	910,589	722,223	188,366
Sports, Health and Wellness	11,277,997	11,108,091	11,250,317	(142,226)
Natural and Historical Resources	1,361,674	1,361,674	1,161,702	199,972
Arts and Cultural Heritage	4,031,203	3,985,423	3,601,118	384,305
Grants	-	358,622	358,622	-
Total Facility Operations	17,594,913	17,724,399	17,093,982	630,417
Area Operations:				
Deputy Director	65,727	65,727	39,132	26,595
Northern Area Operations	7,653,790	7,569,315	6,587,124	982,191
Central Area Operations	7,593,727	7,478,993	6,588,935	890,058
Southern Area Operations	8,491,522	8,346,588	7,487,785	858,803
Special Programs	8,539,156	8,464,156	8,603,281	(139,125)
Total Area Operations	32,343,922	31,924,779	29,306,257	2,618,522
Non-Departmental	6,337,259	7,137,952	6,355,336	782,616
Total Operating Expenditures/Encumbrances	63,445,459	63,804,081	61,053,278	2,750,803
Excess of Revenues over Expenditures/Encumbrances	8,154,141	8,066,461	13,422,170	5,355,709
Other Financing Sources (Uses):				
Transfers In (Out) -				
Enterprise	(9,071,347)	(9,071,347)	(9,071,347)	-
Total Other Financing Sources (Uses)	(9,071,347)	(9,071,347)	(9,071,347)	-
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (917,206)	$ (1,004,886)	4,350,823	$ 5,355,709
Fund Balance - Budget Basis, Beginning			20,707,710	
Fund Balance - Budget Basis, Ending			$ 25,058,533	

Schedule of Required Supplementary Information for Defined Benefit Pension Plans
(Unaudited)

Schedule of Changes in the Commission's Net Pension Liability and Related Ratios*

	2016	2015	2014
Total Pension Liability			
Service Cost	$ 18,125,110	$ 19,015,744	$ 16,635,683
Interest	61,280,153	64,188,829	60,003,715
Changes in benefit terms	(4,863)	-	-
Difference between expected and actual experience	(20,701,234)	610,807	-
Changes in assumptions	(13,818,623)	9,147,692	-
Benefit payments including refunds	(42,718,801)	(40,382,818)	(38,407,073)
Net change in total pension liability	2,161,742	52,580,254	38,232,325
Total pension liability - beginning	922,012,171	869,431,917	831,199,592
Total pension liability - ending (a)	$ 924,173,913	$ 922,012,171	$ 869,431,917
Plan Fiduciary Net Position			
Contributions - employer	$ 27,191,305	$ 28,149,976	$ 28,750,323
Contributions - employee	6,418,154	6,339,732	5,413,595
Net investment income	(4,851,526)	3,340,520	107,897,795
Benefit payments, including refunds	(42,718,801)	(40,382,818)	(38,407,073)
Administrative expenses	(1,696,334)	(1,587,371)	(1,487,210)
Net change in plan fiduciary net position	(15,657,202)	(4,139,961)	102,167,430
Plan fiduciary net position - beginning	791,995,626	796,135,587	693,968,157
Plan fiduciary net position - ending (b)	$ 776,338,424	$ 791,995,626	$ 796,135,587
Net pension liability - ending (a-b)	$ 147,835,489	$ 130,016,545	$ 73,296,330
Plan fiduciary net position as a percentage of total pension liability	84.0%	85.9%	91.6%
Covered employee payroll	135,041,803	129,134,125	129,911,593
Net pension liability as a percentage of covered payroll	109.5%	100.7%	56.4%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Required Supplementary Information for Defined Benefit Pension Plans
(Unaudited)

(continued)

Employees' Retirement System

Fiscal Year ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	$ 9,824,590	$ 9,824,590	$ -	$ 109,579,279	9.0%
2008	10,561,434	10,561,434	-	109,579,279	9.6%
2009	13,983,669	14,933,506	(949,837)	122,825,271	12.2%
2010	17,614,908	17,614,908	-	132,240,949	13.3%
2011	35,206,700	25,633,000	9,573,700	142,590,713	18.0%
2012	32,182,287	32,182,287	-	140,407,414	22.9%
2013	23,806,058	23,806,058	-	132,490,722	18.0%
2014	28,750,323	28,750,323	-	129,911,593	22.1%
2015	28,149,976	28,149,976	-	129,134,125	21.8%
2016	27,191,305	27,191,305	-	135,041,803	20.1%

Notes to Required Supplementary Information

(1) Changes in Actuarial Assumptions

The investment rate of return was changed from 7.3% to 7.25% with a corresponding decrease in the salary scale assumption by 0.05%.

The post retirement cost of living adjustment was changed from 3.0% to 2.75% for benefits based on credited service accrued until July 1, 2012 and sick leave accrued as of January 1, 2013.

(2) Methods and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age
Amortization Method	Prior to July 1, 2013 - Amortize July 1, 2005 unfunded actuarial accrued liability in equal payments to January 1, 2016. Amortize subsequent changes in unfunded actuarial accrued liability in equal payments over 15 years. After July 1, 2013 – Open 15 year amortization of the unfunded actuarial accrued liability.
Remaining Amortization Period	15 years
Asset Valuation Method	5 year asset smoothing
Inflation	2.75%
Salary Increases	2.75% plus service based increases
Investment Rate of Return	7.25%, net of investment expense and including inflation
Mortality	RP-2000 Healthy Annuitant Mortality table projected to 2010, with generational adjustments for mortality improvements based on Scale AA factors. An alternate table was used for the valuation of disabled members.

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, 2013	July 1, 2014	July 1, 2015
Actuarial Valuation of Plan Assets	$ 28,069	$ 40,465	$ 44,668
Actuarial Accrued Liability	275,804	296,498	274,045
Funded Ratio	10.18%	13.65%	16.30%
Unfunded Actuarial Accrued Liability	247,735	256,033	229,377
Annual Covered Payroll	119,966	126,868	134,536
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	206.5%	201.8%	170.5%

Analysis of the dollar amounts of plan net position, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net position 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 and 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 and generally, the smaller the unfunded percentage, the stronger the system.

Appendix B

FORM OF OPINION OF BOND COUNSEL
(closing date)

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Maryland-National Capital Park and Planning Commission (the "Commission") of its $8,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2017A (the "Bonds"), which are described as follows:

Dated the date of initial delivery, interest payable semiannually on each May 1 and November 1, commencing November 1, 2017, until maturity or earlier redemption; fully registered in form in the denomination of $5,000 each or any integral multiple thereof; issued under the provisions of Sections 18-201 through 18-211, inclusive, of the Land Use Article of the Annotated Code of Maryland (the "Act"); authorized to be issued and awarded by a Resolution adopted by the Commission on March 15, 2017 (the "Resolution"); and maturing, subject to prior redemption, on November 1 in each of the years, in such amounts, and bearing interest at such rates, as set forth in the Bonds.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities, and we have not independently verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents.

We are qualified to practice law in the State of Maryland, and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the law of the State of Maryland and the federal law of the United States of America.

With respect to an executed and authenticated Bond which we have examined and Bonds similarly executed and authenticated, it is our opinion under existing law that:

(a) The Commission is a public body of the State of Maryland, and Montgomery County, Maryland (the "County") is a 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 the County. The Bonds are payable from proceeds of limited annual ad valorem property taxes that the County is required by Section 18-304(a) of the Land Use Article of the Annotated Code of Maryland to impose and collect in the Maryland-Washington Metropolitan District in the County (the "District") and to remit to the Commission. If the revenues from these taxes are inadequate to pay the principal of and interest on the Bonds, the County shall impose, in each year that the taxes are inadequate, an additional tax on all assessable property with the District sufficient to make up such deficiency. If the revenues from the additional tax are inadequate, the County has guaranteed the payment of the interest when due and of the principal at maturity of the Bonds and, to provide for such payments, shall impose a tax on all assessable property within the corporate limits of the County sufficient to make up such deficiency.

(c) Under current law, (i) interest on the Bonds (including any accrued "original issue discount" properly allocable to the owners of the Bonds) is excludable from gross income for purposes of Federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not a specific item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations; provided, however, for purposes of the alternative minimum tax imposed on corporations (as defined for Federal income tax purposes under Section 56 of the Code), interest on the Bonds is included in computing adjusted current earnings.

In rendering the opinion expressed above in paragraph (c), we have assumed continuing compliance with the covenants and agreements set forth in the Non-Arbitrage Certificate and Tax Covenants of even date herewith executed and delivered by the Commission, which covenants and agreements are designed to satisfy the requirements of Section 103 and Sections 141 through 150, inclusive, of the Code and the income tax regulations issued thereunder. Failure by the Commission to comply with such covenants and agreements could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their issue date.

(d) Under existing law of the State of Maryland, the principal amount of the Bonds, the interest thereon, their transfer, and any income derived therefrom, including any profit from the sale or transfer thereof, are exempt from state and local taxes in the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Bonds or the interest thereon.

This opinion is given as of its date and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

It is to be understood that the rights of any holder of the Bonds and the enforceability of Bonds may be subject to (a) any applicable bankruptcy, insolvency (including, without limitation, laws relating to preferences and fraudulent transfers or conveyances), reorganization, moratorium and other similar laws affecting creditors' rights generally, (b) the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and (c) the valid exercise of constitutional powers of the United States of America and of the sovereign police and taxing powers of the State of Maryland or other governmental units having jurisdiction.

Very truly yours,

McGuireWoods LLP

Appendix C

NOTICE OF SALE

$8,000,000
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
Montgomery County
General Obligation
Park Acquisition and Development Project Bonds, Series MC-2017A

Electronic Bids only will be received until 11:00 a.m.,
Local Baltimore, Maryland Time, on April 20, 2017

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 as of the date of their delivery and to be issued pursuant to the authority of Sections 18-201 through 18-211, inclusive of the Land Use Article of the Annotated Code of Maryland (2012 Replacement Volume and 2015 Supplement) (the "Land Use Article") and a Resolution of the Commission adopted on March 15, 2017. The Bonds will bear interest from date of delivery, payable on each May 1 and November 1 commencing November 1, 2017, until maturity or prior redemption.

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

Maturities: The Bonds will be separately numbered from No. R-1 upward, and will mature subject to prior redemption, in consecutive annual installments on November 1 in the amounts and years set forth in the following table:

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2017	$400,000	2027...........	$400,000
2018	400,000	2028...........	400,000
2019	400,000	2029...........	400,000
2020	400,000	2030...........	400,000
2021	400,000	2031...........	400,000
2022	400,000	2032...........	400,000
2023	400,000	2033...........	400,000
2024	400,000	2034...........	400,000
2025	400,000	2035...........	400,000
2026	400,000	2036...........	400,000

Book-Entry System: 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 bond certificate 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 successful bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity with DTC.

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

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 from limited ad valorem property taxes which the County is required by law to impose in the portion of the Maryland-Washington Metropolitan District (the "District") established by Title 19 of the Land Use Article located in the County and remit to the Commission. By its guarantee of the Bonds, the full faith and credit of the County is pledged, as required by law, for the payment of the principal thereof and interest thereon. To the extent that the aforesaid taxes imposed for the benefit of the Commission are inadequate in any year for the payment of such principal and interest, Section 18-209 of the Land Use Article provides that the County shall impose 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, to pay such deficiency.

Redemption: The Bonds which mature on or after November 1, 2028, are subject to redemption prior to their respective maturities at any time on or after November 1, 2027, at the option of the Commission, in whole or in part, in any order of maturities, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

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 April 20, 2017.

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 and by telephone at (410) 296-9426.

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 April 20, 2017. 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.

Bid Specifications: Proposals for purchase of the Bonds must be for all of 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 April 20, 2017. Bidders must pay not less than par and not more than 115% of par. 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 and no interest rate may be named that exceeds 5.00%. The difference between the highest and lowest interest rates may not exceed 3.0%.

Award of Bonds: 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. 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.

No proposal to purchase the Bonds at a price less than par will be entertained.

Good Faith Deposit: A good faith deposit in the amount of $160,000 (the "Good Faith Deposit") is required of the successful bidder. The successful 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 successful bidder shall submit the Good Faith Deposit not more than two hours after the verbal award is made. The successful bidder should provide as quickly as it is available, evidence of wire transfer by providing the Commission the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the successful bidder may be rejected and the Commission may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the Bonds to such bidder. If the successful 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 $160,000 as liquidated damages due to the failure of the successful 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.

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 Bonds.

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 as determined by the Secretary-Treasurer (and any amendments or supplements thereto).

Legal Opinion: The Bonds described above will be issued and sold subject to approval as to legality by McGuireWoods 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, the Commission will execute and deliver a continuing disclosure certificate on or before the date of issuance of the Bonds pursuant to which the Commission will undertake to provide certain information annually and notices of certain events. A description of this certificate 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 his knowledge, 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 EACH MATURITY OF THE BONDS AT THE APPLICABLE INITIAL REOFFERING PRICES, AND (III) A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT SUCH INITIAL REOFFERING PRICES. Bond Counsel advises that (i) such certifications shall be made based on actual facts known to the successful bidder as of the sale date and (ii) a substantial portion of the Bonds is at least 10% in par amount of each maturity of the Bonds. If the successful bidder cannot deliver the certificate as described above, the County's bond counsel will be required to evaluate the facts and circumstances of the offering and sale of the Bonds to confirm compliance with statutory requirements of avoiding the establishment of an artificial price for the Bonds.

Delivery of the Bonds, at the Commission's expense, will be made by the Commission to the purchaser on May 4, 2017, or as soon as practicable thereafter, through the facilities of DTC in 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 (the "Preliminary Official Statement") but is subject to revision, amendment and completion in the final official statement (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 21286-2011, (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: Elizabeth M. Hewlett
Chairman

Appendix D

FORM OF COMMISSION CONTINUING DISCLOSURE CERTIFICATE

With respect to the $8,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2017A, issued by The Maryland-National Capital Park and Planning Commission (the "Commission"), pursuant to the resolution adopted by the Commission on March 15, 2017 (the "Resolution"), the Commission 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 Section (b)(5) of Securities and Exchange Commission Rule 15c2-12.

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 Commission 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 Montgomery County, Maryland.

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

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB as provided at http://www.emma.msrb.org, or any similar system that is acceptable to or as may be specified by the Securities and Exchange Commission from time to time.

"Listed 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, or any successor organization.

"Participating Underwriter" shall mean any of the original underwriters 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, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action letters and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

"State" shall mean the State of Maryland.

3. (a) The Commission shall, or shall cause the Dissemination Agent to, no later than March 31 of each year, commencing March 31, 2018, 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 Commission 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 Commission'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 Commission is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Commission 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 Commission's Annual Report shall contain or include by reference the Commission'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 Commission (as of June 30 of each year) including but not limited to:

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

(ii) information regarding the outstanding debt of the Commission 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 Commission for the County.

(b) The Commission'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 Commission 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 Commission shall clearly identify each such other document so included by reference.

(d) (1) Except as otherwise provided in this paragraph (d), the presentation of the financial information referred to above shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds.

(2) The Commission may make changes to the presentation of such financial information necessitated by changes in Generally Accepted Accounting Principles.

(3) The Commission may otherwise modify the presentation of the financial information required herein, provided that this Disclosure Certificate is amended in accordance with Section 9 hereof.

5. (a) Pursuant to the provisions of this Section 5, the Commission 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 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 Commission obtains knowledge of the occurrence of a Listed Event, the Commission shall, or shall cause the Dissemination Agent to, in a timely manner, 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 Commission will cease providing the information and notice described herein upon the prior redemption or payment in full of all of the Bonds. If the Commission ceases providing information, the Commission may give notice of such termination in the same manner as for a Listed Event under Section 5(b).

(d) For the purposes of the event identified in subparagraph (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Commission in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission.

6. All materials provided to the MSRB pursuant to this Disclosure Certificate shall be submitted to EMMA in an electronic format and accompanied by identifying information as prescribed by the MSRB.

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

8. The Commission 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.

9. The Commission 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) (A) the amendment or waiver is 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; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel selected by the Commission, 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 (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel selected by the Commission, materially impair the interests of the Holders or Beneficial Owners of the Bonds; or

(ii) the Commission receives an opinion of nationally recognized bond counsel selected by the Commission to the effect that such amendment is permitted or required by the Rule.

In the event of any amendment or waiver of a covenant contained herein, the Commission 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 Commission. 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(b).

10. Nothing in this Disclosure Certificate shall be deemed to prevent the Commission 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 Commission 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 Commission shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

11. The Commission shall be given written notice at the address set forth below of any claimed failure by the Commission to perform its obligations and covenants herein, and the Commission 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 Commission 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 Montgomery County, Maryland. Written notice to the Commission shall be given to the Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Suite 304, Riverdale, Maryland 20737.

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

13. This Disclosure Certificate, and any claim made with respect to the performance by the Commission of its obligations hereunder, shall be governed by, subject to, and construed according to the Federal securities laws, where applicable, and the laws of the State of Maryland, without reference to the choice of law principles thereof.

14. This Disclosure Certificate shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. The Commission's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

IN WITNESS THEREOF, I have hereto set my hand this 4th day of May, 2017.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

By:_____________________________________
Secretary-Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	The Maryland-National Capital Park and Planning Commission
Name of Bond Issue:	$8,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2017A,
Date of Issuance:	May 4, 2017

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 May 4, 2017. 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

Montgomery 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 OF COUNTY CERTIFICATE
REGARDING CONTINUING DISCLOSURE

I, _______________, the Director of Finance of Montgomery 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 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 8,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2017A (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 Montgomery County, Maryland, as of this 4th day of May, 2017.

(SEAL)

____
Director of Finance
Montgomery County Maryland

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